SpareBank 1
HELGELAND

Annual Report 2022

Contents

Key features

Net income before tax
NOK 563 million

Return on equity
9.9%

12-month growth in lending
0.9%

12-month growth in deposits
6.7%

Total assets
NOK 38.6 billion

Solvency ratio
19.0%
Coretier 1 capital ratio

Proportion of RM loans with a social profile
27.2%

Gender distribution among the Management Group and Board of Directors
50% / 50%

The Transparency Act
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Due diligence assessments of suppliers

The Bank's Board of Directors

Bjørn Krane
CHAIR OF THE BOARD
Board member since 2020.

Rolf Eigil Bygdnes
VICE CHAIR
Board member since 2020.

Siw Moxness
BOARD MEMBER
Board member since 2019.

Marianne Terese Steinmo
BOARD MEMBER
Board member since 2016
and deputy member from 2015 - 2016.

Jonny Berfjord
BOARD MEMBER
Board member since 2021.

Ann-Helen Baadstrand
BOARD MEMBER
Board member since 2022.

Solrun Johansen
BOARD MEMBER AND EMPLOYEE REPRESENTATIVE
Board member since 2022.

Kenneth Normann
BOARD MEMBER AND EMPLOYEE REPRESENTATIVE
Board member since 2022.

The Bank's Management Group

Hanne Nordgaard
CHIEF EXECUTIVE OFFICER
Appointed in 2017.

Anne Ekroll
CHIEF FINANCE OFFICER
Apppointed in 1994.

Bjørn-Tore Brønlund
CORPORATE MARKET DIRECTOR
Appointed in 1993.

Dag Hugo Heimstad
RETAIL MARKET DIRECTOR
Appointed in 2006.

Øyvind Karlsen
BUSINESS MANAGEMENT DIRECTOR
Appointed in 2013. Acting Risk Management Director from October 2022 to February 2023.

Cecilie Jonhsen
RISK MANAGEMENT DIRECTOR
Appointed from 2023.

Remarks from the CEO

2022 was the Bank's first full year of operating as SpareBank 1 Helgeland. The year was spent customer-focussing the organisation, adapting operations and procedures to new systems, and getting to know the SpareBank 1 Alliance.

Although the Bank is now part of the SpareBank 1 Alliance, it is just as independent as it was before. The decision to join the alliance stemmed from changes in the banking industry's framework conditions. The regulatory requirements imposed on banking operations in Europe and Norway are being tightened as regards both solvency and sustainability. Digitalisation and automation of banking services are necessitating major investments in IT infrastructure. Competition for customers is intensifying, and the local bank must deliver customer experiences and conditions which are at least on a par with both national and international competitors. The responsibility of the banks to prevent money laundering and the financing of terrorism, and implement measures to address local climate risks and promote sustainable growth in the economy, is becoming an increasingly important issue. Size matters when it comes to competitiveness in the banking industry, and a close and binding partnership between a number of banks will offer customers a better solution. Sustainability is an area within which the local bank has taken great strides forward this year, both on our own behalf and on behalf of businesses in Helgeland, and in order to help achieve the EU's sustainable development goals. This work will be stepped up over the coming years.

The Bank's vision also remains unchanged: SpareBank 1 Helgeland's vision is to continue to act as a driving force for growth in Helgeland. As the local bank for the whole of Helgeland, the Bank is passionate about the driving forces behind growth, where cooperation is absolutely vital. We believe in cooperation between people, between businesses, between the urban centres of Helgeland, between rural and urban areas, and between municipalities and businesses. It is through cooperation that we can find good solutions. Thus, an important measure in the Helgeland Pledge is precisely to create meeting places in order to bring about future new commercial development and offshoots.

The supply of labour will be a key input factor for success in connection with the impending industrial developments. There is currently a shortage of labour in both the private and public sectors across Helgeland, and we are now even more dependent than ever before on recruiting new people to Helgeland. We need people who want to move to Helgeland and settle here with their family. The inward migration of people will be decisive in determining whether Helgeland can be successful in generating growth going forward.

SpareBank 1 Helgeland distributes large sums of money to the local community in the form of dividends to our local equity certificate holders and dividends on our community-owned capital. We distribute dividends on the community-owned capital in the form of donations to sustainable and socially beneficial causes in sport, culture, knowledge and societal development. This benefits all 18 municipalities and provides a driver for growth in volunteerism, well-being and quality of life in Helgeland. Well-being and quality of life will not necessarily lead to more people moving to Helgeland, but they will undoubtedly result in more people choosing to stay. That said, we are consciously working to strengthen input factors which will also help to raise the profile of Helgeland outside the region's borders, and we will continue to do so.

Competence is another important driver behind growth. Competence concerning other industries, other municipalities, sustainability, how to prevent financial crime, recruitment and strategy development. Learning through meeting others makes the driving force for growth even stronger. That is why the Drivkraft Conference is one of the most important business conferences in Helgeland.

Growth is generated when the business sector dares to take risks, invest and innovate. This requires secure and stable framework conditions, in addition to access to customers and markets to sell what is produced, access to sufficient labour with the right skills and access to sustainable solutions and capital. This is a pleasing development in Helgeland, with investments amounting to billions of kroner already having been approved in the region. This is generating optimism, but it is also influenced by the global situation, which is pulling in the opposite direction. Historically, we know that activity breeds activity, and that this will benefit the whole of Helgeland over time.

Like capital, labour is important for generating growth. Access to capital going forward will depend on the inherent climate footprint and sustainability risk of the company and the investment. The EU's sustainable finance taxonomy has been transposed into Norwegian law and will direct capital towards sustainable industries and purposes.
The local savings bank fulfils a very special role as regards capital for the local business sector. The local savings bank lives off, and alongside, the local business community. While international and national banks often retreat to their head offices in difficult times, the local bank has nowhere else to be other than in their community. The local bank knows its customers, trusts its customers and is keen to follow its customers through both the good and the challenging times. We live close to the business community and make an effective contribution by making good judgements. This is because we have many employees with a high level of expertise in the business sector and because we give business leaders the feedback they need in order to run their businesses.

Helgeland has a well-diversified business sector, with a good balance between a vibrant and export-oriented private sector and a stabilising public sector. Salmon farming and our industrial companies are the driving forces in Helgeland, creating substantial ripple effects throughout the rest of the business sector. When forward-looking investments are made in new businesses, the entire local community's faith in the future will benefit greatly.

As regards confidence in the future and faith in our own finances, 2022 has nevertheless been a year where a number of arrows have pointed downwards. High inflation, combined with rising electricity prices, interest rates and food prices, is reducing people's financial room for manoeuvre, and many people are concerned about 2023. It has now become apparent that the measures implemented to curb inflation have not been entirely successful and that the peak in interest rates is not likely to be reached until later in 2023. It remains to be seen how both national and international cooling will affect Helgeland with regard to all the investment projects that are close to being realised here, but what we do know is that Helgeland is and will remain an energy region. The political scene in Norway has paved the way for the development of a new green industry, which will enable Helgeland to become a green belt in Norway. We are excited about the future and look forward with great anticipation to what 2023 will bring.

Hanne Nordgaard

Hanne Nordgaard
CEO

The retail market

Sparebank 1 Helgeland is the local bank for both the resident population of Helgeland and for Helgeland expatriates worldwide. Over 65% of Helgelanders consider SpareBank 1 Helgeland to be their main bank, and there is a very strong bond between the Bank and its customers.

Competition in the banking market was once again strong during 2022. Competition from national and international banks that have entered into agreements with various Norwegian trade unions and interest organisations concerning favourable interest rates for mortgage financing has increased markedly. The same applies to competition relating to payments with Google Pay and Apple Pay's payment solutions. The need to equip the Bank so as to make it competitive with these players was one of the reasons why the Bank joined the SpareBank 1 Alliance. Google Pay will be launched in the Bank's systems in February 2023, and Apple Pay is on the way.

During 2022, SpareBank 1 Helgeland recorded growth of 0.7% in the retail lending market. This is somewhat lower than the market growth across Helgeland. The ambition going forward is to generate profitable growth in line with the market.

During 2022, there were very high levels of activity in the housing market in both Mo i Rana and Mosjøen. Many homes were sold well above their valuation and the time to completion has been short. The price per square metre has risen by 8% for apartments, while detached houses saw a decline of 14 percent. The level is still far below that of Trondheim and Oslo.

Growth in deposits in the retail market during 2022 amounted to 2.1%. Despite record-low interest rates on bank savings, this was once again the form of saving that is closest to Helgelanders' hearts in 2022. Helgelanders have traditionally been more reserved as regards savings and funds, but we are seeing a shift towards growth in this area in relation to bank savings.

The Bank has been very successful in selling non-life and personal insurance for Fremtind Forsikring, and the Bank is also taking an increasing share of the market for car and boat financing through secured loans in partnership with SNN Finans.

Use of the Bank's digital customer interfaces continues to rise. In 2022, the Bank established a platform to better communicate with customers digitally in a more personalised manner based on data analysis. Mobile banking has now become our most used customer channel, and our digital assistant "Robbie" helps customers by giving fast answers to a wide range of questions without the customer having to wait in a telephone queue. Customer survey after customer survey has indicated that mobile banking and technical solutions are very popular among SpareBank 1 Alliance customers. Nevertheless, SpareBank 1 is not known for providing high-quality digital services, either among customers or in the market. In this regard, SpareBank 1 Helgeland has a job to do in partnership with the rest of the Alliance over the coming years.

Face-to-face meetings between the Bank and the customer are just as important today as they ever were, but the digital assistants and self-service solutions complement each other to provide a high-quality and integrated customer experience. As regards simple improvements and investments, our customers expect appropriate and fast action, often without the assistance of an advisor. However, when a customer is making a major investment or investing in something for the first time, the personal touch and expertise that an advisor can bring is our most valuable contribution with respect to the customer. Face-to-face meetings are also very important when our customers find themselves in difficult situations and where financial advice and guidance are crucial. It is also vital that we provide excellent customer service. As more and more people seek more and better digital services, we will also look after those who are perhaps not as enthusiastic about the trend towards digital solutions. As a result, we have a customer service operation that takes good care of customers who want help and assistance 24/7. SpareBank 1 Helgeland, the Alliance and the rest of the banking industry are working to avoid digital exclusion. In 2022, an industry code was introduced which aims to safeguard digital inclusion for analogue users.

Fraud is another area that is growing. Fraud can affect us all, and we must raise awareness of all the traces that we leave behind that could be misused. In this regard, the banks have an important social role to play together with the authorities in informing customers and the population at large, and avoiding losses for both the customer and the Bank. Through the introduction of a new Financial Contracts Act, the responsibility in relation to fraud and abuse has been increased further. Unless the customer has been grossly negligent or failed to notify the Bank as soon as possible, the Bank is now fully liable by law.

The corporate market and the status of the business sector in Helgeland

As regards the corporate market, the affiliation to the SpareBank 1 Alliance has provided access to product solutions that have had positive effects for both customers and the Bank. The product range that is offered is among the best on the market, especially within the area of funds and pensions. The Bank is also among the best in the Alliance as regards the sale of pension solutions to companies. Since its entry into the Alliance, the Bank has strengthened its cooperation, affiliation and network with the other banks in the Alliance.

The business sector in Helgeland is very varied and diversified. Following growth in 2021, in spite of challenges linked to COVID-19, the business sector showed a greater tendency towards consolidation in 2022. The Bank's own economic survey shows a somewhat hesitant, but positive optimism regarding the major industrial developments that are set to take place across Helgeland. We can also see a slight increase in the level of interaction between the regions in Helgeland.

The debate in Norway concerning electricity prices and the transmission of energy abroad clear shows the importance of locally available power production. Thanks to the important power-producing industry in Helgeland, we are well-placed to offer long-term industrial jobs. This was a crucial factor in the establishment of Freyr's battery production in Mo i Rana, which is now in the process of investing several billion Norwegian kroner in the factory and recruiting several hundred employees.

INDUSTRY, BUILDING AND CONSTRUCTION

Ongoing projects in industry, as well as construction and engineering, will present major challenges to the region as regards attracting relevant expertise to most industries. We see this as one of the biggest challenges that the business community will face over the next few years. The increasing cooperation that is apparent within a number of operators in the business sector is therefore particularly encouraging. This is particularly true of what we can see taking place between academia at Campus Helgeland, the business community and the various cluster establishments.

SERVICES, WHOLESALE TRADE, TOURISM AND TRANSPORT

The service industry in Helgeland is very varied and represents an important input factor for a broad range of services provided to both existing and newly established industrial companies and businesses.

Developments in wholesale trade remained stable during 2022 and is benefiting from the Shop Local (Handle Lokalt) campaign that was launched in 2021. However, higher interest rates can be expected to result in a somewhat reduced turnover for some industries in 2023.

The hotel and tourism industry in Helgeland is still recording buoyant visitor numbers, and efforts are being made to expand the offering and range of activities for year-round tourism. Commencement of the development of a major new airport in Rana has provided concrete plans for developments in the tourism sector.

AQUACULTURE AND AGRICULTURE

The aquaculture and agricultural industries represent the region's fourth largest sector, and export values rose significantly during 2022 as a result of the NOK exchange rate.

The industry in isolation has developed strongly, but the announcement of the decision to introduce a resource rent tax on the aquaculture industry has put a stop to a number of significant investments in our region. In turn, this is of course of great importance to the local business community. It is therefore vital that the level of resource rent taxation is clarified as soon as possible, to ensure that the future framework conditions for the industry and other business sectors are predictable.
There is continuing interest in onshore salmon farming, and two of the planned new developments are keen to obtain equity for their investments.

PUBLIC SECTOR

Helgeland has a large and stable public sector, most notably in the form of the Brønnøysund Register Centre, the Norwegian National Collection Agency and the National Library of Norway. These organisations contribute secure and predictable jobs and service provision from the private sector.

From the Mini Artic Race in August 2022. Adapted from the very youngest and up to 12 years. The event took place in Mo, Mosjøen and Brønnøysund. Photo: SpareBank 1 Helgeland

A driving force for growth, cooperation and expertise in Helgeland

SpareBank 1 Helgeland is Helgeland's local bank and our focus is on Helgeland. As a savings bank, we have a wonderful opportunity to give something back to our beautiful region of which we are so proud to be part. Amongst other things, this means that we donate our profits to clubs, associations, clubs and organisations, enabling them to offer an attractive and varied range of activities, especially for younger residents.

In addition to creating joy, unity and well-being in both small and large communities across Helgeland, we have also gained a number of young and promising Helgeland ambassadors in sports and culture. They go out into the world and then they come back again. They share their knowledge with the athletes of the future and help to generate enthusiasm and unity amongst the clubs. Most of our young people will not make it to the top of the victory podium, but many will experience the joy of learning skills and a sense of togetherness, and develop both aspects of themselves and their local community.
This is exactly what we value most of all. We also work at grassroots level, because it means more, but we are also very conscious that it is the grassroots level that ultimately feeds elite sport. This is our contribution to making life in Helgeland even better.

THE BANK'S GIFT INITIATIVE

Since the start of our charitable activities in 2007, the Bank has now donated more than NOK 250 million to charitable and socially beneficial initiatives across the region. This has benefited many local communities, sports clubs, associations, and children and young people, and been a driver for growth in volunteerism, well-being and quality of life.

In its gift policy, the Bank prioritises the formative conditions of children and young people in a broad sense in areas such as:

- Sports and culture, as well as experiences
- Health promotion initiatives
- Knowledge and research, and innovation measures
- Grants for Sport and Culture (Helgeland Ambassador from 2023)
- The Drivkraft (Powerhouse) Prize – a community prize

Each of these focus areas is important in different ways for Helgeland's further growth and progress.

THE BANK'S DONATIONS IN 2022

Sport and outdoor activities are part of our cultural heritage, and a rich cultural life is an important factor in the region's attractiveness. Good sports and cultural facilities attract new people, which Helgeland needs in order to meet the recruitment challenges we face. Sustainability criteria that we use in our award policy are:

- Innovation
- Sustainable cities and communities
- Collaboration and responsible consumption and production
- Good health

The formative conditions of children and young people have a high priority in the Bank's allocation of funding. We know that childhood years are very important for how people manage later on in life, and in Helgeland there are many voluntary associations and organisations that put in an enormous amount of work for children and young people. This is something we value highly and we want to be an active contributor and motivator for this through our donation policy.

FRAMTIÆ is an inspirational conference for all year 10 pupils, as well as upper secondary school students in Grane, Hattfjelldal and Vefsn. A total of around 820 young people gained an exciting insight into the somewhat untraditional industries we have in our region, represented by Simen Nyland from New Dawn Prouction / Tapperiet and Kim Aanes from the esports company SKADE. Photo: Helgeland Knowledge Park

During 2022, both sports and cultural life recovered following the pandemic years. Many initiatives, projects and events have been initiated without any restrictions, and the people of Helgeland have once again been able to enjoy the rich cultural life we are so fortunate to have. The Bank's Gift Foundation and Gift Fund contributed donations to cultural life throughout Helgeland, including music festivals, pride celebrations and theatre productions.

The Roots Festival took place between 13 and 16 July 2022. After two years of the pandemic and all the associated restrictions, it was once again possible to arrange a full festival. The Roots Festival is the largest cultural festival in Southern Helgeland, and the Bank's funding allocation goes towards concerts with free entry for people of all ages. Photo: SpareBank 1 Helgeland

In addition to giving donations to cultural life in Helgeland, the Bank's Gift Foundation and Gift Fund support sports teams in Helgeland by providing support for development and investment, as well as cups and tournaments. Initiatives aimed at children and young people are given a high priority in the allocation of funding, and in 2022 more than NOK 7.5 million was donated to sports, physical activity and outdoor recreation in Helgeland. By focusing on young people, the Bank believes it will promote quality of life, growth and sustainable local communities throughout Helgeland.

The largest funding allocations in 2022 went to a major new airport in Helgeland, an exhibition at the Vitensenteret science centre in Nordland, a collaborative project concerning student recruitment between Rana Utvikling and Mosjøen and Omegn Næringsselskap, and the Arven national hydropower centre in Forslandsdalen. In this case, a total of NOK 10 million was donated by the Bank's Gift Fund to the new airport, NOK 1.34 million was donated to Vitensenteret, NOK 1 million to MON and RU, while NOK 1 million was donated to the Arven centre by the Bank's Gift Foundation.

In total, almost NOK 27 million was paid out from the Bank’s Gift Fund and Gift Foundation during the year.

INDUSTRY, KNOWLEDGE, RESEARCH AND EDUCATION

The future will require new knowledge and innovation, and, through its gift policy, SpareBank 1 Helgeland is contributing to projects involving university colleges, universities, local knowledge parks and business associations aimed at promoting local expertise and competitiveness. Almost 20% of the Bank’s total grants have gone to industry, knowledge, research and education initiatives since the charitable activities began in 2007.

During 2022, the Bank awarded gift funding for the job and education fair "Ved Havet" (By the Sea), the inspiration conference FRAMTIÆ, First Lego League Helgeland, oxygen gas sensors for the Newton Room in Mosjøen, as well as gift funding for Forskerfabrikken's Summer Schools in Brønnøysund, Sandnessjøen, Mosjøen and Mo i Rana.

GRANTS FOR SPORT AND CULTURE

The Bank also wants to help ensure that young talent in sport and culture in Helgeland gets the attention and support it needs to grow. In 2022, it was 12 years since the Bank

began distributing such scholarships to talented young people in Helgeland. As a result of the

The Bank's Gift Fund and Gift Foundation prioritise initiatives aimed at children and young people in sport, and in recent years have also had a particular focus on safeguarding the initiative aimed at girls. Photo: SpareBank 1 Helgeland

Five young talented sports and cultural practitioners received their awards in Mosjøen and Mo i Rana just before Christmas in 2022.
Photo: SpareBank 1 Helgeland

COVID-19 pandemic, the application deadline in 2021 was extended to 31 March 2022. However, the Bank did not alter the application deadline for scholarships in 2022, which remains 30 November. In other words, there were two scholarship awards in 2022.

In connection with the first award in May, 11 sports scholarships and two cultural scholarships were awarded for 2021. The award in December saw three sports scholarships and two cultural scholarships awarded. Since the Bank started awarding scholarships back in 2011, no fewer than 132 talented young people in Helgeland have been awarded this scholarship. In monetary terms, the Bank has distributed a total of NOK 3,960,000 in grants for sport and culture to talented young people across Helgeland.

However, although the Bank has a long tradition of awarding sports and cultural scholarships, 2022 was the last year of this scheme. In 2023, the Helgeland Pledge will be launched, which will raise the profile of the new talent scholarship, namely Helgeland Ambassador. Helgeland Ambassador is a talent scholarship which is awarded to talented young people between the ages of 15 and 25 with a residential address in Helgeland. In addition to being either talented sports or cultural practitioners, Helgeland ambassadors can excel within the fields of knowledge and research, as well as sustainability and social engagement. The scholarship is thus being expanded to include qualities such as innovation and knowledge, and will help to promote broader development across Helgeland.

THE DRIVKRAFT (POWERHOUSE) PRIZE

The Drivkraft Prize is awarded during the Drivkraft Conference, which is arranged annually by SpareBank 1 Helgeland. The prize has been awarded since 2017.

The prize is awarded to driving forces in Helgeland, and aims to promote further involvement with the local community. The winner receives NOK 100,000, to be donated to one or more socially beneficial causes, in addition to an artwork that they can take home with them.

In 2022, the Drivkraft Prize went to BALANCE Mosjøen Danseforening (Mosjøen Dance Association). In just a few years, BALANCE Mosjøen Danseforening has managed to build up a thriving dance community in Vefsn, and now has over 300 young members. It represents an important offering to young girls in particular. As a result, the board of the Gift Foundation unanimously decided that this year's Drivkraft Prize should be awarded to BALANCE.

Every year, BALANCE produces and performs many performances, to the delight of audiences in both Vefsn and elsewhere. These have included company performances, along with spring, autumn and Christmas performances. In addition, Balance performed at a myriad of productions and events throughout the year.

CEO of SpareBank 1 Helgeland, Hanne Nordgaard, hands over the Drivkraft Prize for 2022 to BALANCE Mosjøen Danseforening during the Bank's Drivkraft Conference in Sandnessjøen in 2022. Photo: SpareBank1 Helgeland

Economic developments in 2022

We have left behind an extraordinary year characterised by the war in Ukraine, high inflation and high energy prices. In the global economy, we have seen very high levels of activity, aided by the easing of restrictions and governments that have stimulated their economies with both fiscal and monetary policies aimed at combating the effects of the pandemic. Activity levels in the Norwegian economy have also been high throughout the year, stimulated by favourable international economic conditions, the easing of COVID-19 restrictions and high energy prices. Record-low unemployment, strong growth in demand and struggling supply chains led to the highest increase in prices for goods and services since the 1980s.

THE GLOBAL ECONOMY

From a macroeconomic perspective, 2022 began with a boom characterised by high levels of activity, low and falling unemployment, and increasing capacity utilisation. The explanation for this lies partly in the fact that most key economies had been through a period during which restrictions were eased and the authorities strongly stimulated their respective economies through both fiscal and monetary policies. This led to high capacity utilisation and a tight labour market, which in turn pushed up inflation in many parts of the world, an effect which was apparent throughout the year. The war in Ukraine has also put additional pressure on energy and food prices, and further presented challenges to supply chains dependent on deliveries from Ukrainian and Russian subcontractors. This characterised the global economy throughout 2022, with an increasing focus on rising inflation. In retrospect, many people have suggested that the authorities perhaps held on to the strong stimuli in their monetary and fiscal policies for too long, and that this has led us straight into a historically strong upturn which led to the inflation problems we saw throughout 2022 and into 2023.

The period during which the central banks pursued a highly expansionary monetary policy came to an end halfway through the year, to be replaced by policies designed to overcome rising inflation through massive rises in key rates. Inflation remained high throughout the year, but there were signs towards the end of the year that inflation was levelling off and may even be starting to decline. Among market participants, fears of rising inflation and the interest rate hikes implemented by the central banks remained a major focus throughout much of the year. However, this focus has to some extent shifted from inflation to recession over the past six months. The fear is that, in their eagerness to combat inflation, the central banks are steering the economy straight into a global recession, and many people now believe that we are heading for a global recession. Nevertheless, the expectation among macroeconomists appears to be that the recession will be mild and short-term in nature. At the same time, it is noted that inflation has been slow to fall and that there is a risk that we may end up in a situation with high inflation, high interest rates and low activity levels over a prolonged period of time.

THE NORWEGIAN ECONOMY

While activity in the Norwegian economy picked up sharply after the pandemic, the development in household expectations concerning their own financial situation and the Norwegian economy has fallen to record low levels. During the fourth quarter of 2022, Finance Norway's expectations barometer showed the lowest level in this mood indicator since the survey was first conducted back in 1992. A combination of rising interest costs and generally high inflation has led to a sharp decline in the real disposable income of households.

In Norges Bank's December Monetary Policy Report, the central bank states that it believes that the Norwegian economy has peaked and that activity levels will tail off through the winter. Norges Bank expects lower levels of consumption to result in a fall in activity in the mainland economy in 2023. However, there is an expectation that higher levels of investment in the petroleum industry and activity levels linked to climate change will boost growth in the years ahead.
House prices rose significantly during the period from 2020 to 2021, driven to a large extent by very low interest rates and strong government support schemes for the business sector throughout the pandemic. From autumn 2022 onwards, there was a reversal in the housing market, with house prices starting to fall. Over the year as a whole, prices across the country rose by 1.5 percent. In its latest economic analyses, Statistics Norway estimates that the negative growth in house prices during the second half of 2022 will continue through into 2023. However, Statistics Norway also notes that a reduction in housing investment will, in isolation, push up house prices in the longer term.

Sharp rises in costs, higher interest rates for new financing and declining profitability for many companies are expected to curb business investment this year. Norges Bank estimates that major investments in batteries, hydrogen and carbon management will lead to a marked increase in manufacturing investment in the years ahead. The prospect of strong demand for electrical power will probably contribute to increased investment in power from next year. Petroleum investment is also expected to pick up again over the coming years.

In the face of the economic downturn as a result of the pandemic, the structural non-oil public deficit increased considerably in order to finance extraordinary support and furlough schemes. The war in Ukraine has also led to an increase in extraordinary expenses linked to refugees and aid. The 2023 National Budget estimates that public expenditure now accounts for just over 60 percent of total mainland Norway GDP, down from more than 65 percent in 2020.

The highly expansionary monetary policy began to tail off in September 2021, when Norges Bank raised its key policy rate from zero percent. Since then, the key policy rate has been rapidly increased to 2.75 percent. The central bank's forecasts indicate a peak of 3 percent during the first quarter of 2023, followed by a slightly lower key policy rate from the middle of the year.

The banks' lending losses have remained low through a period of considerable uncertainty. Previous loss write-downs have largely been reversed. The profitability of the banks is expected to remain unchanged going forward as a result of higher net interest income. The solvency ratio of the Norwegian banks is high and the applicable capital requirements are met by a wide margin.

DEVELOPMENTS IN HELGELAND

At the beginning of the year, economic activity in Helgeland was largely characterised by the same macroeconomic picture as the rest of the country, i.e. high levels of economic activity, low unemployment and rising inflation. During the year, households and businesses throughout the country were exposed to interest rate rises, high inflation and high energy prices. On the other hand, Helgeland as a region has been spared the sharp rises we saw in electricity prices across much of the year in the southern part of the country.

Key industries such as aquaculture and manufacturing enjoyed favourable market conditions throughout the year, leading to strong value creation and high activity levels among their subcontractors, although the government's proposed imposition of a resource rent tax on the aquaculture industry has caused some turbulence and impacted on future investments and expectations regarding earnings. Furthermore, a number of important industry and infrastructure projects were either initiated or approved during the year, including a battery factory, hydrogen production, airport and deepwater quay. We can see definite ripple effects from these projects, and these are expected to continue to boost economic activity throughout the region.

The labour market remained stable throughout the year, unemployment in Helgeland is well below the national average, with an unemployment rate of about 1%, corresponding to a decline of 0.3 percentage points during the year. The housing market in the region developed strongly throughout the year, with a significant rise in prices for detached houses and apartments of 14% and 8% respectively.

Sustainability report for SpareBank 1 Helgeland

Contents

Introduction sustainability

SpareBank 1 Helgeland has taken great strides to ensure that we are a driving force for sustainable growth and cooperation in Helgeland in 2022. The Bank has long aimed to comply with the UN Sustainable Development Goals, and in 2022 both hired a sustainability specialist and adopted a new sustainability strategy, which will take the Bank's work relating to ESG forward.

The Bank has identified four key topics in the work relating to its sustainability strategy. These are training and competence-building among employees, greenhouse gas emissions from the lending portfolio, climate risk, and responsible advice and operations. Goals, targets and measures linked to these topics have also been developed. Common to all these topics is a desire to help our customers, whether this takes place through providing good advice when prices or interest rates rise or through supporting companies that are in the middle of the green shift.

This year, we have worked hard to carry out due diligence in line with the OECD Guidelines for Multinational Enterprises, to ensure that we comply with the Transparency Act. The due diligence assessments indicated that there is no great risk of SpareBank 1 Helgeland contributing to serious breaches in relation to human rights or decent working conditions.

New regulations are continually being introduced with regard to ESG, and we are continuously striving to follow up on this development, both for the Bank itself and for our customers.

Hanne Nordgaard

Hanne Nordgaard
CEO

The Bank's vision and ambitions regarding sustainability

The Bank aims to help build a Helgeland that reaches out for new goals and adventures, while the local bank is of course very familiar with its heritage and all the good things we are building on. Only in this way can we be the obvious first choice for our customers in Helgeland.

The combination of a locally managed bank and a sound knowledge of people, business and civil society presents us with a unique opportunity to be a good companion for our customers in the green shift and all the restructuring that this shift entails. The Bank believes that cooperation, both in Helgeland and abroad, yields the best results. Therefore, the ambition behind our work relating to sustainability is that we will both contribute ourselves and help both our customers and society at large to get through the transition with their value creation intact, a sound economy and security for the future. New laws and regulations, altered customer behaviour and strengthened market demands will require stronger initiatives with regard to sustainability. We look forward to being part of this.

The Bank is in contact with the majority of Helgelanders and every sector in the region. The region is characterised by the fact that the transition is presenting many opportunities for business start-ups, including major new industrial developments, with their accompanying growth and opportunities for new jobs. The Bank is ready to seize the opportunities that this presents.

Goals and targets

The Bank's sustainability goals and targets were adopted in 2022.
In 2023, the Bank will develop and anchor specific KPIs relating to the various goals.

Theme	Goal
Training and competence-building among employees	All employees of SpareBank 1 Helgeland must be able to address the sustainability perspective in their work. They must face changes in regulations and the market secure in the knowledge that they have received and will continue to receive ongoing training.
Greenhouse gas emissions from the lending portfolio	• Greenhouse gas emissions from SpareBank 1 Helgeland's loan portfolio will be halved by 2030. • SpareBank 1 Helgeland's loan portfolio will be climate-neutral by 2050. • SpareBank 1 Helgeland shall help customers to make climate-friendly choices.
Climate risk	• SpareBank 1 Helgeland has an overview of climate risk in our market area and portfolio. • SpareBank 1 Helgeland has climate risk as an integral part of our risk assessment processes. • SpareBank 1 Helgeland shall help to reduce climate risk among customers.
Responsible advice and operation	• SpareBank 1 Helgeland shall help to ensure that customers keep their finances in order and are able to withstand market fluctuations and fulfil their financial obligations. • SpareBank 1 Helgeland supports professional businesses and a unionised workforce.

Target
Carry out a competence boost through relevant courses for all employees and elected representatives in 2023.
• RM: The following proportion of new loans will be green: 100% of loans for new-build homes 70% of loans for refurbishments 20% of other loans secured through property • CM: Annually lend at least NOK 100 million to projects that qualify for green loans. • Use models to calculate customers' costs and profitability for climate-friendly investments. • Annually reduce the proportion of properties in which the Bank has collateral without a registered energy rating by 5%.
• SpareBank 1 Helgeland shall map physical climate risk in the market area by 2023. • SpareBank 1 Helgeland shall conduct a TCFD analysis by Q1 2023. • SpareBank 1 Helgeland shall start using a new ESGmodule for the corporate market and provide training for all employees concerning use of the module in Q1 2023. • During the course of 2023, SpareBank 1 Helgeland shall review credit policy guidelines in order to clarify expectations among customers, consequences as regards prices, and when ESG risk will lead to consideration by the relevant committee.
• All customers are invited to an advisory meeting which focuses on the secure management of personal finances during the year in which they turn 18. • All customers are invited to an advisory meeting which focuses on the secure management of personal finances when they buy their first home. • All year 3 classes at upper secondary schools in Helgeland are visited by a financial adviser specialising in the provision of advice to young people. • A total of 5,700 new savings agreements will be established as part of the work to help customers save in the long term. • In 2023, an overview will be obtained of the proportion of savings agreements in "article 8 and 9 funds", with a view to increasing the proportion choosing savings in the most sustainable funds. • The consumption of clothing and products with printing for marketing and brand-building purposes will be halved by 2030, measured in terms of NOK. All products must be evaluated as regards sustainability. • SpareBank 1 Helgeland always recruits the most capable candidates to our positions and aims to contribute to gender equality and diversity at every level within its operations. Efforts are being made to ensure equal pay and an equal gender balance, both among the various departments and at management level. SpareBank 1 Helgeland shall encourage customers, suppliers, business partners and recipients of gift and sponsorship funding to do the same. • SpareBank 1 Helgeland shall not contribute to breaches of human rights, workers' rights and international law, and complies with requirements and obligations set out in the Transparency Act.

Theme	Goal
Greenhouse gas emissions from the Group's own portfolio	SpareBank 1 Helgeland shall reduce greenhouse gas emissions from its own operations by 50 percent by 2030, and achieve net zero emissions by 2050.
Anti-money laundering, privacy and information security	• SpareBank 1 Helgeland shall reduce the risk of, and strive to combat, financial crime, including money laundering, the financing of terrorism and fraud. • SpareBank 1 Helgeland shall safeguard the rights and freedoms of data subjects relating to privacy in the processes and tasks that the Bank performs. • SpareBank 1 Helgeland shall protect customers, employees and the company's values, information and reputation by reducing the risk of serious breaches of information security, and manage threats in such a way that they do not have serious consequences.

Target
• SpareBank 1 Helgeland shall be transparent and report transactions identified for further investigation and cases reported to Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim). • SpareBank 1 Helgeland shall ensure compliance with data protection legislation, be transparent and report the number of non-conformities reported to the Norwegian Data Protection Authority (Datatilsynet) and any orders or sanctions. • SpareBank 1 Helgeland shall be transparent and report the number of breaches of the ICT Regulation notified to the Financial Supervisory Authority of Norway (Finanstilsynet) and any orders or sanctions.

Future regulations

Norway and the world are facing considerable restructuring in order to achieve the climate targets for 2050. Climate change represents both a societal challenge and a threat to financial stability, and the financial industry has an important role to play in the transition to a low-carbon economy. SpareBank 1 Helgeland has taken on this responsibility and established a goal of achieving net zero emissions from its own operations, loans and investments by 2050, and halving emissions by 2030.

These ambitions are also in line with the main objectives of the European Commission's action plan, which includes shifting capital towards more sustainable investments in order to generate sustainable and inclusive growth. During autumn 2022, the Bank mapped developments in requirements and regulations relating to ESG, at both national and international level, and evaluated the Bank's compliance. Regulations that have already entered into force in Norway will be closely monitored in the future, and the Bank is working continuously to implement ESG requirements in policy documents and systems.

The reporting requirements linked to CSRD, SFDR and the EU Taxonomy are comprehensive and demanding, but the Bank believes that thorough preparations have been made in these areas, and that the Bank will be able to satisfactorily fulfil impending requirements once they have entered into force.

As part of preparing the Bank for the tighter sustainability reporting requirements that will be implemented through the Corporate Sustainability Reporting Directive (CSRD), the Bank has initiated reporting in line with the internationally recognised Global Reporting Initiative (GRI).

In a short period of time, SpareBank 1 Helgeland has made good progress in responding to the requirements that apply to the Bank. Nevertheless, assessments from the second line show that the compliance risk associated with current and future sustainability requirements is high, and the Bank will therefore continue to prioritise this area.

THE BANK'S OBJECTIVES

In December 2022, the Bank's Board of Directors adopted a new sustainability strategy, which includes the goals of the key topics identified by the Bank in 2022:

Training and competence building among employees

- ☑ All employees of Sparebank 1 Helgeland must be able to maintain the sustainability perspective in their work. They must face changes in regulations and the market secure in the knowledge that they have received and will continue to receive ongoing training.

Greenhouse gas emissions from the lending portfolio

- ☑ Greenhouse gas emissions from SpareBank 1 Helgeland's loan portfolio will be halved by 2030.
- ☑ SpareBank 1 Helgeland's loan portfolio will be climate-neutral by 2050.
- ☑ SpareBank 1 Helgeland shall help customers to make climate-friendly choices.

Climate risk

- ☑ SpareBank 1 Helgeland has an overview of climate risk in our market area and portfolio.
- ☑ SpareBank 1 Helgeland has climate risk as an integral part of our credit processes.
- ☑ SpareBank 1 Helgeland shall help to reduce climate risk among customers.

Responsible advice and operation

- ☑ SpareBank 1 Helgeland shall help to ensure that customers keep their finances in order and are able to withstand market fluctuations and fulfil their financial obligations.
- ☑ SpareBank 1 Helgeland supports professional businesses and a unionised workforce.

Governance structure for sustainability

Supervisory Board

Board of Directors

Management/working group.

GOVERNANCE STRUCTURE

- **The Board of Trustees** is SpareBank 1 Helgeland's highest body and is responsible for ensuring that the Bank's operations comply with applicable legislation and the articles of association. A more detailed description of the Board of Trustees' responsibilities, members and their election is provided under corporate governance.

- **The Board** has overall administrative responsibility for the Bank, including the Bank's work relating to sustainability and corporate social responsibility. The Board's overall competence must be assessed on an ongoing basis; see the Policy for suitability assessment of members of the Board, where sustainability expertise forms part of the assessment. As in the case of employees of the Bank, the Board also attend specially tailored courses and training relating to corporate social responsibility and sustainability. The Board is responsible for all sustainability commitments adopted in the sustainability strategy and the various guidelines linked to corporate social responsibility and sustainability, privacy, anti-money laundering, corporate governance, information management, ethical guidelines and HR strategy. The CEO is responsible for supervising this, while day-to-day monitoring and follow-up is delegated to middle managers or discipline managers. A more detailed description of the Board's areas of responsibility, election, members and independence is provided under corporate governance.

- **Management and working group.** The organisation of the Bank's sustainability work is split between a sustainability working group and the management team. The chair of the working group is responsible for sustainability, and the working group includes members from the Bank's key disciplines. The discipline manager for sustainability reports to the management group, which acts as the steering group for the work and reports to the Board. The Board has overall responsibility for the Bank's work in this area.

SUSTAINABILITY GUIDELINES

Our work relating to sustainability is rooted in our strategic platform for 2023-2025.

Our governing documents concerning sustainability were revised in 2022 and cover employees both within the organisation and among business partners and suppliers. We expect our suppliers and business associates to have guidelines in place and to set similar requirements for their own suppliers.

The policy for corporate social responsibility and sustainability, ethical guidelines and remuneration schemes are available on the Bank's website. All guidelines have been adopted by the Board of Directors and apply to the entire organisation and all operations.

The Bank's work relating to corporate social responsibility and sustainability is broad and affects all areas of the Bank’s operations. The approach to the topic and the scope of the work processes will vary between the business areas and different operations. Corporate social responsibility and sustainability therefore have a natural place in many company-specific policy documents, and the Bank continually strives to ensure that these documents are kept up-to-date.

COLLABORATIONS AND INITIATIVES

SpareBank 1 Helgeland wants to be an active driving force behind the development of a sustainable society and is a member of numerous partnerships which contribute to this in various ways. The most important collaborations we are involved in are as follows:

- Eco-Lighthouse
- Finance Norway
- SpareBank 1 Alliance

The work relating to sustainability and corporate social responsibility is rooted in the UN Principles for Sustainable Banking and the UN Sustainable Development Goals, both of which are based on the precautionary principle.

Stakeholder dialogue and materiality analysis

STAKEHOLDER DIALOGUE

At a time of economic restructuring, it is important for the Bank to ensure that it has a good dialogue with key stakeholders. The Bank's proximity to stakeholders gives it an insight into their challenges and needs, and creates ownership of the Bank's work. The key stakeholders are the Bank's employees, customers and civil society across the region.

Employees:

The Bank shall become more sustainable itself and help to enable customers to make sustainable choices. This will entail change. A good dialogue with the Bank's employees, who are in contact with our customers every day, will be crucial if SpareBank 1 Helgeland is to succeed in its efforts. As part of the development of the new sustainability strategy, two meetings were held among the departments, during which all employees contributed to the discussion regarding the Bank's work relating to sustainability. In addition, a multidisciplinary working group was set up in 2022 comprising representatives from various disciplines within the Bank to ensure a firm anchoring of the work relating to sustainability, and to ensure that every member of the workforce has been able to provide input to the process.

Customers and civil society:

In the work carried out prior to the development of a new sustainability strategy, customer interviews were conducted to ensure that their perspective would be taken into account. SpareBank 1 Helgeland also has a presence in many arenas where we meet our customers and where sustainability is part of the agenda. Examples of this are the annual Drivkraft Conference, to which the business community in the region is invited. In 2022, the theme of the conference was "Environment, energy and sustainability". Representatives of the Bank regularly participate in events organised by business associations and other initiatives, and the Bank believes it is important to have an opportunity to pursue a dialogue with customers, including outside customer meetings. In 2022, the Bank's financial adviser for young people visited around 3,000 pupils in lower and upper secondary schools across Helgeland.

MATERIALITY ANALYSIS

During 2022, SpareBank 1 Helgeland conducted the Bank's first materiality analysis with the aim of identifying key sustainability topics for the Bank. The entire Bank was involved in the process.

The methodology for conducting the analysis is based on the guidelines of the "Global Reporting Initiative" (GRI) framework. GRI defines materiality as anything that has an effect on either the environment, society or our common economy, and places special emphasis on human rights.

The EU's new Sustainability Directive ("CSRD"), which the Bank will report on the basis of within a few years, defines "double materiality" as a key principle. This term is about identifying sustainability topics that are significant in terms of the impact that the enterprise's own operations can have on stakeholders and society at large ("Impact materiality"), in addition to sustainability topics that are financially significant as a result of how they could impact on the company's value, profitability and reputation ("Financial materiality"). When carrying out the materiality analysis, the Bank attached great importance to adhering to the principle of double materiality.

In order to carry out a thorough materiality assessment, it was essential to engage the Bank's key stakeholders, which include regulatory authorities, competitors, customers and the Bank's own employees. The interests, opportunities for influence and needs of the various groups were evaluated in order to form an overall picture of stakeholders' perceptions and opinions of the Bank. This enables the Bank to establish sound and meaningful priorities.

The process of conducting the analysis included a competitor analysis, a regulatory review and three customer interviews (CM). Various inputs were discussed in a workshop with management and the working group, as well as during two workshops held in all departments. The topics considered during the process included recommended topics for the industry taken from GRI and from the comparable framework for sustainability reporting (SASB), the framework for climate risk reporting (TCFD), as well as topics that have attracted attention from competitors and in the media. The work that was carried out provided guidelines for the development of the Bank's newly developed sustainability goals and sustainability strategy.

The topics identified as being important to the Bank are as follows:

1. Training and competence-building among employees
2. Greenhouse gas emissions from the lending portfolio
3. Climate risk
4. Responsible advice and operation

Information on the Bank's handling of these topics is presented in separate sub-chapters in this report. In addition to this information, the Bank also presents other information relating to sustainability in order to provide a comprehensive picture of the work of the Bank regarding sustainability.

Climate and environment

The whole world is Helgeland's market and, like the rest of the global community, our region is set to move towards a zero-emission society.

In order to take a clear stand, the Bank has set a target of net zero emissions from its own operations, lending and investments by 2050. In addition, emissions will be halved by 2030, and the Bank will not contribute to severe environmental damage, including irreversible damage to vulnerable ecosystems. The Bank's target of net zero emissions and the halving of emissions is in line with Norway's reported targets for emission cuts under the Paris Agreement. These ambitions will entail considerable adaptation and adjustment for individuals, businesses and the financial sector in the years ahead, and the Bank will play an important role in this shift.

SpareBank 1 Helgeland is an approved eco-lighthouse business in accordance with the criteria for the finance industry. Key topics to be considered regularly include energy savings in own buildings and the use of digital solutions to reduce the use of energy, travel and waste generation. The Bank uses the Eco-Lighthouse's reporting module to estimate emissions linked to its own operations. The greenhouse gas inventory provided by the Eco-Lighthouse is based on the GHG protocol, which is the internationally recognised standard for the preparation of greenhouse gas inventories.

The inventory shows that the Bank's own emissions increased from 2021 to 2022. This is primarily due to the fact that the pandemic restricted travel activity and the use of offices in 2021. In 2022, the complete refurbishment of the bank building in Mo i Rana was the most important activity that will lead to a reduction in emissions, as the refurbishment will enable energy efficiency improvements to be made. As a result of the higher activity levels in 2022, emissions rose compared with 2021, becoming more representative of the Bank's operations. During 2023, the Bank will develop a plan for cutting emissions, and 2022 will be the baseline year for the measured impact in connection with the target to halve emissions.

GREENHOUSE GAS INVENTORY 2022

In tonnes CO_2.

Emission source	Emissions 2021	Emissions 2022
Scope 1		
Cars/vans	7.07	20.26
Total scope 1	**7.07**	**20.26**
Scope 2		
Energy consumption - Electricity	36.35	52.5
Energy consumption - District heating	65.51	7.34
Total scope 2	**101.86**	**59.84**
Scope 3		
Waste volumes - WEEE	0.25	0.23
Waste volumes - Hazardous waste	0	0
Waste volumes - Metal (not packaging)	0.01	0.07
Waste volumes - organic waste (food waste, etc.)	0.01	0.16
Waste volumes - Paper, cardboard and card	0.55	1.1
Waste volumes - Plastic	0.01	0.01
Waste volumes - Waste wood	0.01	0
Residual waste	4.55	8.47
Business travel - Flights, Nordic countries	22.46	309.5
Business travel - Travel allowance	46.7	124.36
Business - Train travel	0.02	0.38
Total scope 3	**74.62**	**444.28**
Total	**183.54**	**524.38**

GREENHOUSE GAS EMISSIONS FROM THE LENDING PORTFOLIO

The business community in Helgeland is in the midst of the green shift, and companies across the region are contributing by producing goods that are in demand, with a steadily falling carbon footprint, and developing technologies that will help to reduce global emissions. It has become clear that our customers are concerned about being able to make both profitable and sustainable choices, and it is also through our customers that the Bank has the best opportunity to help Norway cut its emissions.

In autumn 2022, greenhouse gas emissions in the lending portfolio were identified as one of the key ESG topics that the Bank has to address, and the topic was also rooted in the Bank's sustainability strategy and policy.

In 2022, intensive efforts were made to obtain a better overview of estimated emissions from the Bank's lending portfolio. The Bank developed a model for calculating emissions from all residential properties in which the Bank has collateral. This used the model developed by the Partnership for Carbon Accounting Financials[1] (PCAF) to model emissions from the corporate portfolio. These measures will make it possible to adopt a more systematic approach to emission reductions in the years to come.

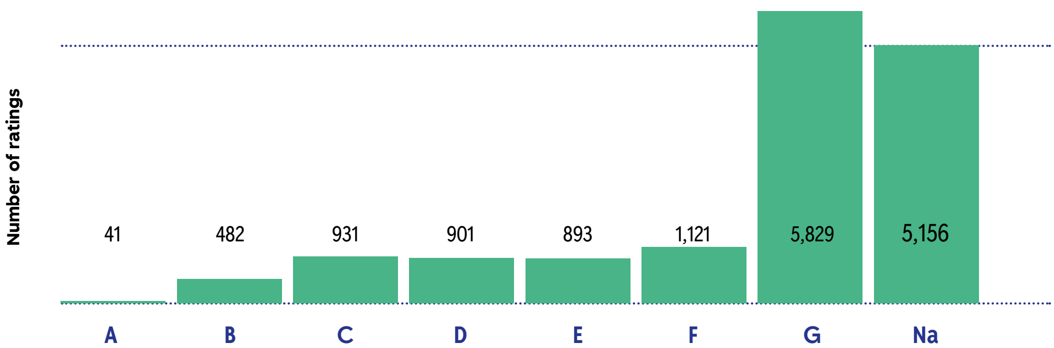
If the Bank is to succeed in its ambition to cut emissions in its lending portfolio, it will also need access to detailed information, a good dialogue with customers and a systematic approach to its work over time. In turn, better insight into the challenges facing different industries relating to emissions, combined with a knowledge of effective initiatives and measures, will enable the Bank to give customers better advice when they seek to reduce their energy costs and cut their emissions.
In 2023, a particular focus will be placed on strengthening the competence of advisers. These advisors will undergo a course on sustainability, and the new ESG module will be adopted for the corporate market, which will facilitate a more thorough dialogue with corporate customers concerning the Bank’s expectations and how the Bank can assist such customers in the best possible way.

In line with the Bank's ambition to be a responsible bank offering responsible products, the Bank has also established targets for growth relating to green products, along with a goal for these products to contribute to emission reductions in the long term. For more detailed information on the Bank's green products, see the chapter entitled "A responsible bank".

ESTIMATED GREENHOUSE GAS EMISSIONS FROM THE LENDING PORTFOLIO IN 2022

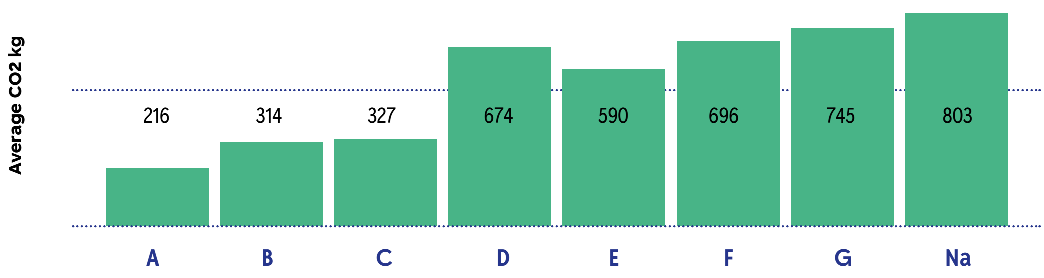
Total emissions from the lending portfolio are estimated at 28,108 tonnes CO_2e in 2022.
Of emissions linked to the retail market, residential properties with an energy rating of "G" and houses without an estimated energy rating (Na) account for 78% of the emissions. However, improvements are expected in this area as a result of requirements regarding energy ratings when properties are sold and the provision of favourable financing in the case of residential properties with a good energy rating. For example, SpareBank 1 Helgeland offers green loans subject to favourable terms if a home has an energy rating of "A" or "B". In the longer term, the Bank therefore expects the portfolio to have fewer homes with a poor or no energy rating.

DISTRIBUTION OF ENERGY RATINGS

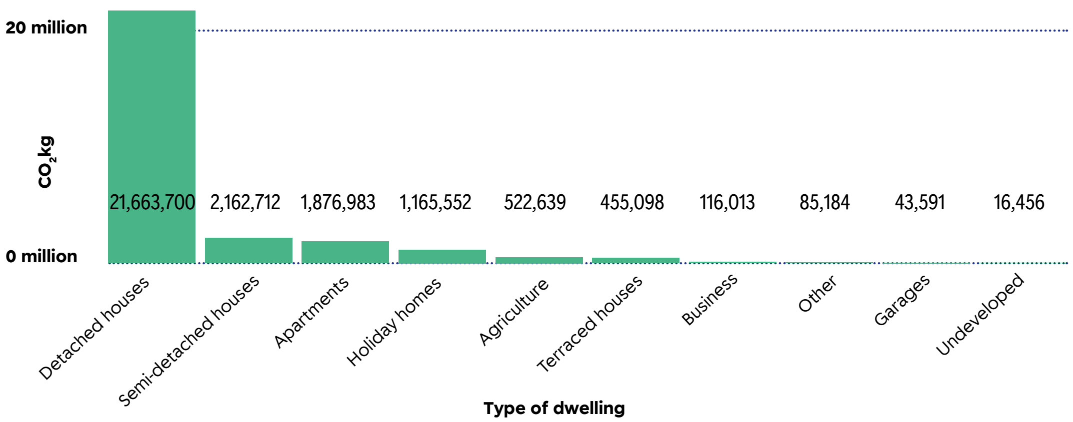


[1]https://www.carbonaccountingfinancials.com/

AVERAGE CO2 PER RATING



CO_2 PER YEAR BY BUILDING TYPE

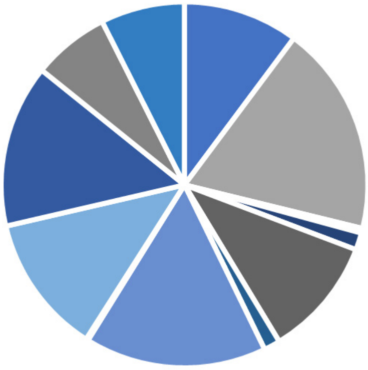


Emissions from the corporate lending portfolio are calculated via the PCAF method and provide an overview of emissions broken down by NOK (carbon intensity). For 2022, the calculations show that businesses linked to industry, electricity/power and transport are the most carbon-intensive. These industries are historically associated with high emissions, and because of the Bank's considerable exposure to these industries, the emission figures are also high.

CARBON INTENSITY IN THE CORPORATE MARKET PORTFOLIO

Industries	SCOPES 1 & 2	SCOPE 3	TOTAL
Other services, construction and engineering	2,540	2,094	4,634
Industry, mining and quarrying	4,721	3,766	8,487
Professional, scientific and technical services, financing and insurance activities	82	108	191
Business services	282	408	690
Cultural activities, entertainment and leisure activities, information and communication	2,723	2,099	4,822
Agriculture, forestry and fisheries	274	381	655
Electricity, gas, steam and hot water supply, power and water supply	3,910	3,385	7,295
Public administration and defence, and social security schemes under public administration, Accommodation and food service activities and Unspecified wholesale trade	55	34	90
Sale and management of real property	3,056	2,567	5,624
Transportation and storage	3,725	2,838	6,562
Teaching	951	2,137	3,088
Wholesale trade, repair of motor vehicles	248	3,128	3,376

TOTAL SCOPE 1, 2 & 3



For detailed information on the calculations, see the appendix "Documentation for calculating greenhouse gas emissions".

Goal

- Greenhouse gas emissions from SpareBank 1 Helgeland's loan portfolio will be halved by 2030.
- SpareBank 1 Helgeland's loan portfolio will be climate-neutral by 2050.
- SpareBank 1 Helgeland shall help customers to make climate-friendly choices.

For more information, see Goals and targets earlier in the report.

CLIMATE RISK

Increased frequency of flooding, landslides and extreme weather will present a physical climate risk for both the Bank and our customers in the years to come. In addition, stricter regulatory requirements, as well as technological and market changes, entail a risk that assets financed by the Bank, for example, will fall in value. The risk associated with not taking climate risk into account is obvious – deterioration of values for customers and the Bank itself.

In essence, climate risk is credit risk. It is therefore vital for the Bank to have a good overview of both climate-related risk that impacts the Bank directly and climate risk that impacts the Bank indirectly by constituting a risk to our customers. SpareBank 1 Helgeland is therefore working to integrate climate change risk in every aspect of the Bank's risk and credit processes.

A comprehensive knowledge and experience of managing this type of risk will also enable the Bank to provide better advice to customers concerning how to reduce and manage their own climate-related risks.

In 2022, the Bank raised the level of priority afforded to climate risk. In autumn 2022, the topic was identified as being material in connection with the evaluation of the ESG topics to which the Bank relates, and became firmly rooted in the Bank's sustainability strategy and policy. In 2022, the Bank also began work to map physical climate-related risks both in the market area and in the portfolio.

In 2023, the Bank will carry out a comprehensive assessment of how climate risk affects, and is managed by, the Bank in line with the TCFD framework, which is the recommended framework for reporting climate-related risk. The results of this assessment will be published on the Bank's website during the first half of 2023, and will set out clear guidelines regarding how the Bank will approach the topic in the future.

In 2023, the Bank will particularly focus on further developing the integration of climate risk into the Bank's risk assessment processes, as well as firmly anchoring the topic in its risk and capital strategy. In addition, the Bank will work systematically to update credit policy guidelines in order to clarify customer expectations in this area.

Goal

- SpareBank 1 Helgeland has an overview of climate risk in our market area and portfolio.
- SpareBank 1 Helgeland has climate risk as an integral part of our credit processes.
- SpareBank 1 Helgeland shall help to reduce climate risk among customers.

For more information, see *Goals and* targets earlier in the report.

A responsible bank

SpareBank 1 Helgeland shall be a responsible bank that safeguards the interests and expectations of customers, owners and society. Our corporate social responsibility and sustainability policy sets out a framework and minimum expectations relating to the Bank's operations.

The Bank shall pay the correct amount of tax in accordance with the applicable rules, and shall not advise customers or suppliers to set up international corporate structures with the main aim of tax-motivated tax adjustments. A well-functioning tax system is important for government finances, the welfare state, fair competition and trust in a society. SpareBank 1 Helgeland does not lend money or invest in weapons of mass destruction or weapons produced outside Norway, and shall not contribute to the testing, production and storage of controversial weapons or finance the production of tobacco and pornographic material.

The Bank seeks to create trust with the authorities, customers, suppliers and business partners by following ethical business practices. The Bank's ethical guidelines form the basis for its business operations and for its response to the regulatory requirements that apply to the Bank. Transparency is an important goal for SpareBank 1 Helgeland in its work relating to sustainability and corporate social responsibility. Notified breaches and any orders or sanctions will be disclosed. We will document and follow up serious breaches with respect to our own strategies, guidelines and procedures.

RESPONSIBLE ADVICE AND OPERATION

The financial industry has a presence in all our lives and is essential in order to secure and sustain jobs, prosperity and growth throughout the economy. High-quality advice and secure operations protect not only the Bank's employees and the safeguarding of values, but also people in their encounter with economic booms and depressions.

Responsible advice and operations are strongly in focus, as it is crucial that the Bank offers **first-class advice**, so that customers are able to fulfil their financial obligations and cope with interest rate rises and inflation. It is also important to **support professional businesses** and a unionised labour market, as this offers both greater security for everyone and a stable economy. This was further highlighted in the autumn of 2022, when the topic of "responsible advice and operations" was identified as one of the key ESG topics that the Bank is working on. It was therefore also firmly rooted in the Bank's sustainability strategy and policy.

As regards the retail market, the Bank offers a range of products and services with a social profile that is mainly aimed at young Helgelanders. Encouraging young people to stay in Helgeland is important for the future development of the region, and it is therefore a priority for the Bank that young people who are seeking to establish themselves in Helgeland have the opportunity to establish themselves in the property market.

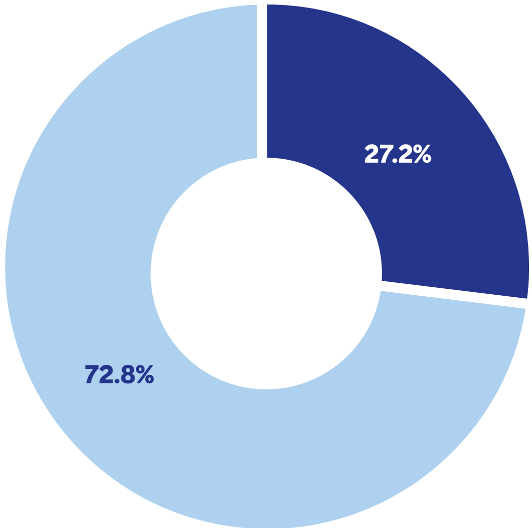
To contribute to this, the Bank offers a range of favourable loan schemes for young adults and first-time buyers, such as first-home loans and mortgages for young people. Such customers are also given priority when utilising the flexibility quota in the lending regulations. The proportion of loans with a social profile for the retail market was 27.2% at the end of 2022 (including loans transferred to the

mortgage company), which represents an increase of 2.1% over 2021. Measured in terms of NOK, loans with a social profile amounted to NOK 7.5 billion at the year-end, equivalent to an increase of NOK 650 million over the previous year. The Bank also offers particularly favourable financing for members of unions affiliated to the Norwegian Confederation of Trade Unions (LO).

The Bank encourages customers to save with a long-term approach and offers a range of favourable savings schemes, especially for people saving to buy a home in the future. The Group has a stable deposit base with a social profile, primarily through housing savings for young people. At the end of 2022, this deposit base amounted to NOK 0.6 billion.

SpareBank1 Helgeland has appointed a dedicated financial adviser for young people, who during 2022 was responsible for implementing the teaching programmes for SpareBank1 Helgeland in partnership with Ungt Entreprenørskap Nordland.

Lending social profile, retail market



Kristin Gullesen

Financial Adviser for Young People at SpareBank 1 Helgeland

SpareBank 1 Helgeland has appointed a dedicated financial adviser for young people, who in 2022 carried out teaching programmes for primary and lower and upper secondary schools on behalf of SpareBank 1 Helgeland in partnership with Ungt Entreprenørskap Nordland.

"During the 2021/2022 academic year, I visited around 3,000 students right across Helgeland. The aim of these visits was to make young people aware of their own finances from an early age, so that they can make good and sustainable choices, both now and later in life.

In addition to teaching programmes aimed at young people, I have also spoken to older audiences at university colleges, folk high schools and NAV/career centres. Here too, I talk about how they can best manage their own finances and make sustainable choices, both for the environment and for their own finances."

Being smart with your own finances can in itself help to make your lifestyle more sustainable, for example by reusing more, contributing to the sharing economy, and repairing things rather than simply using them once and then throwing them away".

The Bank also offers advice and refinancing for both corporate and retail customers who are experiencing financial problems or who want to improve their financial situation. As regards corporate customers, the Bank has issued a total of 54 liquidity loans totalling NOK 86 million linked to the pandemic.

THIS WORK WILL BE STEPPED UP OVER THE COMING YEARS.

SpareBank 1 Helgeland aims to ensure that the advice that it gives helps to create financial security. As a result, the Bank will support unionised working life by discussing union organisation with our customers as and when appropriate. The financial adviser for young people will still have a focus on outreach work, and the work will be systematised with good advice given to customers when they turn 18 and when their buy their first home.

- **Social products:** The Bank will continue to promote products with a social profile.
- **Green products:** The Bank has launched green products as a tool for achieving its goals and ambitions relating to climate change and emission reductions. The range of green products being offered and their use as a tool to motivate green choices will be a focus area in 2023.

Goal

- SpareBank 1 Helgeland shall help to ensure that customers keep their finances in order and are able to withstand market fluctuations and fulfil their financial obligations.
- SpareBank 1 Helgeland supports professional businesses and a unionised working life.

For more information, see *Goals and targets* earlier in the report.

RESPONSIBLE CREDIT

The Bank shall not provide funding to companies that:

- engage in the extraction of, or power generation based on, steaming coal, oil sands or nuclear power.
- use timber from operators engaged in illegal logging, the sale of illegally felled timber or deforestation, and/or that destroy tropical rainforests or remove primary forests or protected forests (High Conservation Value Forests).
- establish operations in regions where there is already a water shortage, and/or where such operations would come into conflict with the needs of the local community.
- are in any way involved in the development, testing, production, storage or transport of controversial weapons or components exclusively intended for controversial weapons, including cluster munitions, anti-personnel mines, nuclear weapons, chemical weapons and biological weapons.
- are engaged in the manufacture of tobacco products or components explicitly intended for such products.
- are engaged in the production of pornographic material.

In the case of exposures in excess of NOK 5 million, the customer must be assessed via the Bank's ESG module. In this module, customers are asked industry-specific questions in order to identify any ESG risks. The module has been developed for the SpareBank 1 Alliance. Going forward, an assessment will be made as to whether current or future environmental requirements would weaken the customer's earnings or lead to cost-intensive investments which could be decisive as regards the ability of the business to fulfil its obligations. Valuations of collateral in property and manufacturing equipment must also take into account possible future requirements and orders under climate and environmental legislation. Before we enter into mortgages, an assessment must be made as to whether requirements could be imposed concerning investigations and/or the clean-up of pollution.

Climate risk and other ESG factors must be assessed in the same way as other risks in credit cases.

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING

SpareBank 1 Helgeland works systematically to identify and combat financial crime, including money laundering, the funding of terrorism and fraud. The Bank also has appropriate procedures in place to reduce the risk of financial crime and detect and follow up indications thereof.

Authorities, customers and competitors must have confidence in the Bank's professionalism and integrity. During 2022, the Bank implemented measures to ensure compliance with applicable instructions and procedures, including the allocation of more resources and the addition of expertise to ensure the enforcement of regulatory and internal requirements. Suspicious transactions are dealt with and reported to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) if certain criteria are met.

During 2022, all new employees, RM advisors, the board of directors and the management group attended an anti-money laundering course. Courses have also been arranged on issues such as corruption for Bank's employees.
The Bank was not involved in any incidents linked to corruption during 2022.

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In 2022, a total of 7,301 cases were followed up by the Bank's anti-money laundering department, with 57 cases being referred to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) for further follow-up.

INTERNAL IRREGULARITIES

SpareBank 1 Helgeland defines internal irregularities as "embezzlement, the theft of money or assets, the giving or receiving of bribes (corruption), cyber fraud and card fraud".

The Bank has established systems for reporting incidents in the procedure for the Bank's register of losses and incidents. All incidents are documented with established measures and reported to the management and the board of directors. No incidents involving fraud were registered during 2022.

Special logging and whistleblowing systems have been established with regard to situations, scenarios or account movements where a risk assessment indicates that fraud is likely to occur. This could be linked to back-valuation, movements in internal or passive accounts, transfers from customers to employees and back again, non-service related lookups in customer data or employees who are in a difficult financial situation.

The Bank has established controls linked to employees' use of access to lookups in administrative systems and internal accounts, passive accounts (with new activity), along with their use of the cash register solution. Internal procedures have also been established for whistleblowing and HR measures if it is apparent that significant changes are taking place in an employees' financial situation.

The Bank monitors its employees' proprietary trading and checks compliance with the internal procedure for proprietary trading every six months. None of these checks revealed any non-conformities during 2022.

All divisions of the Bank undergo an annual risk assessment as regards fraud, where the management group ultimately assesses the overall risk of fraud that the Bank faces. The management group has assessed the risk of both external and internal irregularities, and the measures that have been implemented were considered to be sufficient in 2022.

PRIVACY AND DATA SECURITY

SpareBank 1 Helgeland is committed to being a professional player that takes privacy and information security seriously. The Corporate Social Responsibility and Sustainability Policy states that the Bank must ensure compliance with data protection legislation and safeguard the rights and freedoms of data subjects in the processes and tasks that are performed by the Bank. The Bank shall protect customers, employees and the company's values, information and reputation by reducing risk relating to information security, and manage threats in such a way that they do not have serious consequences.

In 2022, no breaches of data protection were reported which resulted in fines or sanctions for the Group. No breaches of the ICT regulations for SpareBank 1 Helgeland were notified to the Financial Supervisory Authority of Norway either.

WHISTLEBLOWING

The Bank has adopted a whistleblowing procedure that describes what is defined as censurable conditions, the procedure for whistleblowing and processes linked to case processing. The Bank's HR Director receives these notifications and is responsible for ensuring that cases are followed up in accordance with the relevant procedure. The whistleblowing procedure is available to all employees on the Bank's intranet.

During 2022, three reports were registered, all under the category of "unsatisfactory working conditions". One of these was a "me too" notification. All notifications are handled internally in accordance with the notification procedure.

Employees and their representatives are also represented on the Working Environment Committee, the Group Committee and the Board of Directors, and can submit input concerning any and all relevant matters. The Bank also fulfils its obligations to provide information to anyone who requests such information concerning follow up of the Transparency Act and the due diligence assessments that have been carried out. See the information about the Bank's work relating to the Transparency Act later in the report.

SpareBank's employees

SPAREBANK'S EMPLOYEES

SpareBank 1 Helgeland is divided into four offices in Helgeland: Brønnøysund, Sandnessjøen, Mosjøen and the head office in Mo i Rana. Employee well-being, local knowledge and expertise are some of the Group's key competitive advantages. The Board and the management believe that it is vital that the Group has a good working environment.

At the year-end 2022/2023, the Bank had the following employee distribution, specified in terms of numbers, full-time equivalents and gender.

PERMANENT EMPLOYEES

2022		
Gender	Persons	Full-time equivalents
Women	90	89.0
Men	67	67.0
	157	**156.0**

TOTAL NUMBER OF EMPLOYEES

2022		
Gender	Persons	Full-time equivalents
Women	102	95.5
Men	75	67.5
	177	**163.0**

TEMPORARY STAFF

2022		
Gender	Persons	Full-time equivalents
Women	13	6.5
Men	8	0.5
	21	**7.0**

PART-TIME EMPLOYEES

At the Bank, seven women and two men work part-time. Everyone who works part-time does so voluntarily. The Bank had twelve temporary summer staff in 2022. These are students who are currently studying for a bachelor's or master's degree. Several of the temporary summer staff also work for the Bank during the Easter and Christmas holidays.

Having students as temporary summer staff leads to opportunities for permanent employment at a later date. The Bank did not hire any labour from staffing agencies during 2022.

MANAGEMENT AND GOVERNING BODIES

The gender balance in the Bank's other bodies and management is as follows:

Supervisory Board

25 members, incl. chair, of whom eight are women and 17 are men

Board of Directors

Eight members, of whom four are women and four are men

The Bank's Management Group

Six members, of whom three are women and three are men

Middle managers with personnel responsibility

six women and 14 men

RECRUITMENT

The Bank recruited new employees to all of the Bank's offices throughout 2022. Most of this recruitment took place in Mosjøen (in connection with the expansion of the new "Direktebanken" section), and to several specialist and key positions at the office in Mo i Rana. In total, 36 people were recruited in 2022; 27 externally (17 women and ten men) and nine internally (six women and three men).

A total of 22 people left the Bank in 2022. Nine left through ordinary resignation (three women and six men). Thirteen people accepted a severance package, retirement under a contractual pension or ordinary retirement (nine women and four men). The severance packages formed part of the transfer of business, resulting in an abnormally high number of employees leaving in 2022. Total turnover for 2022 ended at 14%, versus "ordinary" turnover of around 10%.

HEALTH, SAFETY AND ENVIRONMENT

SpareBank1 Helgeland is an inclusive working life company, with appropriate procedures and a culture of monitoring and supporting employees. Managers monitor employees both digitally and in physical meetings. The Bank's target is 97% "attendance", i.e. the proportion of employees that we strive to have at work at any given time. With 97% attendance, the target for absence due to illness is 3%, with zero work-related absence.

The combined absence due to illness rate in 2022 was 4.7%, giving an attendance rate of 95.3%. There represents an increase in absenteeism compared with 2021, but is still on a par with the rest of the financial sector in Norway.

- Overall absence due to illness: 4.7%
- Short-term absence (1 to 16 days): 1.7%
- Long-term absence (over 16 days): 3%

GENDER EQUALITY

According to the Corporate Social Responsibility and Sustainability Policy and the HR strategy, it is a clear priority that the Bank must contribute to equality and diversity within its own organisation, and efforts are made to ensure equal pay and an equal gender balance in every department and at management level. The Bank also encourage customers, suppliers, business partners and recipients of gift and sponsorship funding to do the same.

In 2022, the Board adopted the bank's new HR strategy, which describes its overall work and objectives relating to gender equality in working life. The CEO approved the Bank's guidelines regarding gender equality and diversity in the autumn of 2022.

The Bank is working on three priority areas relating to gender equality:

1. **A diverse and inclusive working environment – we are striving to create a diverse and inclusive working environment** that will prevent exclusion, bullying and sexual harassment
2. **Equal pay –** we are working for equal pay, regardless of gender in comparable positions
3. **Recruitment** – we are working for and facilitating diversity and equality in recruitment and planned career paths

In all areas, the Bank has drawn up measures and associated specific objectives. Reports will be prepared for all areas from 2023 onwards.

SpareBank 1 Helgeland's gender equality statement for 2022 (2021 in parentheses)

- The average wage for women was 666,997 (624,554), and for men 802,562 (745,912).
- Overall wage growth for women was 6.8% (8.0%), and for men 7.6% (4.9%).
- For employees, excluding managers and middle managers, there was a wage gap of approximately NOK 80,000 in men's favour.
- For middle managers, there was a wage gap of approximately NOK 30,000 in men's favour.
- Among employees/advisers in the retail market and finance, women and men received almost equal pay. In other business areas, men had somewhat higher wages.
- The remuneration of members of the Board of Directors depends on their role and responsibilities on the Board, such as chair/deputy chair/member of the Board's subcommittees.

Part of the reason for the wage gap between men and women is linked to the fact that the Bank has more men than women in both senior positions and key positions in most disciplines. Recruiting more women to both management and key positions is a priority area, and in line with the Bank's commitment to increase diversity and ensure equal pay.

After the transfer of business and entry into the alliance, a number of employees opted to retire and accept severance packages. As regards new recruitments, the Group has appointed numerous young and capable employees. Overall, this has reduced the average age of the Bank's employees. The average age at the end of 2022 was 46 years, compared with 47.5 years at the end of 2021.

The Bank has employees who took parental leave during 2022. Men took an average of 16 weeks, while women took an average of 28 weeks.

THE BANK'S REMUNERATION POLICY

SpareBank 1 Helgeland has drawn up guidelines for the setting and revision of remuneration for senior executives in accordance with the Financial Institutions Act, the Public Limited Liability Companies Act and the Capital Requirements Regulation (Article 450), along with associated relevant regulations and guidelines. The Bank has a fundamental policy which states that there should be the greatest possible equality for all the Bank's employees as regards most types of remuneration. At the same time, the Bank is aware that salaries and remuneration for senior executives must also be competitive, make the Bank attractive as an employer and stimulate increased value creation for the Bank.

According to the Bank's policy, it is a fundamental principle that an individual's remuneration must primarily consist of a fixed salary. This is adjusted once a year unless any change in position, responsibilities or duties necessitate changes over and above fixed salary adjustments. The Bank does not have any variable pay or bonus schemes which are directly linked to the Bank's results. The Bank has an equity-oriented incentive scheme for permanent staff, which is the same for all the Bank's permanent employees and includes discounted employee share issues and equity certificates as gifts.

In addition to fixed salaries, some remunerations are provided that cover all permanent employees, e.g. favourable loan schemes and personal insurance.

A more detailed description of the Bank's remuneration policy is available in the guidelines concerning the remuneration of senior executives and the remuneration report published on the Bank's website.

COLLECTIVE AGREEMENT AND UNION ORGANISATION

SpareBank 1 Helgeland is affiliated to the collective agreements in the financial sector, which have been negotiated between Finance Norway and the Finance Sector Union of Norway (Finansforbundet). A Corporate Agreement has been negotiated locally with the Bank, which covers all employees.

Seventy six percent of the Bank's employees are members of the Finance Sector Union of Norway. The Bank also has employees who are members of other unions. The Bank only has an overview of the proportion of membership of the Finance Sector Union.

TRAINING AND COMPETENCE-BUILDING

The Bank's work to develop a new sustainability strategy during 2022 was based on a materiality analysis, which identified the ESG topics that have the greatest impact on the Bank, along with the topics where the Bank has the greatest opportunity to exert a positive influence. Many topics were up for discussion, but one topic united everyone. This concerns the foundations for the quality of the Bank's other work, namely that the Bank's employees have a sound knowledge which is appropriate for the role that they perform.

The sustainability strategy contains ambitious targets for the work relating to greenhouse gas emissions in the lending portfolio, responsible advice and operations and climate risk. However, if the Bank is to achieve these targets, employee ownership and competence will be by far the most important factors for success. Without a sound knowledge of these topics, it will not be possible to provide customers with good guidance. Customers, suppliers and authorities are continually stipulating new requirements and expectations, and SpareBank 1 Helgeland's most important investment in the years to come will be in the competence of its employees.

During 2022, the Bank carried out a range of activities aimed at boosting the competence of its employees. In autumn 2022, eight employees representing different departments and locations within the Bank attended sustainability courses organised by the Arctic Cluster Team in partnership with BDO. The strategy work throughout the year also built up competence within the Bank. The mulitdisciplinary working group working on sustainability includes representatives from all the Bank's disciplines. The Group put forward suggestions concerning the sustainability strategy and will carry out a number of projects in 2023 to follow this up. Two departmental meetings were also held concerning the sustainability strategy in 2022, and a presentation on the topic was given to all employees. Sustainability was also the theme of this year's Drivkraft Conference, to which the business community in the region was invited.

In 2023, all employees and elected representatives will attend courses which are relevant to their duties at the Bank. Ten full-day courses developed by SpareBank 1 SørØst-Norge will take place. This will require a significant amount of time to be set aside for all employees.

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[2]https://www.sparebank1.no/nb/helgeland/om-oss/barekraft/barekraftsbibliotek.html

Goal

- All employees of Sparebank 1 Helgeland must be able to maintain the sustainability perspective in their work. They must face changes in regulations and the market secure in the knowledge that they have received and will continue to receive ongoing training.

For more information, see Goals and targets earlier in the report.

TRAINING IN 2022

- **Advisers in the retail market** must complete the highest number of mandatory courses and authorisations in order to perform their role independently. Each new retail market adviser spent an average of 73 hours on training during 2022. Once retail market advisers have become authorised, they must maintain their authorisations, which entails mandatory updates. Each retail market adviser spent an average of just over nine hours on updating in 2022.
- Together with other managers and key personnel, **the management group** undergoes updates in a range of disciplines. In 2022, each member of the management group spent an average of almost four hours on mandatory updating.
- **Board of Directors:** All new board members must undergo mandatory board courses. In 2022, each member of the Board of Directors spent an average of almost three hours on mandatory updating.
- **The Bank's employees** spend a lot of time on training throughout the year, both through the "Utsikt" programme, and through internally organised training, training concerning the Alliance and training with other external suppliers, such as Spama, Regnskap Norge, DNR Kompetanse, Finance Norway, Visma, the Norwegian Bar Association, BI Norwegian Business School and university colleges/ universities.

Much of the Bank's training takes place via e-learning, online meetings, webinars and other social media sharing forums.

COURSES AND PROGRAMMES IN 2022

The Bank has its own specialist resource which, among other things, acts as editor of the Utsikt training platform, and is responsible for coordinating training and authorisations.

The Bank is affiliated to the finance industry's authorisation scheme (*Fin Aut*), and the authorisations that the various advisers within the retail and corporate markets must hold have now been decided. This overview is available on the Bank's website.

Authorisations	Number authorised/pending/ under authorisation
Non-life insurance RM	87
Non-life insurance NL	4
Personal insurance RM	83
Personal insurance NL	5
Savings and investment	71
Credit	77

In addition, 55 of the Bank's advisers/employees in customer positions are approved as "Information providers" in accordance with the authorities' requirements.

Course	Completion rate
New employee programme	97%
Anti-money laundering, anti-corruption and GDPR. Various courses are assigned to employees in relation to department and function (24 courses).	Principal course: 99% Refresher course 92%
Nanolearning on IT Security (7 courses)	67%
BankID	Employees with the role of "RA Officer": 100% Employees exempt from requirements: 69%
New Financial Contracts Act	Authorised advisers – 100% Stakeholders – 94 %
New Insurance Contracts Act	Deadline for implementation is in 2023

LEADERSHIP DEVELOPMENT

The leadership platform (the Bank's guidelines for the practising of management) sets out what is expected of managers with personnel responsibility. The fulfilment of these expectations is important for the future management of the Bank and will promote attainment of the strategic goals adopted in the strategy for 2023–2025. In line with the ambition to be a responsible banking player, the focus on leadership development will continue in 2023.

PERFORMANCE APPRAISALS

Annual performance appraisals are conducted between managers and employees. The annual cycle of appraisals is concluded with a salary interview. Criteria for the scope of the discussions have been negotiated between the Bank's elected representatives and the management, and are described in the Corporate Agreement. Specific templates have been developed for these discussions.

One or more appraisals were conducted with all employees in 2022, but no individual salary discussions took place in 2022, as the Bank reached agreement concerning a collective wage adjustment with elected representatives due to the new adjustment date for local wage adjustments.

ONGOING TRAINING

Through their roles and areas of responsibility, employees of the Bank are participants in numerous teams and groups which involve training, information and reflection. This takes place not only internally within SpareBank 1 Helgeland, but also in various professional communities within SpareBank 1 SamSpar. Discipline managers are then responsible for sharing information and updating their colleagues.

Human rights and sustainable procurement

HUMAN RIGHTS
The Bank's overall guidelines concerning corporate social responsibility and sustainability are intended to promote fundamental human rights, with a particular focus on workers' rights as defined in the ILO conventions. The Bank shall not contribute to breaches of human rights, workers' rights, decent working conditions or international law.

THE TRANSPARENCY ACT
SpareBank 1 Helgeland complies with the requirements and obligations defined in the Transparency Act and, through its policy for corporate social responsibility and sustainability, has undertaken to identify actual and potential negative consequences for fundamental human rights and decent working conditions. This applies in the Bank's own operations, in investments and among business partners' subcontractors. The Bank is required to submit annual reports on due diligence and implemented and planned measures in accordance with the OECD Guidelines for Multinational Enterprises.

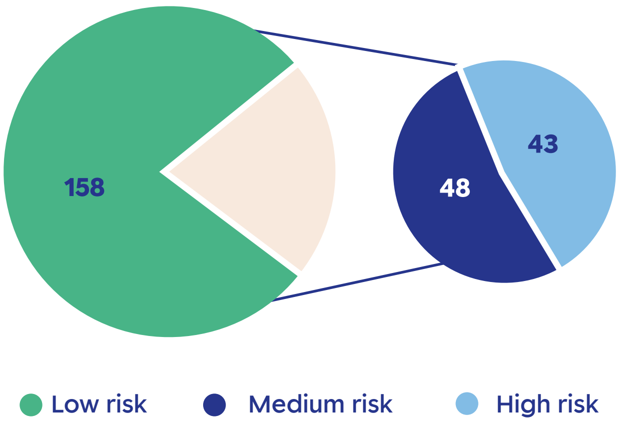
THE VALUE CHAIN
Important suppliers include suppliers of IT solutions, platforms and systems. The supply chain is primarily maintained through the alliance cooperation within SpareBank 1. Reference is also made to the report on due diligence pursuant to the Transparency Act, which is available in the sustainability library on the Bank's website. In addition to important suppliers, the Bank also has business relationships with the Bank's owners, local suppliers, sponsorships, etc.

SUSTAINABLE PROCUREMENT
SpareBank 1 Helgeland requires suppliers to have guidelines in place relating to sustainability and follow-up. During 2022, considerable work was done to update and clarify guidelines and procedures to improve the ongoing follow-up of suppliers.

DUE DILIGENCE AND FOLLOW-UP OF THE TRANSPARENCY ACT
As a member of the SpareBank 1 Alliance, a significant part of the bank's supply chain is safeguarded through a joint purchasing and procurement policy. SpareBank 1 Utvikling AS performs ongoing due diligence assessments of the supply chain in the alliance, and reports to the owner banks. The work relating to supplier follow-up began in 2019 with the risk-based mapping of 249 suppliers. This review showed that 91 suppliers had some or an elevated risk of negative impacts on environmental, social and business ethics. During 2020, these 91 suppliers were followed up more closely, with 43 of these being identified as requiring further follow-up.

- 158 suppliers assessed as being low risk – not followed up
- 48 suppliers assessed as being medium risk – not followed up further
- 43 suppliers assessed as being elevated risk – being followed up

249 suppliers broken down by risk



* For more information, see SpareBank 1 Utvikling AS's annual report.

During 2022, SpareBank 1 Helgeland also carried out due diligence assessments of its own operations and suppliers which are not covered by joint purchasing agreements. Due diligence was carried out on 43 suppliers, including SpareBank 1 Utvikling and SpareBank 1 SamSpar, through which the Bank has most purchasing and system agreements. With effect from 2023, due diligence must be carried out both on an ongoing basis and prior to entry into significant agreements (i.e. cases where the Bank's agreement with the supplier has an annual value of NOK NOK 100,000 or more). No due diligence assessments have been carried out on suppliers where agreements have not been renewed, or which involve minor direct procurements with a total value for the supplier of less than NOK 100,000. No due diligence assessments have been carried out in relation to suppliers where the Bank has no scope to exert any influence either. Due diligence assessments are based on an overall risk assessment using known sources, such as reports from the Norwegian Labour Inspection Authority and the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway relating to the labour market. SpareBank 1 Helgeland's report on the due diligence assessments can be found in the sustainability library on its **website.**[3]

FURTHER INVESTIGATIONS OF SUPPLIERS WITH HIGHER RISK

SpareBank 1 Helgeland's due diligence assessments indicate that the Bank has no suppliers of its own where there is a high risk of breaches of fundamental human rights or decent working conditions. Most of the agreements have either been entered into through the alliance's purchasing community or with local suppliers with which the Bank is very familiar. On the other hand, SpareBank 1 Utvikling AS has identified an elevated risk in some industries and some suppliers. The table below summarises how these industries and suppliers have been followed up from 2019 to 2022:

Performance indicator 249 existing suppliers	Goal	Profit			
		2019	2020	2021	2022
Risk assessment of suppliers	249	249			
Follow-up of suppliers with elevated risk	91	16	91		
Suppliers for further follow-up	43 (48)				
In-depth investigations, number of suppliers	12			6	12
Suppliers with agreed improvement	n/a				6
Suppliers with terminated agreement	0				0
General survey, suppliers who responded	36				18

[3] https://www.sparebank1.no/nb/helgeland/om-oss/barekraft/barekraftsbibliotek.html

GIFTS, SCHOLARSHIPS AND SPONSORSHIPS

The Corporate Social Responsibility and Sustainability Policy states that the Bank's donations and sponsorships must not go to activities which exclude certain groups or individuals or which cause material harm to any of the taxonomy's environmental goals. Positive contributions to the environmental goals will have an impact on the applications. A more detailed description of the Bank's social engagement can be found in the report from the Board of Directors and the introduction to the annual report.

ABOUT THE REPORT

This sustainability report is the Bank's first report and has been prepared in line with the Global Reporting Initiative's sustainability reporting standards (updated in 2021). The report covers the 2022 calendar year, in the same way as the Bank's financial reports and will be submitted annually.

If you have any questions regarding the report or the topic covered, please contact:

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GRI INDEX

General information		
GRI indicators	Description	Reporting 2022
1. Organisation and reporting practices		
2-1	Details of the organisation: Name of the business, ownership and legal corporate form, head office and country in which the business operates	Details of SpareBank 1 Helgeland are presented in the board of director's report and appendices to the annual report: "About SpareBank 1 Helgeland".
2-2	Entities covered by the organisation's sustainability reports	There is no difference between the companies included in the consolidated financial statements in the financial annual report and those in the sustainability report. Consolidation policies are set out in Note 1 – Accounting policies.
2-3	Reporting period, frequency and contact person	See the chapter entitled "About the report". Date of publication of this report: 29.03.2023
2-4	Changes to historical data since previous reports	This is the Bank's first GRI report.
2-5	Current practice for external verification of reports	The report has not been verified externally, but consideration will be given to this for subsequent reports.
2. Activities and employees		
2-6	Activities, value chain and other business contacts	Details of SpareBank 1 Helgeland are presented in the board of directors' report. The Bank is a customer-oriented organisation with a focus on the retail market, corporate market and capital market as business areas. A more detailed description is provided in the chapter entitled "Corporate governance". Information about the Bank's value chain can be found in the chapter entitled "Human rights and sustainable procurement"
2-7	Employees	See the chapter entitled "SpareBank's employees" Figures for employees at the Bank's four offices (Mo i Rana, Mosjøen, Sandnessjøen and Brønnøysund) are presented at an aggregated level. This also applies to other indicators relating to the employees. There were no major variations in the number of employees during the reporting period.
2-8	Workers who are not employees	See the chapter entitled "SpareBank's employees" The Bank did not use a staffing agency in 2022.

3. Governance		
2-9	Governance structure and compo-sition	See the chapter entitled “Corporate governance”
2-10	Nomination and selection of the highest decision-making body	See the chapter entitled “Corporate governance”
2-11	Information on the chair of the Board of Directors	See the chapter entitled “Corporate governance”
2-12	The Board of Directors’ and corpo-rate management's overview of the management of the organisation's impact	See the chapter entitled “Corporate governance”
2-13	Delegation of responsibility for managing the organisation's impact	See the chapter entitled “Corporate governance”
2-14	The Board of Directors’ approval of the sustainability report	See the chapter entitled “Governance structure for sustain-ability”
2-15	Conflicts of interest	See the chapter entitled “Corporate governance”
2-16	Communication of critical reasons to the Board of Directors	Information on the Bank's Code of Conduct can be found in the chapter entitled "A responsible bank"
2-17	The Board of Directors' overall knowledge of the sustainability strategy	See the chapter entitled "Whistleblowing"
2-18	Evaluation of the Board of Direc-tors’ performance	See the chapter entitled “Corporate governance”
2-19	Guidelines for remuneration	A description of SpareBank 1 Helgeland’s remuneration schemes has been published in the sustainability library on the Bank's website.
2-20	The process of determining remu-neration	A description of the process regarding the determination of remuneration at SpareBank 1 Helgeland has been published in the sustainability library on the Bank's website.
2-21	Annual total compensation ratios	See chapter 4 of the Remuneration report. The compensation ratio is based on the average wage of employees, not the median wage.

4. Strategy, guidelines and practice		
2-22	Statement concerning sustainability strategy	See the chapter entitled “Governance structure for sustain-ability”

2-23	Corporate policies	See the chapters entitled "Governance structure, sustainability" and "Human rights and sustainable procurement"
2-24	Integration of corporate policies	See the chapter entitled "Governance structure for sustainability"
2-25	Complaints mechanisms and the process for rectifying negative impacts	See the chapters entitled "Whistleblowing" and "Human rights and sustainable procurement"
2-26	Whistleblowing and other arrangements for seeking advice and submitting notifications of concern	See the chapters entitled "Whistleblowing" and "Human rights and sustainable procurement"
2-27	Compliance with laws and regulations	See the chapter entitled "Corporate governance"
2-28	Membership of trade associations or other associations	See the chapter entitled "Collaborations and initiatives"
5. Stakeholders		
2-29	Approach to stakeholder dialogue	See the chapter entitled "Stakeholder dialogue and materiality analysis"
2-30	Collective agreements	See the chapter entitled "Collective agreement and union organisation"

SPECIFIC INFORMATION		
GRI indicators	**Description**	**Reporting 2022**
Significant topics		
3-1	Process for identifying significant topics	See the chapter entitled "Stakeholder dialogue and materiality analysis"
3-2	List of significant topics	1. Training and competence-building among employees 2. Greenhouse gas emissions from the lending portfolio 3. Climate risk 4. Responsible advice and operation This is the first time that SpareBank 1 Helgeland has analysed and identified significant topics.
3-3	Handling of significant topics	Reporting relating to this indicator can be found further down the index in connection with the respective significant topics.
Finance		
Financial performance		
3-3	Handling of significant topics: "Climate risk"	See the chapter entitled "Climate risk"
201-1	Economic value generated and distributed	See table below
201-2	Financial impacts and other risks and opportunities associated with climate change	See the chapter entitled "Climate risk"

MNOK	2021	2022
Value generated	**712**	**955**
Net interest and credit commission income	604	783
Net commission income	111	171
Net income from financial assets and liabilities	-3	1
Value distributed	**630**	**510**
Personnel costs	158	172
Other operating expenses	226	209
Losses on loans	64	11
Tax	59	118
Dividends, equity certificate holders	86	277
Dividends, social capital	25	70
Interest hybrid capital	12	13
Values withheld	**82**	**88**

Financial crime and anti-corruption		
205-2	Communication and training concerning anti-corruption guidelines and procedures	See the chapters entitled "Anti-corruption and anti-money laundering" and "Training and competence-building"
205-3	Confirmed cases of corruption and corrective action	See the chapters entitled "Anti-corruption and anti-money laundering" and "Training and competence-building"
Environment		
Emissions		
3-3	Handling of significant topics: "Greenhouse gas emissions from the lending portfolio"	See the chapter entitled "Greenhouse gas emissions from the lending portfolio"
305-1	Direct greenhouse gas emissions (Scope 1)	See the chapters entitled "Greenhouse gas inventory" and "Greenhouse gas emissions from the lending portfolio"
305-2	Indirect greenhouse gas emissions linked to energy consumption (Scope 2)	See the chapters entitled "Greenhouse gas inventory" and "Greenhouse gas emissions from the lending portfolio"
305-3	Other indirect greenhouse gas emissions (Scope 3)	See the chapters entitled "Greenhouse gas inventory" and "Greenhouse gas emissions from the lending portfolio"
305-4	Intensity of greenhouse gas emissions	See the chapters entitled "Greenhouse gas inventory" and "Greenhouse gas emissions from the lending portfolio"
Compliance with environmental requirements		
307-1	Breaches linked to compliance with environmental laws and regulations	No breaches were recorded during 2022.
Society		
Employees		
401-1	Number of new appointments and turnover	See the chapter entitled "SpareBank's employees"
401-2	Benefits given to full-time employees, but not to temporary or part-time employees	See the chapter entitled "Health, safety and environment"
401-3	Parental leave	See the chapter entitled "Gender equality"
Health, safety and environment		
403-8	Employees covered by an HSE system	See the chapter entitled "Health, safety and environment"

Training and education		
3-3	Handling of significant topics: “Training and competence-building among employees”	See the chapter entitled “Training and competence-building”
404-1	Average number of hours of training per year per employee	See the chapter entitled “Training and competence-building”
404-2	Programmes for ongoing training and transition to retirement	See the chapter entitled “Training and competence-building”
404-3	Percentage of employees who have regular performance appraisals	See the chapter entitled “Training and competence-building”
Diversity and equal opportunities		
405-1	Gender composition in governing bodies and the management	See the chapter entitled “SpareBank’s employees”
405-2	Wage differences between men and women	See the chapter entitled "Gender equality" Under average wages, we find all wage changes in the employee base, local and central supplements, wage drift through the year, employees who leave and new employees who start with higher pay, employees who transfer to other positions and retain their salary, etc. Compensation for the transition from a defined benefit pension scheme to a defined contribution scheme is not included in the salary basis.
Non-discrimination		
406-1	Number of cases of discrimination and corrective action taken	No cases of discrimination were recorded in 2022.
Freedom of association and collective bargaining		
407-1	Identified activities and suppliers where the right to form or participate in trade unions and collective bargaining is under threat	None in 2022. See the chapter entitled “Human rights and sustainable procurement”
Rights of indigenous peoples		
411-1	Breaches of the rights of indigenous peoples	No cases in 2022. See the chapter entitled “Human rights and sustainable procurement”

Social assessment of suppliers		
414-1	New suppliers assessed against social criteria	See the chapter entitled "Human rights and sustainable procurement" In the work relating to compliance with the Transparency Act, 29.4% of existing customers were assessed. Certain suppliers were excluded because their deliveries were too small, because SpareBank 1 Helgeland cannot reasonably expect to be able to exert any influence, or because the supplier relationship has been terminated or is covered through agreements in the SpareBank 1 Alliance.
414-2	Negative impact on social conditions in the supply chain and action taken.	In 2022, a total of 43 suppliers were assessed. None of the suppliers which were assessed were identified as being associated with significant actual or potential negative social impacts.
Privacy		
418-1	Documented complaints regarding breaches of customer privacy and loss of customer data	There were no reported privacy breaches which resulted in fines or sanctions being imposed on the Group in 2022. No breaches of the ICT regulations for SpareBank 1 Helgeland were reported to the Financial Supervisory Authority of Norway (FT) during 2022. The SpareBank 1 Alliance reported 11 breaches to FT in 2022.
Compliance with social/economic requirements		
419-1	Breaches linked to compliance with social/economic laws and regulations	No cases in 2022.
Product liability		
3-3	Handling of significant topics: "Training and competence-building among employees"	See the chapter entitled: "Responsible bank"
FS7	The monetary value of products and services intended to provide a specific societal/social benefit	See the chapter entitled: "Responsible advice and operation"

APPENDIX

This appendix is a compilation of the results for estimating CO_2 emissions from the retail market portfolio and the corporate market portfolio of SpareBank 1 Helgeland. An explanation is provided of the procedure, assumptions and reasoning for the results obtained. Efforts have been made to highlight the weaknesses of the model and other potential sources of error, in order to establish a common understanding of the potential for improvement. The portfolios are calculated differently, as they differ. The private loan portfolio consists of real property, while corporate consists of property and working credits.

RM

The underlying data is based on property value analysis data. This is a data set delivered to our data warehouse by Eiendomsverdi. Here, you will find mortgage information, energy ratings, heating ratings, area and year of construction. Due to deficiencies in the column for energy ratings, missing energy ratings have been estimated.

ESTIMATION OF ENERGY RATINGS

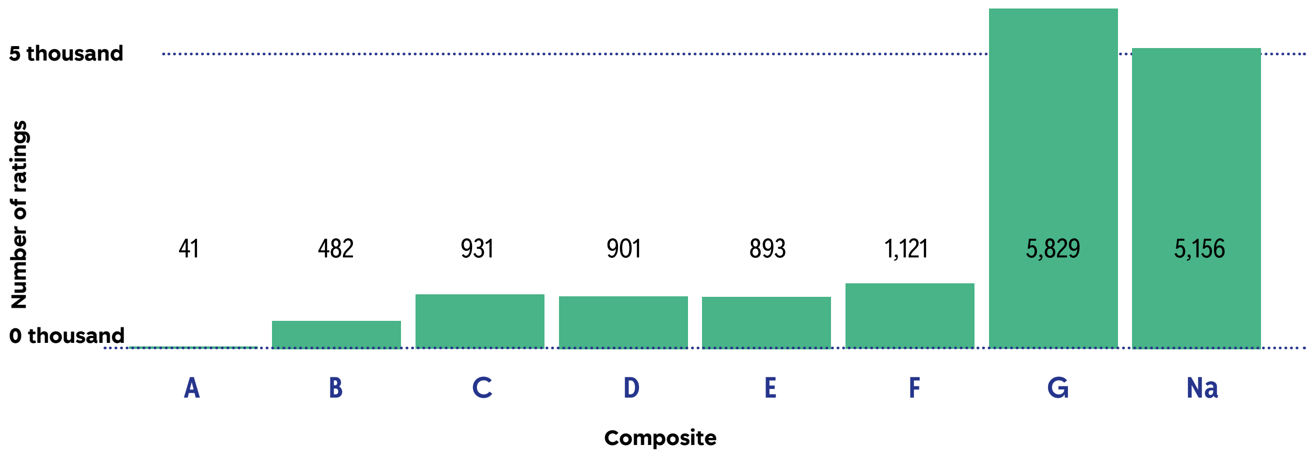
As energy ratings are based on the estimated amount of energy supplied to the dwelling, rather than actual consumption, it is conceivable that TEK reflects the estimated energy consumption for the dwelling. TEK is directly reflected in the year of construction, as it is the technical standard for buildings built after the previous TEK was introduced ***(Energimerking.no - Calculation Of Energy Rating, n.d.).*** The estimation is based on this reasoning.

In the case of secured property in which SpareBank 1 Helgeland had collateral, if they did not have an energy rating, reference was made to the year of construction, which then referred to the TEK in the given year. TEK corresponds to a certain building standard, which will have an impact on the estimated energy supplied to the dwelling. There will of course be differences between dwellings. Some new-builds are built to a higher standard than the required TEK. However, as we do not have an energy rating and this is an estimate, this estimate may be on the pessimistic side.

According to Multiconsult, most houses built to TEK-10 qualify for an energy rating of C. Most houses built before this will qualify for rating D (TEK-07). According to this logic, houses that do not have an existing rating and fall under the period covered by TEK-10 are set as equal to C, and correspondingly for TEK-07. Other objects with TEK right down to TEK-69 are defined as G, the lowest energy rating. Objects with a TEK of less than TEK-69 are set to NA. In these cases, there is no registered energy rating and the year of construction is before 1969. (Multiconsult, 2021).

These assumptions give us the following distribution of energy ratings:

DISTRIBUTION OF ENERGY RATINGS



ELECTRICITY CONSUMPTION (ESTIMATED)

In order to determine the figure for CO_2, a figure for electricity consumption must be determined for the detached houses. This is estimated using an energy rating and the area of the object in square metres. This gives us an average electricity consumption in the portfolio of 41,850 kWh per year.

Delivered energy per m² heated space (kwh/m²)							
	A	**B**	**C**	**D**	**E**	**F**	**G**
Houses	95	120	145	175	205	250	above F
Sq. m adjustment	+800/A	+1600/A	+2500/A	+4100/A	+5800/A	+8000/A	
Flats/Apartments	85	95	110	135	160	200	above F
Sq. m adjustment	+600/A	+1000/A	+1500/A	+2200/A	+3000/A	+4000/A	

Figure 1 - (Multiconsult, 2021)

COEFFICIENT FOR CO2

The power composition is decisive for the kwh to CO2 conversion. In 2019, the Norwegian Water Resources and Energy Directorate (NVE) reported a coefficient of 17 grams CO2/Kwh for direct greenhouse gas emissions from power production in Norway. In Europe, the average is considerably higher at approximately 300 grams CO2/Kwh ("Strømforbruk I Norge Har Lavt Klimagassutslipp - NVE"). The comparison made by Nowtricity based on data from ENTSO-E shows an average of 29 grams CO2/Kwh for Norwegian-produced energy in 2022 ("CO2 Emissions per kWh in Norway - Nowtricity"). ENTSO-E also shows a five-year average of 44 grams CO2/Kwh for Northern Norway (Electricity Maps, 2023). Based on these variations, we have opted to use 44 grams of CO2/Kwh, as this is most representative of our portfolio.

SpareBank 1 Helgeland's total CO2 emissions for its lending portfolio amount to 28,108 tonnes of CO2.

This figure is the sum of the estimated electricity consumption of all the secured properties multiplied by 44 and divided by 1000 in order to get the answer in kilograms.

The SpareBank 1 Alliance uses 136 g CO2/KWH, which reflects an energy composition with deliveries from Europe.

CM

For the corporate market, the Partnership for Carbon Accounting Financials (PCAF) method is used.

With this method, the loans are aggregated based on the NACE code and multiplied out to scopes 1, 2 and 3 based on a factor given by PCAF. The result is in tonnes of CO2 KG/EUR million in loans.

The procedure involves comparing the industry codes with our internal data for loans aggregated based on industry code. This is then multiplied by the SCOPE 1, SCOPE 2 and SCOPE 3 factors respectively.

Zero observations have been filtered out at the million level and merged with small industries. Enclosed is the full table in EUR without any filtering.

WEAKNESSES AND POSSIBLE SOURCES OF ERROR

1. Insufficient data concerning energy ratings. This should be in our favour. However, there is no way of checking this until the actual rating has been reported. This makes it a significant weakness.
2. Errors in calculations on which the assumptions are based. It is possible that the energy consumption per m2 is incorrect. However, due to a lack of sources, it must be assumed that it is correct.
3. The coefficient was chosen to the best of our ability, but there is no industry standard, which leads to considerable uncertainty.
4. Incorrect industry code for PCAF. There is no check on actual industry code in BRREG and what is actually exercised by the customer. This allows for errors in the carbon emission intensity calculated by the model.
5. Calculation of SCOPE1, SCOPE 2 and SCOPE 3. This is a standard specified by PCAF, which has not been checked against actual Norwegian emissions.

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https://github.com/electricitymaps/electricitymaps-contrib

Annual Report from the Board of Directors and Financial Statements 2022

Annual Report from the Board of Directors 2022

Introductory remarks 2022

Sparebank 1 Helgeland is an independent savings bank with a clear objective of being the leading bank and a driving force for growth in Helgeland. Sparebank 1 Helgeland is the only bank with its head office in the region. The Bank's strong market position, combined with professional expertise, competitive prices and strong solvency, means that the Bank is well-equipped to face the competition going forward. The Bank has offices in the four cities of Helgeland.

KEY FEATURES

- Stable basic operation throughout the year
- Net income before tax amounted to NOK 563 million, compared with NOK 264 million in 2021
- Net interest of NOK 783 million, representing an improvement of NOK 179 million over the previous year
- Return on equity after tax (adjusted for hybrid capital) of 9.9% (6.5%)
- Core tier 1 capital adequacy ratio of 19.0% (18.0%) and unweighted leverage ratio of 9.2% (9.4%)
- The Board proposes to the Supervisory Board to distribute a dividend for 2022 of NOK 10.3 per equity certificate

ABOUT SPAREBANK 1 HELGELAND

HISTORY

On 1 April 2005, the current SpareBank 1 Helgeland was formed through a merger between Sparebanken Rana and Helgeland Sparebank.

Helgeland Boligkreditt AS was founded in November 2008 as a wholly owned subsidiary of the Bank. The company was licenced as a financial enterprise in February 2009 and was established to act as the Bank's company for the issuing of covered bonds.

On 26 October 2010, the Bank's Supervisory Board decided to convert some of the Bank's primary capital into equity share capital by issuing equity certificates. The new equity certificates were issued free of charge to Sparebankstiftelsen Helgeland, which was established concurrently with the conversion. The Bank issued equity certificates amounting to a total of almost NOK 605 million, which was transferred to the foundation.

In March 2021, SpareBank 1 Helgeland joined the SpareBank 1 Alliance. Much of SpareBank 1 Nord-Norge's business in Helgeland was also transferred in connection with this.

VISION, MISSION AND STRATEGY

The Group's vision is to be a driving force for growth in Helgeland. The mission is to be a profitable and leading local bank which builds the future of Helgeland. SpareBank 1 Helgeland shall offer financial products and services to private customers, small

and medium enterprises, municipal authorities and institutions linked to Helgeland.
The Group has a strategic goal of maintaining its strong market position and being an active support player in the development of the region. The lending activities are concentrated in Helgeland.
The Group strives to be an attractive, positive and nurturing employer and endeavours to establish an equal gender balance as regards representation on controlling bodies and management.

Sparebank 1 Helgeland's aim is to provide its shareholders with a strong and stable long-term return in the form of dividends and increases in value. The two owner groups are to be treated equally. At least half of the profit must generally be distributed in the form of dividends and gifts.

The Group has a long-term profitability target of a return on equity at least on a par with comparable banks, currently 11% after tax. The target cost ratio is a maximum of 40%, a deposit-to-loan ratio of at least 60%, and a retail market share of at least 60%.

The target figures for core tier 1 capital and tier 2 capital ratio are 1.3 percentage points above the relevant regulatory requirements. These requirements are currently 17.5%, and 21.0% respectively. In its target figure, the Group has taken into account impending increases in the system risk buffer and full countercyclical buffer requirement of up to 2.5%.

THE GROUP'S SPHERE OF OPERATIONS
Helgeland Sparebank's operations primarily comprise traditional banking and financial services in the Helgeland region, along with the sale of savings products, investment and insurance products, leasing and mortgages.
The Group mainly serves the retail market, business, trade and industry, groups/associations and the public sector in Helgeland.

The Group also carries on property letting through its subsidiaries and has strategic holdings in associated companies and product companies.

SUBSIDIARIES

HELGELAND BOLIGKREDITT AS
The company is licensed as a credit company with a permit to issue covered bonds. The company's main purpose is to secure the Group stable and long-term financing on competitive terms. The Bank owns all of the shares in the company. The CEO is hired from the Bank on a 25% full-time equivalent basis. Transferred loans to Helgeland Boligkreditt will be reduced as the borrowing in the company matures. This is a consequence of the transition to the SpareBank 1 Alliance, and funding via SpareBank 1 Boligkreditt. The company is to continue operating with total assets of around NOK 3.5 billion.

AS SPAREBANKBYGG
The business consists of owning and managing the letting of premises at Storgt. 75 in Brønnøysund, where the Bank is the largest lessee. The company is based in Brønnøy municipality. The Bank owns all of the shares in the company. The company has no employees.

SPAREBANK 1 HELGELANDS EIENDOMSSELSKAP AS
The company carries on the letting of property and is based in Mosjøen, where the Bank is the largest lessee. The Bank owns all of the shares in the company. The company has no employees.

BANKBYGG MO AS
The business consists of owning and managing the letting of commercial premises at Jernbanegata 15 in Mo i Rana. The Bank is the largest lessee in the building and owns 99.5% of the shares in the company. The company has no employees.

STORGATA 73 AS
The company is a property company in Brønnøysund. The Bank owns 56% of the shares in the company. The company has no employees.

SPAREBANK 1 ALLIANCE
The alliance is Norway's second largest financial grouping, and comprises 13 independent banks that are fully fledged providers of financial products and services to individuals, businesses and organisations. The aim behind the establishment of the alliance partnership is to strengthen the Bank's ability to deliver attractive products and services with a particular focus on good customer experiences.

The SpareBank 1 banking alliance develops and delivers common services within IT, brand and business concepts, expertise and procurement.

PRODUCT AND ALLIANCE COMPANIES

SPAREBANK 1 GRUPPEN AS
The Bank has an indirect stake in a number of alliance companies through its 3% holding in Samarbeidende Sparebanker AS. This corresponds to an indirect stake of 0.59% in Fremtind Forsikring AS.

SPAREBANK 1 BETALING
SpareBank 1 Helgeland has a 2.86% stake in the company and aims to further develop Vipps together with the company's other owners.

SPAREBANK 1 FINANS NORD-NORGE AS
SpareBank 1 Finans Nord-Norge AS is a Norwegian financial enterprise. The company offers leasing and secured loans, with Northern Norway as the primary market area. The Bank has a 15% stake in the company.

SPAREBANK 1 BOLIGKREDITT AS
SpareBank 1 Boligkreditt AS was created by the banks in the SpareBank 1 Alliance in order to take advantage of the market for preferential bonds. SpareBank 1 Boligkreditt has IRBA approval. Ownership in SpareBank 1 Boligkreditt AS is based on

a dynamic model, where the size of the stake varies with the transferred size of the portfolio, sold by the individual bank. At the end of 2022, SpareBank 1 Helgeland has a stake of 2.51%, and a volume of NOK 6,372 million in transferred loans.

EIENDOMSMEGLER 1 NORD-NORGE AS

EiendomsMegler 1 Nord-Norge AS is a Norwegian estate agent. The company operates as an estate agent in Northern Norway and had a market share among sales of pre-owned homes of 36% in 2022. The Bank has a 15% stake in EiendomsMegler 1 Nord-Norge.

REGNSKAPSHUSET SPAREBANK 1 NORD-NORGE

SpareBank 1 Regnskapshuset Nord-Norge AS is a Norwegian accountancy firm. The company is a leading provider of a complete range of accountancy and advisory services for businesses, clubs and associations in Northern Norway. The Bank has a 15% stake in the company.

SPAREBANK 1 KREDITT AS

SpareBank 1 Kreditt AS is a Norwegian credit enterprise. The company offers products such as credit cards, consumer loans and the refinancing of consumer debt. The Bank had a 1.07% stake in the company at the end of 2022. Ownership in SpareBank 1 Kreditt AS is based on a dynamic model, where ownership varies with the individual bank's share of business volume in the company. For 2023, the Bank's stake in the company will amount to 3.49%.

MARKET

The Bank has its main market in the 18 Helgeland municipalities bounded by Saltfjellet in the north and Trøndelag in the south. The largest towns/urban areas in the market are Mo i Rana, Brønnøysund and Sandnessjøen. The population of these municipalities accounts for approximately 60% of the entire population of Helgeland, which is approximately 78,000 inhabitants. The main competitor in Helgeland is DNB Bank ASA. SpareBank 1 Helgeland has a strong and leading market position in the retail market, with an estimated market share of 67% of all mortgage customers in Helgeland. The competition is significant across the entire market area.

Sparebank 1 Helgeland offers advice and financial solutions to its customers through competent advisors. The Bank has an extensive distribution network across Helgeland, as well as modern solutions for serving customers via digital channels.

SpareBank 1 Helgeland also has a strong market position with regard to small and medium enterprises, with an estimated market share of around 60% in Helgeland. In the agricultural segment, the Bank is market leader, with a market share of around 80%.

The Bank’s industry portfolio mainly consists of small and medium enterprises across a variety of industries. The Bank's advisers possess expertise in many industries and offer professional advice to the business sector. The Bank's market area is Helgeland. Only in exceptional cases are good corporate customers are followed out of the region.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

SpareBank 1 Helgeland seeks to be a driving force for growth and cooperation in Helgeland. During 2022, a number of major measures were implemented in order to promote the work relating to sustainability and social responsibility within the enterprise.

The Bank has started reporting in accordance with the Global Reporting Initiative (GRI) and has appointed a discipline manager within the area of sustainability. The Bank has conducted its first materiality analysis concerning sustainability and identified key sustainability topics that will guide the Bank's work relating to sustainability and ESG going forward. Against this backdrop, the Bank has adopted a new sustainability strategy which will guide its work in this area. Overarching objectives and specific KPIs have been developed in order to monitor this work. In early 2023, the Bank will identify climate risks linked to the Bank's portfolio, and ESG will eventually be incorporated into every value chain in the business.

An account of the work relating to corporate social responsibility and sustainability can be found in a separate chapter in the annual report. This includes information on how the Bank works with regard to the environment, social conditions, working environment, equality and non-discrimination and compliance with human rights, as well as the combating of corruption and bribery.

SOCIAL ENGAGEMENT

The Bank’s vision is to be a driving force for growth in Helgeland, and this is an expression of the Bank’s values and actions that are rooted in our corporate responsibilities. SpareBank 1 Helgeland is a business that aims to be a driving force and a partner in the local community that it is part of, in cultural, sports, talent, education, research and economic development.

The Bank derives its motivation from customers and business partners through a close dialogue, learning and follow-up. SpareBank 1 Helgeland contributes financial support to hundreds of activities every single year. Children and adolescents are society's most important future resources, and there is therefore a strong focus on everything that creates a meaningful and content-rich community for children and adolescents. SpareBank 1 Helgeland believes that the private, public and voluntary sectors in Helgeland are all key partners in the efforts being made to make Helgeland a vibrant and thriving society.

As a local savings bank, we distribute a significant proportion of our profits to socially beneficial causes. For 2022, the Board proposes to transfer NOK 70 million to the Gift Foundation and Gift Fund, for the benefit of young and old alike across Helgeland. In addition, the Sparebankstiftelsen

Helgeland foundation is contributing gift awards. The foundation's capital is provided by the Bank.

For many years, SpareBank 1 Helgeland has focussed on demonstrating its corporate social responsibility by contributing to charitable causes, and since 2007 the Bank's Gift Fund and Gift Foundation have been allocated financial contributions amounting to approximately NOK 295 million to charitable and socially beneficial causes in Helgeland.

For the 2022 financial year, the Board is proposing to set aside NOK 70 million of the Bank's profit to non-profit causes.

Sport and outdoor recreation are part of Helgeland's cultural heritage, and a rich cultural life is a vital factor in the attractiveness of the region.

Good sports and cultural facilities attract new people, which Helgeland needs in order to meet the recruitment challenges that the region faces. The formative conditions of children and young people are thus afforded a high priority in the Bank's allocation of funding.

Helgeland is rich in natural resources, which will always be an important premise for future value creation and development.

The future will require new knowledge and innovation, and, through its gift policy, Sparebank 1 Helgeland is contributing to projects involving university colleges, universities, local knowledge parks and business associations aimed at promoting local expertise and competitiveness. Almost 20% of the Bank's total grants have gone to industry, knowledge, research and education initiatives since the charitable activities began in 2007.

CORPORATE GOVERNANCE

SpareBank 1 Helgeland's principles and policy for corporate governance are intended to ensure that the Bank operates in accordance with applicable laws and regulations, as well as recognised practices and standards. Good corporate governance within SpareBank 1 Helgeland encompasses the values, goals and general principles by which the Bank is governed and controlled. This is in order to ensure good cooperation between the Bank's various stakeholders, such as equity certificate holders, creditors, customers, employees, governing organs, management, and society at large.
Corporate governance should ensure prudent asset management and give greater assurance that communicated goals and strategies are being implemented and achieved. The Group's risk strategy and the overall management of operational risk are set out in governing documents, which are reviewed annually by the Board. These governing documents form an important part of the Group's internal framework for good governance and control, and provide guidelines for the Group's overarching approach to its risk profile and risk management.

The Board considers that the Bank's corporate governance is satisfactory and in accordance with Norwegian recommendations.

A more comprehensive account of corporate governance can be found in a separate chapter of the annual report.

ANNUAL FINANCIAL STATEMENTS 2022

ACCOUNTING POLICIES

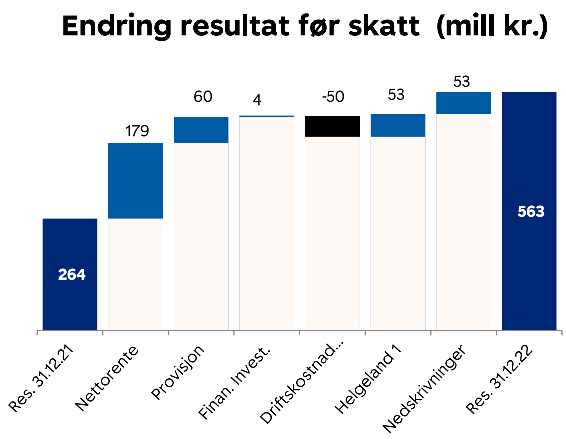
SpareBank 1 Helgeland prepares its consolidated accounts and the parent bank's accounts in line with the International Financial Reporting Standards (IFRS). The Group's accounts are a consolidation of the parent bank and the subsidiaries. A more detailed description of the accounting policies can be found in the notes to the annual report.

The annual accounts are presented in accordance with the going concern principle. The Group is not involved in any legal disputes that are considered to be of any significance as regards the Group's solvency or profitability. The Board is not aware of any circumstances after the year-end which could have a significant impact on the annual accounts. The figures stated in this report are generally consolidated figures, unless stated otherwise.

KEY FEATURES 2022

The Group recorded a net income before tax of NOK 563 million (NOK 264 million). A net profit of NOK 445 (205) million produces a return on equity after tax adjusted for hybrid capital of 9.9% (6.5%). Earnings per equity certificate amount to NOK 12.8 (NOK 5.5).

A dividend ratio of 75% (50%) of the dividend basis is proposed, giving a cash dividend of NOK 10.3 (NOK 3.2) per equity certificate. This corresponds to a dividend payout ratio of 80.3% of the Group's profit after tax.



- Stable basic operation
- Net income before tax of NOK 563 million (NOK 264 million)
- Net interest income of NOK 783 million (NOK 604 million)
- Net income from financial assets and liabilities NOK 1 million (NOK -3 million)
- Net income from commission NOK 164 million (NOK 107 million)

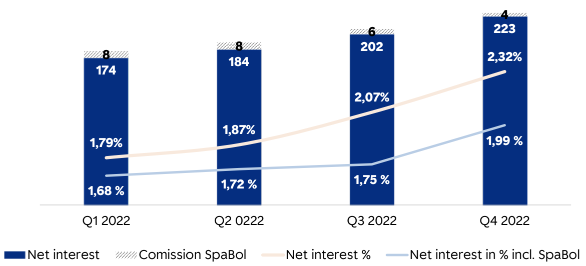
- Low write-downs on loans in the amount of NOK 11 million (NOK 64 million), or 0.04% of gross lending.
- Costs as a percentage of income 39.9% (53.9%)
- Return on equity after tax excluding subordinated bonds of 9.9%.

NET INTEREST

For 2022, net interest and credit commission income amounts to NOK 783 million (NOK 604 million), an increase of NOK 179 million over the previous year. The increase for the year is linked to higher lending volumes as a result of the transaction with SpareBank 1 Nord-Norge during the fourth quarter of 2021. In addition, the Bank strengthened its interest margins through the year.

As a percentage of average total assets, this amounts to 2.01% (1.69%). Including commission income for loans transferred to the mortgage company, net interest income amounts to NOK 809 million (NOK 612 million) as of 31 December 2022. This corresponds to a net interest rate expressed as a percentage of total assets, including transferred loans, of 1.83% (1.67%).

KEY FEATURES 2022 (NOK MILLION)	31.12.2022	31.12.2021	CHANGE
Net income before tax	563	264	299
Net interest	783	604	179
Operating costs	381	384	-3
Net income from financial investments	1	-3	4
Losses on loans	11	64	-53
Return on equity, % excl. Hybrid capital	9.9%	5.4%	4.5%
Earnings per equity certificate	12.8	5.5	7.3
Core tier 1 capital ratio, %	19.0%	18.0%	0.9%
As a percentage of gross lending	0.04%	0.20%	-0.16%
Development in gross lending, incl. mortgages	0.9%	33.6%	-32.7%
Development in customer deposits	6.7%	26.1%	-19.4%



NET COMMISSION INCOME

Net commission income for 2022 amounted to NOK 164 million (NOK 107 million), or 0.42% (0.30%) of average total assets. Of this amount, commission income from SpareBank 1 Boligkreditt amounts to NOK 26 million (NOK 8 million). The level of commission remained stable throughout 2022. The increase in commission from 2021 is primarily linked to expansion of the portfolio as a result of the transfer of business in 2021 and commission income on transferred loans to SpareBank 1 Boligkreditt. Broad sales with a focus on insurance, leasing and refinancing will remain priority areas for the Bank.

NET INCOME FROM FINANCIAL INVESTMENTS

amounted to NOK 1 million (NOK -3 million), representing a reduction of NOK 4 million compared with 2021.

The sluggish results from financial instruments in 2022 are linked to the considerable market turbulence as a result of the war in Ukraine and the aftermath of the pandemic. For 2022, the securities portfolio saw a decline in value of NOK 38 million, while the value of fixed-rate lending declined by NOK 37 million. Interest rate derivatives not included in hedge accounting reduce the loss on fixed-rate loans by NOK 32 million.

Dividends on shares, change in value and shares of earnings from jointly controlled enterprises made a positive contribution of NOK 44 million in 2022. Changes in the value of SpareBank 1 Betaling AS and dividends from SpareBank 1 Regnskapshuset Nord-Norway AS, Eiendomsmegler 1 Nord-Norway AS and SpareBank 1 Finans Nord-Norway AS are the principal contributors to this.

In the Parent bank, dividends from Helgeland Boligkreditt are recognised in the amount of NOK 56 million during the first quarter of 2022.

OPERATING COSTS

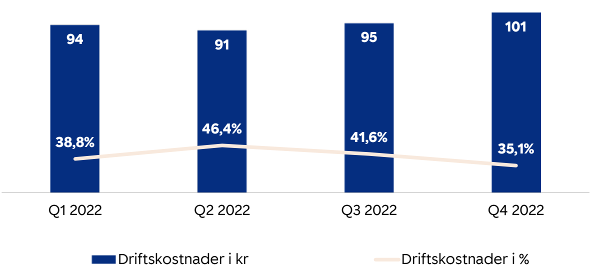
Total operating expenses for 2022 amounted to NOK 381 million (NOK 384 million). As a percentage of average total assets, costs amounted to 0.98% (1.07%), while costs relative to income amounted to 39.9% (53.9%).

The stability of the operating costs is primarily due to non-recurring costs in connection with the transfer of business worth NOK 53 million in 2021. Excluding non-recurring costs in 2021, operating costs rose by NOK 50 million. This is primarily due to the fact that the Group saw a substantial increase in business volume. However, during a transitional phase, the Group also made extensive use of overtime and temporary staff and offered many staff severance packages. A number of operating agreements also expired in 2022.

Excluding income from financial investments as well, the key ratio becomes 39.9% (46.3%). The Bank's target cost level is 40% of total revenue.

The Bank's absence is higher than in 2021 at 4.7% (3.8%).

Driftskostnader (mill. kr.) og i % av inntekt



EXPENSED WRITE-DOWNS ON COMMITMENTS

For the year, losses on loans and guarantees are recognised in the amount of NOK 11 million (NOK 64 million). As a percentage of gross lending, this amounts to 0.04% (0.20%).

Losses in 2022 are considered to be low, and there is still uncertainty associated with the ultimate consequences of the war in Ukraine, especially with regard to how businesses and retail customers will cope with high inflation, rising interest rates and possible falls in house prices in the future. Based on this, the Bank has made adjustments to the loss model in order to take account of a possible downturn. This adjustment entails an additional provision of NOK 16 million at the year-end.

BALANCE TRENDS

Total assets amount to NOK 38.6 billion. During the past 12 months, total assets have decreased by NOK -809 million (NOK 6,226 million), or -2.1% (18.7%). The reduction in total assets is primarily due to the substantial transfer of loans to SpareBank 1 Boligkreditt.

CASH FLOW

The cash flow statement shows how SpareBank 1 Helgeland has received and utilised liquid assets. The statement was prepared on the basis of gross cash flow from operational, investment and financing activities. Liquidity holdings have increased by NOK 584 million since the year-end.

LENDING

At the year-end, gross lending including transferred loans to mortgage enterprises amounts to NOK 37,347 million, Of the Group's gross lending, 84.1% (84.6%) was loaned to customers in Helgeland.

Of total loans, NOK 27,484 million or 73.6% (73.7)% of loans were issued to retail customers. Of this, NOK 6,168 million was transferred to SpareBank 1 Boligkreditt. The growth in lending, including loans transferred to credit enterprises, has been sluggish during the last 12 months, at 0.9% (33.6%).

Total loans to the retail market have increased by NOK 198 million (NOK 8,529 million), or 0.7% (45.5%), over the past 12 months. Comparative figures include the portfolio transferred from SpareBank 1 Nord-Norge.

At the end of 2022, lending to commercial commitments amounted to NOK 9,863 million (NOK 9,743 million). Of this amount, NOK 204 million was transferred to SpareBank 1 Boligkreditt. In the corporate market, the development over the past 12 months amounts to NOK 120 million (NOK 787 million), or 1.2% (8.8%).

DEPOSITS FROM CUSTOMERS

The Group has a high deposit-to-loan ratio, with 90.6% (89.8%) consisting of deposits from customers in Helgeland. Of the total deposits of NOK 25,129 million, NOK 14,492 million or 57.7% (60.2%) of deposits originate from retail customers. The 12-month growth in the retail market was NOK 305 million (NOK 3.405 million), or 2.1% (31.6%). In the corporate market, deposits rose during the past 12 months by NOK 1,272 million (NOK -1.463 million), or 13.6% (-18.5%).

As of 31 December 2022, the deposit-to-loan ratio expressed as a percentage of gross lending was 81.1% (72.6%). The increase in the deposit-to-loan ratio is linked to the increase in deposits and the transfer of loans to SpareBank 1 Boligkreditt.

FINANCING

Deposits from customers represent an important source of financing. The Group is also financed via the Norwegian monetary and securities market. At the end of the quarter, total capital market financing amounted to NOK 7,929 million (NOK 10,722 million), and has a satisfactory distribution as regards maturity and borrowing sources. At the end of the year, the proportion of borrowing with a duration of more than one year was 78.1% (80.9%). As of 31 December 2022, the duration of the borrowing portfolio was 2.06 years (2.47 years).

The Bank continually facilitates the transfer of approved mortgages to the mortgage enterprises. At the end of the year, the Bank has transferred NOK 6,372 million to SpareBank 1 Boligkreditt, and NOK 5,161 million to the wholly owned subsidiary Helgeland Boligkreditt. Collectively, this amounts to NOK 11,533 million, representing a decrease of NOK 85 million compared with the corresponding period last year. Loans transferred to Helgeland Boligkreditt are recognised in the Bank's consolidated financial statements, while transferred loans to SpareBank 1 Boligkreditt are not recognised in the consolidation.

The internal maximum limit set for the transfer of loans to mortgage companies is currently 35% of gross lending and 50% of gross lending in the retail market. As of 31 December 2022, the transfer ratios were 31.9% (31.4%) and 43.6% (42.3%) respectively. Transferred loans to Helgeland Boligkreditt will be reduced as the borrowing in the company matures. This is a consequence of the transition to the SpareBank 1 Alliance, and funding via SpareBank 1 Boligkreditt. The company is to continue operating with total assets of around NOK 3.5 billion.

RATING

SpareBank 1 Helgeland is rated by Moody's as A3 with a "positive outlook". Bonds issued by Helgeland Boligkreditt AS are rated by Moody's as Aaa.

EQUITY CERTIFICATES - HELG

As of the end of the quarter, there were 2,704 equity certificate holders. The 20 largest owners are listed with 80.3% of the equity share capital. Of this, Sparebankstiftelsen Helgeland owns 28.11% and SpareBank 1 Nord-Norge 19.99%.

A total of 27,000,130 equity certificates have been issued. As of 31 December 2022, the Bank owned 16,679 of its own equity certificates.

At the end of the quarter, the Bank's equity certificates were trading at NOK 120. This represents a decrease of NOK 11 or 8.5% from 31 December 2021, with the change largely being consistent with the trend in OSEEX (equity certificate index).

DIVIDEND POLICY

SpareBank 1 Helgeland's goal is to manage the Group's resources in a way that gives the equity owners a satisfactory combined yield in the form of dividends and added value.

The surplus will be divided equally between equity share capital and primary capital in accordance with their share of the Bank's equity. The Group aims to distribute 50% or more of the equity capital share of the surplus in the form of dividends, and to correspondingly distribute the same share of the primary capital share as dividends in the form of gifts to charitable causes. The remainder of the profit will be transferred to the cohesion fund and the primary capital fund.

The Group's capital adequacy and the opportunities for future profitable growth will be afforded emphasis when the dividend level is determined.

PROFIT ALLOCATION

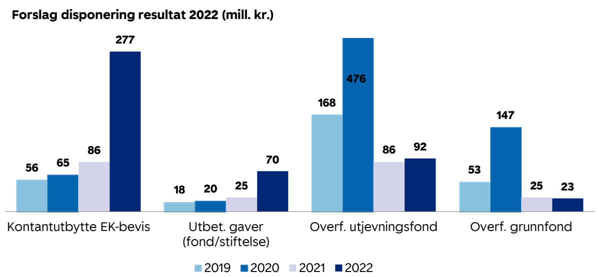
The Parent bank's net profit amounted to NOK 480 million. Adjusted for the change in the fund for unrealised gains and interest on subordinated bonds, the dividend basis amounted to NOK 462 million.

The Bank's capital situation, including future capital requirements, must be taken into account in the determination of dividends. Given the above assessments, the Board is recommending a dividend ratio of 75% of the dividend basis. This will entail the following appropriation of the profit for 2022.

- NOK 277 million as a cash dividend, corresponding to NOK 10.3 per equity certificate
- NOK 70 million for socially beneficial causes
- NOK 92 million to the cohesion fund, corresponding to NOK 22.8 per equity certificate
- NOK 23 million to the primary capital fund

As a percentage of the Group's net income for 2022, adjusted for interest on subordinated bonds, the dividend corresponds to a dividend payout ratio of 80.3%.

Dividends are paid to the equity certificate holders who are registered as owners as of 29 March 2022. The Bank's equity certificates are listed ex-dividend on 30 March 2022.



RISK AND CAPITAL MANAGEMENT

Risk and capital management supports the Group's strategy and ambitions, and is intended to ensure that the Group's financial and operational objectives lie within the enterprise's risk tolerance. Nevertheless, unforeseen losses can occur which require the Group to have sufficient equity. As a part of the risk management process, the requirement for supplementary capital for the various risk areas is evaluated. These assessments are underpinned by computational models. This is summarised in the Group's internal process for assessing capital requirements (ICAAP).

Risk categories and definitions:
Credit risk is defined as the risk of losses as a result of customers or counterparties being unable or unwilling to fulfil their obligations and climate risk.

Liquidity risk: the risk of the Group being unable to meet its obligations at maturity.

Market risk: the risk of losses due to changes in market prices linked to activities and positions in securities (interest and shares) and currency.

Operating risk: the risk of losses due to failures in internal routines, systems and processes, insufficient competency, damage to assets, suspension of operations, system failure, cyber risk and internal or external fraud.

Compliance risk: Risk of not complying with regulatory requirements and internal procedures/guidelines
Anti-money laundering risk: Risk of not complying with anti-money laundering and anti-terrorist financing laws and regulations, or not complying with internal regulations with the intention of fulfilling the requirements of the law.

Risk management is pivotal to the day-to-day operation and the ongoing work of the Board. Risk is primarily managed through risk and capital strategy, the corporate governance policy, the risk management policy and internal control, the operational risk policy, periodic assessment and reporting of operational risk, periodic measurement and reporting of established management goals in all business areas, guidelines, frameworks, authorities, reporting requirements and competency requirements.
The Board determines the Group's credit strategy, which covers credit risk, and the Group's finance strategy, which covers liquidity risk and market risk. The Bank has a Credit Committee and Finance Committee for the management and follow-up of risk in line with guidelines and authorities issued by the board.
The Group's risk management unit comprises eight full-time equivalents. The Risk Management Director reports directly to the CEO, and is responsible for monitoring and coordinating overarching risk management within the Bank. The Risk Management Director also reports directly to the Board.

With effect from 2022, the Group's internal audit operation has been outsourced to an external audit and consultancy firm. The internal audit unit reports to the Board of Directors. The internal auditor is responsible for evaluating whether adequate routines are in place in key areas within the Group in order to reduce risk. The Board annually approves the internal auditor's instructions and schedule of work.

CREDIT RISK

Credit risk is one of the Group's largest operational risks.

Credit risk is managed through credit strategy, credit policy, credit routines and grant rules. In October 2022, credit policy, credit procedures and grant rules were evaluated and corrected, with adjustments effective from 1 January 2023. In particular, credit risk and assessments have been adapted to take account of procedures and documentation prepared by the SpareBank 1 Alliance. From 2022, SpareBank 1 Helgeland instigated an evaluation of ESG risk relating to customers through a survey of individual customers. This work was further developed during 2022, and from 2023, the Bank will use an expanded and improved module for this task.

The Group's credit strategy is derived from the overall strategy, and contains guidelines and management frameworks for risk profile and risk concentrations. The management framework covers the allocation of lending between the retail and corporate markets, size of commitment and number thereof, exposure within sectors (concentration risk) and geographical limitations. This framework is monitored and reported quarterly to the Board of Directors, supplemented by annual portfolio reviews for the corporate market.

Developments in credit risk are monitored through regular analyses of the trend in defaults in specific sectors, geographical areas, borrowers' ability to service interest and instalments, and an assessment of the collateral that underlies the credit commitments. Through internal controls, more actions are also being implemented to monitor and follow-up borrowers.

The total capital requirement for credit risk is stated in the Group's ICAAP. The level of tolerance for credit risk is defined for selected sectors and areas. A management level for the corporate market portfolio has been established and is followed and reported periodically. Stress tests are used to assess the loss potential in the credit portfolio as a result of a large fall in property prices.

The risk in the retail market portfolio has been low over an extended period of time, and demand for housing was high during 2022, with rising prices. The challenge going forward will be housing development, which is demanding as a result of rising house-building costs. This particularly applies to the market in Rana, where an anticipated influx of people could put additional pressure on the housing market.

The risk in the corporate market portfolio is moderate, and the level of defaulted and doubtful commitments are considered to be low. During 2022, net lending to the corporate market increased by NOK 120 million, which represents a relatively flat development compared with 2021.

The Group has a small portfolio of guaranteed foreign currency loans. As of 31 December 2022, the countervalue was NOK 24 million. The portfolio is divided into a small number of customers who have pledged collateral in the form of property and/or deposits.

In 2022, the Group continued its annual validation of the model for calculating Group write-downs based on score models similar to those used by the SpareBank 1 Alliance. The model is based on the probability of default and loss level assuming that a commitment is defaulted upon. The validation indicates that the score models are satisfactory and that they differentiate well between customers. Group write-downs are calculated in accordance with IFRS 9.

In 2022, expensed write-downs on loans amounted to NOK 11 million, compared with NOK 64 million in 2021. The write-downs are considered to be low, and represent 0.04% (0.20%) of gross lending.

Total net defaulted (>90 days) and doubtful commitments amounted to NOK 244 million, equivalent to 0.8% (0.7%) of gross lending. Commitments are monitored on an ongoing basis with a view to identifying possible doubtful commitments through specific watch lists. Compliance with the framework and procedures in individual cases is ensured through the Credit Committee, key controls performed by managers, and the delegation of tasks between advisors and custodians. For the corporate market, management and monitoring are ensured through the ongoing assessment of customer relationships, ability to pay, and collateral assessments. This is done through both monthly and quarterly reviews. For monitoring and development in the retail market portfolio, quarterly analyses are carried out concerning the quality of new approved loans, along with six-monthly analyses of the overall portfolio. There is a strong focus on this area and regular reviews are carried out of the quality of the work relating to credit. This includes an understanding of good monitoring and the control of customer portfolios.

The loan portfolio, broken down according to low, medium and high risk, is reported on the basis of the score models. Risk migration is reported quarterly as part of the overall reporting of risk to the Board.

LIQUIDITY RISK

The Group shall at all times have sufficient liquidity to meet its liabilities when they fall due, and have a liquidity strategy that helps to secure access to sufficient long-term financing. The Group makes use of the usual funding sources in the market to optimise a diversified funding structure.

The Board has established a liquidity management strategy, which specifies the purpose, management objectives and risk tolerance for liquidity risk management. The primary purpose of the strategy is to ensure that the Group has appropriate liquidity management in place.

The liquidity strategy is reviewed annually by the Board.
The Bank's liquidity reserve mainly consists of interest-bearing securities issued by solid issuers. The Bank satisfies LCR / NSFR (liquidity coverage ratio/net stable funding ratio) in accordance with the applicable rules.

Monitoring and measuring of the liquidity situation is based on various stress test scenarios which take into account both market-specific and bank-specific events. The Group had an LCR of 158% (164%) at the year-end. NSFR ended the year at 144% (131%).

Collateral in the Bank's assets (bonds) has been pledged for borrowing in Norges Bank totalling NOK 624 million (NOK 525 million), which was unutilised in its entirety at the year-end.

Liquidity risk is reduced by spreading borrowing over various markets, lenders, instruments and maturities. Management of the Group's liquidity risk is based on the targets for long-term funding ratio, deposit-to-loan ratio and liquidity buffer capital, in addition to regulatory requirements regarding LCR and NSFR. The Board has also stipulated that long-term borrowing must amount to at least 70% of total borrowing. The proportion of long-term funding remained well within the framework throughout 2022.

The Group has liquidity reserves in the form of cash, deposits in Norges Bank and other banks, interest-bearing securities, and well as unused drawing rights. Minimum requirements for liquidity reserves are stipulated in the Bank's liquidity strategy. The Group's total liquidity reserves (cash, bank deposits and interest-bearing securities) amounted to NOK 7.2 billion (NOK 6.7 billion), or 18.7% (17.1%) of the Group's total assets. The total duration of the fixed income portfolio is 1.69 years (1.64 years).

The deposit-to-loan ratio is an important parameter in the monitoring of liquidity risk. The deposit-to-loan ratio is the proportion of lending to customers which is covered by deposits from customers. The Board of Directors has stipulated a target figure for the deposit-to-loan ratio of 60%. This target figure was met throughout 2022.

MARKET RISK

The Group's overall market risk primarily consists of share, interest, currency, property, credit spread and owner risk.
The Board has adopted a strategy for market risk that sets out the framework and overarching goals for the Group's market risk tolerance, as well as a specific framework for interest rate, credit spread and share price risk. This strategy is reviewed annually. The Group has no active trading portfolios within interest, shares or foreign exchange.

The Group's liquidity reserves primarily consist of interest-bearing securities that qualify under the LCR regulations. The securities mainly consist of liquid 0/10/20% - weighted securities. The securities are primarily based on a FRN (Floating Rate Note) structure and are therefore associated with low interest rate risk.

Credit duration on the entire portfolio must be within 2.0 years. An authority framework ensures good diversification and limits any counterparty risk. The Group's lending to customers and deposits from customers are primarily based on floating interest rates, as is the Bank's liquidity portfolio. The borrowing portfolio consists of FRN-based loans, and loans at fixed interest rates. The interest rate risk on fixed interest loans is limited through the use of interest swap agreements.

The Group assumes credit spread risk, primarily through the management of interest-bearing assets in the liquidity portfolio. The portfolio mainly consists of assets issued by Norwegian banks, mortgage companies, municipalities, governments and non-financial institutions. The credit spread risk lies within the Board's agreed limits.

The overarching interest rate risk is maintained within the target range by an overall management of balance sheet items and the use of interest rate swaps. Interest rate risk is at a low level.

The Group has a relatively conservative strategy for investments in interest-bearing securities, where the main objective is to secure an adequate liquidity buffer. There are specific requirements regarding issuers' ratings. There is also a maximum limit on duration for the interest-bearing securities portfolio, and this must be diversified between different sectors and types of issuer.

At the year-end, the Group's shareholdings are mainly strategically motivated through investments in subsidiaries, associated companies and product companies. The market risk linked to such equity investments is considered to be moderate. The Group has no active property management or exposure in property, other than properties which are linked to the business and any repossessed properties for disposal.

CURRENCY RISK

SpareBank 1 Helgeland is not a foreign exchange bank, and the Group has no active foreign exchange portfolios other than its euro stock in ATMs.
The Group's foreign exchange risk is therefore insignificant.

OPERATIONAL RISK

Good internal controls and quality assurance are essential for the satisfactory management of operational risk. The governing documents and control systems have been built up to safeguard efficient operation, risk control, prudence, accurate financial and non-financial information, compliance with laws and guidelines.

Risk evaluations are conducted at all levels. Risk evaluations are documented and give an overview of processes and key controls in the operational functions. A focus on the systems and processes in the operational functions contributes to a constant focus on quality and efficiency, as well as target-oriented operation within the Group. Operational risk is measured through the evaluation of operational events assigned to defined loss event categories for random events, and in connection with summarised non-conformities identified through routine checks. Operational risk is quantified by calculating the capital requirement for operational risk. This is summarised in a requirement to hold sufficient capital as collateral for future expected losses to which the Group could be exposed as a result of operational risk.

Assessed on the basis of the organisation's competency, organisation and delegation of responsibilities, and the Group's earnings and solvency, the Board considers the overall risk exposure to be appropriate.

COMPLIANCE

The Board of Directors attaches decisive importance to ensuring that operations are aligned with applicable laws and regulations, and that internal rules and guidelines are followed. Particular attention is paid to stricter regulatory requirements.

SOLVENCY RATIO

Following proportionate consolidation, at the end of 2022, net subordinated capital amounted to NOK 4,899 million, of which subordinated bonds amounted to NOK 398 million and subordinated loans NOK 451 million.

As of 31 December 2022, the Group had a core tier 1 capital ratio of 19.0% (18.0%). The tier 1 capital ratio amounted to 23.5% (22.3%). Net income at the year-end is included in tier 1 capital, less the proposed dividend classified as equity.

The statutory minimum requirement for core tier 1 capital ratio is 12.0%. The Group has a Pillar 2 supplement of 2.2%. The Group's requirement regarding core tier 1 capital, including the Pillar 2 supplement, thus amounts to 14.2% (13.2%).

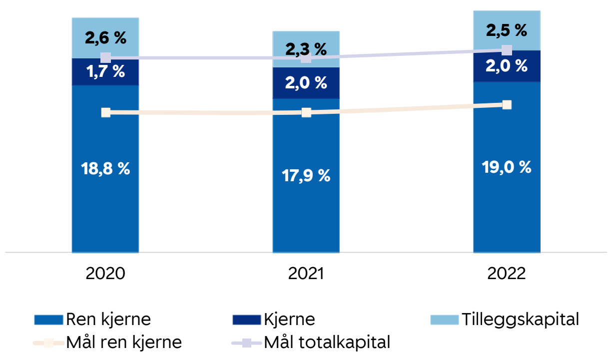
The target figure for the core tier 1 capital ratio and tier 2 capital ratio is 1.3 percentage points above the regulatory requirements, which currently amount to 17.5% and 21.0% respectively. In its target figure, the Bank has taken into account impending increases in the system risk buffer.

The Bank's capital adequacy ratio is above the target. The Board of Directors assumes that the capital will be used for future growth, or alternatively distributed to the owners through higher dividends and increased gift allocation.

SpareBank 1 Helgeland uses the standard method in its capital adequacy calculations.

At the year-end, the Group's unweighted tier 1 capital (leverage ratio) following proportionate consolidation amounted to 9.2% (9.4%). The minimum requirement for non-systemically important banks is 5%.

Utvikling kapitaldekning i %



SUBSIDIARIES

Helgeland Boligkreditt AS (100%)
Net income after tax amounted to NOK 28.3 million (NOK 55.5 million) for 2022, while equity as of 31 December 2022 amounted to NOK 577 million (NOK 604 million).

AS Sparebankbygg (100%)
In 2022, net income after tax was NOK 0.4 million (NOK 0.3 million), while equity at the year-end was NOK 1.2 million (NOK 0.7 million).

Helgeland Sparebanks E iendomsselskap AS (100%)
In 2022, net income after tax was NOK 1.1 million (NOK 0.3 million), while equity at the year-end was NOK 9.3 million (NOK 8.2 million).

Bankbygg Mo AS (99.5%)
In 2022, net income after tax was NOK -10.0 million (NOK 0.3 million), while equity at the year-end was NOK 36.3 million (NOK 46.3 million).

Storgata 73 AS (56%)
In 2022, net income after tax was NOK 0.3 million (NOK 0.8 million), while equity amounted to NOK 4.8 million (NOK 5.2 million).

THE GROUP'S REMUNERATION POLICY
All remuneration agreements in SpareBank 1 Helgeland are drawn up in line with the Financial Services Act and the Securities Trading Act and associated regulations concerning the remuneration schemes of financial institutions, asset management firms and mutual funds. The guidelines concerning SpareBank 1 Helgeland's remuneration schemes were last updated and approved by the Board in February 2023.

Remuneration reports and guidelines are published as separate documents on the Bank's website.

EVENTS AFTER THE BALANCE SHEET DATE
No events of importance to the financial statements have occurred since the balance sheet date.

OUTLOOK
2022 was the Group's first full year as a member of the SpareBank 1 Alliance. The year was greatly affected by the aftermath of the pandemic, the war in Ukraine and a macroeconomic picture which suggests that 2023 will also be challenging. During these turbulent times, the Bank's employees have shown themselves to be adaptable, willing to learn and, not least, good advisers to the Bank's customers. These are qualities and skills that will be important when the local bank aims to contribute to further growth and development in the region, especially at a time when certain factors are pulling in the opposite direction.

Rising interest rates, high inflation and increased tax levels will impact on customer behaviour during the period ahead. Many of the Bank's retail and corporate customers will find themselves facing a tighter financial situation. Electricity prices have been low in the Bank's market area, which has been a positive factor for customers. However, in the longer term, the lack of renewable energy will also catch up with Central and Northern Norway. It is likely that defaults and bankruptcies will increase somewhat in the time to come. The property market, especially in the urban centres of Helgeland, is nevertheless expected to remain relatively stable.

The National Budget suggests that the finances of some of the Bank's customer groups and the Bank itself will be affected. Among other things, higher taxes on skilled jobs and the introduction of the resource rent tax in the aquaculture industry will reduce profitability in exposed industries. There is considerable uncertainty in the region's aquaculture industry in particular, and a number of investments have been put on hold as a result of the introduction of the resource rent tax.

As explained in previous reports, there will also be a need for further restructuring and change within the Bank during 2023, not least to ensure that the Bank becomes an even more important part of the forward-looking and development-oriented culture of the SpareBank1 Alliance. The need for restructuring means that the Group's long-term profitability targets cannot be expected to be met for a certain period of time. In a longer perspective, profitability is expected to be strengthened. The Group has a long-term profitability target of a return on equity on a par with comparable banks, currently 11% after tax from the latter part of 2023.

As regards the loan and deposit portfolio, including loans transferred to the mortgage enterprise, it is estimated that the interest rate rises in November and December during the fourth quarter will, in isolation, result in a strengthening of net interest income. However, higher financing costs and price adjustments will considerably reduce this impact on net interest income.

The level of commission income is stable. Established pricing measures and an proactive sales organisation give reason to expect that the level of this income minus commission from the mortgage enterprise in 2022 will stabilise at around 0.30% of total assets. Operating expenses for the basic operation are expected to remain relatively stable around the target figure of 40 percent of total revenue.

The Bank has previously indicated an expectation of normalised losses of around 0.18% of gross lending. This level of expectation is again maintained for 2023. Nevertheless, there is still uncertainty as regards future losses arising as a result of the war in Ukraine and the associated uncertainty in the economy.

In the retail market, the Board expects moderate market growth in the near future. The Group's growth ambitions indicate growth in lending at least on a par with the market in Helgeland. The Board will prioritise profitable growth. In the time ahead, high levels of activity are expected in the region, which gives grounds for optimism relating to long-term growth in the retail market.

As regards the corporate market, a significant increase in activity levels is expected at Helgeland during the period 2023 to 2025. Major infrastructure and industrial projects such as the airport, battery plant, deepwater pier, hydrogen production, hospital and housing and road development will entail investments up to NOK 20 billion in Helgeland. Nevertheless, the macroeconomic picture entails some uncertainty associated with both the magnitude and timing of some of the investments. The Bank is well-positioned to be a key contributor to local industry players who are expected to contribute to the projects or otherwise participate in the ripple effects that the investments will generate.

The positive developments taking place in Helgeland give the Board great faith in the future and a belief that SpareBank 1 Helgeland will be a key contributor behind further growth in Helgeland.

Board of Directors for SpareBank 1 Helgeland

Mo i Rana, 6 March 2023

Bjørn Krane *Chair*	Rolf Eigil Bygdnes *Vice Chair*	Marianne Terese Steinmo *Board member*
Siw Moxness *Board member*	Jonny Berfjord *Board member*	Ann-Helen Baadstrand *Board member*
Kenneth Normann *Employee-elected board member*	Solrun Johansen *Employee-elected board member*	Hanne Nordgaard *Chief Executive Officer*

Documents are approved electronically

Corporate governance

The Group's risk and capital strategy is intended to ensure that the Group's corporate governance is in line with generally recognised interpretations and standards, as well as applicable laws and regulations. The strategy sets out the values, objectives and overarching principles that the Group is governed and controlled by in order to safeguard the interests of owners, depositors and other groups within the Group.

Governing documents for SpareBank 1 Helgeland's various business areas set out management objectives and frameworks in concrete terms. This includes *inter alia* the Bank's articles of association, ethical guidelines, strategy document, policy documents, budget, authorisations and limitations, descriptions of procedures, insider rules and dealing on own account, operational risk policy, risk management policy and internal control and guidelines for systems and processes that focus on evaluation and internal controls linked to the risk within the Group. SpareBank 1 Helgeland's roots are deeply anchored in Helgeland soil, and the Bank takes a keen interest in what is happening in the region. The Bank therefore has a vision of being a driving force for growth in Helgeland.

Because SpareBank 1 Helgeland is a solid and robust local bank with a strong market position, the Bank can contribute to the development of the local community. The legislator has given saving banks the opportunity to give a proportion of their profits back to the local community in the form of gifts and donations to non-profit causes. Saving banks can pay out dividends to the local community from the share of earnings from the component of equity that is owned by the customers and the community. Residential settlement and growth are prerequisites for the Banking sector. Without thriving and attractive local communities, it would be difficult to recruit labour in both the private and public sectors, which we need to do in order to promote local development. We therefore have a common destiny – the Bank and the people of Helgeland. SpareBank 1 Helgeland's Gift Fund forms part of the Bank's contribution to development, optimism and growth in both rural areas and towns alike in Helgeland.

In addition to the strategic and financial objectives, SpareBank 1 Helgeland has chosen to take its environmental responsibility seriously, and has therefore adopted its own environmental strategy. The governing documents are based *inter alia* on the Norwegian Code of Practice for Corporate Governance and the Committee of European Banking Supervisors' principles for overarching governance and control. SpareBank 1 Helgeland's ambition is to follow the aforementioned recommendations insofar as they are applicable.
In line with the Norwegian Code of Practice for Corporate Governance, there follows an account of the Bank's compliance with the points in the recommendation.

OPERATIONS

SpareBank 1 Helgeland is a financial group consisting of the Parent bank and a number of subsidiaries. References to the Bank and/or SpareBank 1 Helgeland concern the Sparebank 1 Helgeland Group.

In accordance with SpareBank 1 Helgeland's articles of association, the object of the business is to promote savings by accepting deposits from an undefined group of depositors, provide investment services and other financial services, and securely manage the funds for which it is responsible in accordance with applicable legislation concerning savings banks at all times. The Bank can carry out all transactions and provide all services that are customary or natural for savings banks to perform in accordance with the relevant licences and applicable legislation.

The report from the Board contains a description of the Group's objectives and strategies. SpareBank 1 Helgeland has a three-year strategic period, with annual reviews. The Board and management evaluate the strategic basis at least annually. The Group's plans are adjusted and adapted on an ongoing basis. The Group's strategic platform is summarised under the following key points: vision, business idea, core values, strategic and financial objectives, and ethical guidelines.

SpareBank 1 Helgeland is a customer-oriented organisation with a focus on the retail market, corporate market and capital market as business areas. This is supplemented by supporting areas and staff functions. The Group's organisational structure is dynamic and is at all times assessed on the basis of current needs and framework conditions.

COMPANY CAPITAL AND DIVIDEND

The Bank's equity is composed of equity certificate capital, share premium reserve, primary capital, fund for unrealised gains, gift fund, cohesion fund, subordinated bonds and other equity.

The Group's objective for core tier 1 capital ratio is a minimum of 17.5% and a tier 2 capital ratio of over 21.0%.

THE BANK'S DIVIDEND POLICY

SpareBank 1 Helgeland's goal is to manage the Group's resources in a way that gives the equity owners a satisfactory combined yield in the form of dividends and added value.

The surplus will be divided equally between equity share capital and primary capital in accordance with their share of the Bank's equity. The goal for annual dividends is to ensure that half or more of the profits is distributed in the form of dividends and gifts to charitable purposes. It is also a goal that the two owner groups be treated equally. The remainder of the profit will be transferred to the cohesion fund and the primary capital fund.

The Group's capital adequacy and the opportunities for future profitable growth will be afforded emphasis when the dividend level is determined.

EQUAL TREATMENT OF EQUITY CERTIFICATE HOLDERS

Holders of equity certificates shall have predictable conditions with regard to equal treatment, return and management influence.

The listing of the equity certificates ensures that the Bank accepts and follows the market conditions that apply at all times in the equity market and to equity certificates.

FREE NEGOTIABILITY

The articles of association do not contain any limitations on the transferability of equity certificates.

The Sparebankstiftelsen Helgeland foundation owns equity certificates in SpareBank 1 Helgeland. According to the articles of association, the foundation cannot own less than 25% of the equity certificates in SpareBank 1 Helgeland.

Beyond this, the only limitation is the statutory requirement which currently stipulates that the acquisition of equity (10% or more) requires the consent of the Financial Supervisory Authority of Norway.

SUPERVISORY BOARD

The Bank's supreme body is the Supervisory Board, which is composed of the holders of equity certificates, customers and employees. The Supervisory Board is responsible for ensuring that the Bank acts in accordance with its purpose and in compliance with law and the articles of association. The Supervisory Board elects the Bank's Board.

The Supervisory Board has 25 members and 25 deputy members. Decisions are made by simple majority. However, decisions regarding amendments to the articles of association require a two thirds majority of those present, and at least 50% of the Supervisory Board's members must vote for the proposal. Elections take place in accordance with applicable savings bank legislation and the provisions of the Financial Activity Act. Notices of meetings and minutes of meetings of the Supervisory Board are sent to Oslo Stock Exchange.

Elections to the Supervisory Board take place through election meetings and on election day(s). All elections must be held by the end of April, and before the statutory general meeting of the Supervisory Board. Invitations to equity certificate holder elections are sent to all equity certificate holders fourteen days before the election, which is conducted electronically. Information on the election is also provided on the Bank's website and via Oslo Stock Exchange.

The election of depositors is announced through electronic notices on screens on the Bank's premises and on the Bank's website two weeks prior to the election. The election itself is conducted electronically.

NOMINATION COMMITTEE

The Bank's Nomination Committee prepares:

- elections that are held by the Supervisory Board
- elections of holders of equity certificates to the Supervisory Board
- elections of depositors to the Supervisory Board

The Nomination Committee also proposes fee scales. The Bank's website contains information on the members of the Nomination Committee.

COMPOSITION OF THE BOARD AND INDEPENDENCE

SpareBank 1 Helgeland's Nomination Committee proposes candidates for the Board in line with the applicable provisions in law and the articles of association. No member of the Board or representative of the management may be a member of the Nomination Committee. The Chair and Vice Chair of the Board are elected by the Supervisory Committee. The Board consists of between six and nine members and up to four deputy members. The Board currently consists of eight permanent members. Four of the permanent members are currently women. Important criteria regarding the Board's members and composition are qualifications, capacity, independence and gender balance. The majority of the Board's members must be independent of the Bank's management and key business contacts. The Board undertakes an annual review of its members' independence and the Board's collective competence. Everyone who is elected as a member must satisfy the requirements regarding suitability that follow from applicable legislation.

THE WORK OF THE BOARD

The Board holds meetings once a month on average and performs its work in accordance with a plan which is drawn up for the year. In addition to the elected members, the Bank's CEO and administrative secretary are present at Board meetings. The Board has overall responsibility for the management of SpareBank 1 Helgeland and for supervising the day-to-day management and activities of the Bank.

The Board's responsibility for administration includes responsibility for organising the Bank in a proper manner, for establishing plans and budgets for the Bank, for keeping itself informed about the Bank's financial position and for ensuring that the Bank's activities, asset management and accounts are subject to satisfactory controls. The annual strategy process with roll-out of the strategy plan is a priority. Overall goals and strategies are established, and action plans and budgets are then prepared on the basis of these. The CEO prepares matters which are to be considered by the Board in co-operation with the chair of the Board. During 2022, a total 16 board meetings were held at the Bank. Development of the Bank's strategy, structural changes, risk and capital management, along with profitability, have been among the Board's main focus areas. The Board has prepared an annual plan for its work. Emphasis is placed on ensuring that the Board's members possess sufficient knowledge and expertise. A self-evaluation has been conducted covering working forms, expertise, priorities and collaboration between the Board and the management.

As part of the Board's work, it has set up an Audit Committee, a Risk Committee and a Remuneration Committee. These committees are *inter alia* intended to ensure that SpareBank 1 Helgeland has an independent and effective internal and external audit, and that accounting and risk reporting are in line with rules and regulations, and help to promote and incentivise good corporate governance with regard to the enterprise's risks, counteract high risk taking and help to prevent conflicts of interest.

The members of the Risk Committee are Bjorn Andreas Krane (Chair), Rolf Eigil Bygdnes and Siw Moxness. The Risk Committee held nine meetings during 2022.

The members of the Remuneration Committee are Bjorn Andreas Krane (Chair), Marianne Steinmo and Kenneth Normann (Employee representative). The Remuneration Committee held three meetings during 2022.

The members of the Audit Committee are Siw Moxness (Chair), Bjorn Andreas Krane and Rolf Eigil Bygdnes. Six meetings were held in 2022.

RISK MANAGEMENT AND INTERNAL CONTROL

Good risk and capital management is key to SpareBank 1 Helgeland's long-term value creation.

The Bank must identify – analyse – act – and live with an acceptable level of risk within the Bank's most important commercial risk areas. SpareBank 1 Helgeland aims to ensure that the Bank's risk profile is moderate.

Risk management is linked to the key areas:

- Credit
- Market
- Liquidity
- Operational risks, including HSE, IT, communication, market, compliance and anti-laundering and anti-terrorism financing.
- Sustainability

The choice of risk assessment method must take into account the Bank's complexity and scope in the various business areas. The Board of SpareBank 1 Helgeland requires the Bank to be well-capitalised. Capital assessments (ICAAP) and quantifications are undertaken once a year. The Bank's risk and capital strategy shall be based on actual risk in the activity, supplemented by the effects of different stress scenarios.

Responsibility for implementing the Bank's risk and capital management and controls is split between the Board, the management and the operational units. The Board is responsible for ensuring that the Bank has sufficient capital based on the desired level of risk and the Bank's operations. The CEO is responsible for overarching risk management at the Bank, including the development of good models and a framework for management and control. The Corporate Market Director chairs the Bank's Credit Committee, which ensures that the approval of credit matters remains within the powers granted by the Board. The CEO is a permanent member of the Credit Committee. The Chief Financial Officer chairs the Bank's Finance Committee, which discusses borrowing and other relevant topics within the powers granted by the Board.

The Bank's management includes the position of Risk Management Director. The Risk Management Director reports to the CEO. In certain defined cases, the Risk Management Director reports directly to the board.

The Risk Management Department performs functions such as anti-money laundering and anti-terrorism financing, governance, control and reporting. Evaluation of capital requirements linked to risk in the Bank's various business areas represents an integral part of the Board's strategic work and assessment of risk areas (the ICAAP process).

All managers at SpareBank 1 Helgeland are responsible for managing risk and ensuring that appropriate internal controls are in place within their own discipline and/or area of responsibility, in line with the Bank's risk framework. SpareBank 1 Helgeland has adopted a risk and capital strategy, corporate governance policy and operational risk policy. These govern the Group's objectives, organisation and performance of internal control work. Also included in this is a requirement for reporting the status of the Bank's risk picture, the quality of internal controls both generally and within the compliance areas, anti-money laundering and GDPR in particular. In addition, recorded incidents and the follow-up of risk-mitigation measures are reported.

The Bank has outsourced the internal audit function to an audit and consultancy firm which, on behalf of the Board, assesses and confirms that satisfactory procedures have been established for monitoring and reducing risk. The internal auditor's controls are based on an annual audit plan that is approved by the Board of Directors. The Bank's ethical guidelines impose a duty on employees to report any breaches of internal guidelines, laws and regulations and the procedures for such reporting.

REMUNERATION OF THE BOARD

The Supervisory Board sets the fee scale for the Bank.

The remuneration paid to the Board reflects the Board's responsibilities, competence, time spent and complexity. The remuneration paid to each board member is set out in the remuneration report, which is published on the Bank's website.

REMUNERATION OF SENIOR EXECUTIVES

The Board sets the remuneration to the CEO and the principles for remuneration to senior executives. As of 31 December 2022, the Bank has no option or bonus agreements. The CEO has contractually agreed severance pay. The enterprise's remuneration report provides an overview of salaries and benefits to senior executives. The Bank has established procedures for ensuring compliance with regulations concerning the remuneration schemes of financial institutions, investment firms and management companies for mutual funds. Reference is also made to the Bank's website, on which both guidelines and remuneration reports are published.

INFORMATION AND COMMUNICATION

SpareBank 1 Helgeland is listed on Oslo Stock Exchange and reports dates for important events such as election meetings, meetings of the Supervisory Board, and the publication of financial information in the form of interim reports and annual reports and accounts.

Information to the market is communicated through open investor presentations in the first, third and fourth quarterly accounting reports, as well as stock exchange notices and press releases. The same information is published on the Bank's website.

TAKEOVER

The Act relating to Financial Activity imposes limits on the proportion of equity certificates that can be held by a single owner. Issues concerning mergers are decided by the Supervisory Boards of the savings banks concerned.

AUDITOR

The Supervisory Board has elected PricewaterhouseCoopers as external auditor and approves the auditor's fees.

INCOME STATEMENT

PARENT BANK		INCOME STATEMENT	GROUP	
2021	**2022**	**(amounts in NOK million)**	**2022**	**2021**
610	972	Interest income, effective interest rate method	1,121	748
92	153	Other interest income	153	92
161	368	Interest expenses	476	217
18	14	Guarantee fund fee	15	18
523	**743**	**Net interest and credit commission income (Note 5)**	**783**	**604**
118	179	Commission income and income from banking services (Note 6)	179	118
11	15	Commission expenses and costs attributable to banking services (Note 7)	15	11
9	13	Other operating income (Note 9)	7	4
116	**177**	**Net commission income and other operating income (Note 4)**	**171**	**111**
72	91	Dividends	35	2
8	5	Net income from jointly controlled enterprises	5	11
-11	-40	Net income from financial instruments	-39	-16
69	**57**	**Net income from financial instruments (Note 8)**	**1**	**-3**
157	171	Personnel costs (Notes 10-14)	172	158
228	202	Other operating expenses (Notes 10-14)	209	226
385	**373**	**Total operating expenses before losses on loans, guarantees, etc.**	**381**	**384**
323	**604**	**Net income before loss**	**574**	**328**
60	12	Losses on loans, guarantees, etc. (Note 16)	11	64
263	**592**	**Net income before tax**	**563**	**264**
47	112	Tax (Note 17)	118	59
216	**480**	**Net income for the financial year**	**445**	**205**
12	13	Hybrid capital owners' share of net income for the period	13	12
158	373	Equity certificate holders' share of net income for the period	345	149
46	94	Primary capital's share of net income for the period	87	44
	0	Non-controlling owner interests' share of net income for the period	0	0
216	**480**	**Net income for the financial year**	**445**	**205**
5.8	13.8	Earnings per equity certificate in NOK (Note 18)	12.8	5.5
5.8	13.8	Diluted earnings per equity certificate in NOK (Note 18)	12.8	5.5
		Total comprehensive income		
216	**480**	**Profit for the year after tax**	**445**	**205**
		Items not to be reclassified via the income statement:		
-1	5	Recognised estimate variances, pensions	5	-1
		Items not to be subsequently reversed via the income statement:		
2	0	Net change in fair value	0	2
0	1	Tax on comprehensive income	1	0
2	3	Net other comprehensive income items	3	2
218	**483**	**Total comprehensive income for the period**	**448**	**207**

BALANCE SHEET

PARENT BANK		BALANCE SHEET	GROUP	
31.12.21	**31.12.22**	**(amounts in NOK million)**	**31.12.22**	**31.12.21**
		ASSETS		
73	71	Cash and receivables from central banks (Notes 19,22,27,33)	71	73
1,886	2,158	Loans to and receivables from credit institutions (Notes 20,22)	1,442	857
25,213	25,809	Loans to and receivables from customers (Notes 2.1,4, 21,22)	30,832	32,194
39	31	Financial derivatives (Notes 22,23)	31	39
5,786	5,586	Certificates, bonds and shares (Notes 2.2,22,24,25)	5,735	5,805
144	145	Investments in jointly controlled companies (Note 27)	146	144
590	591	Investments in subsidiaries (Notes 26,28)	0	0
104	94	Intangible assets (Note 31)	94	104
46	36	Tangible fixed assets (Note 30)	209	153
72	80	Other assets (Note 32)	66	64
33,953	**34,601**	**Total assets**	**38,625**	**39,433**
		LIABILITIES AND EQUITY		
302	308	Liabilities to credit institutions with agreed maturity (Notes 2.2,22,34)	313	303
24,144	25,534	Deposits from customers (Notes 2.2,4,22,35)	25,129	23,552
4,288	3,117	Liabilities established through the issuing of securities (Notes 2.2,22,23,36)	7,476	10,271
9	29	Financial derivatives (Notes 22 and 23)	58	12
209	264	Other liabilities (Notes 12,37)	260	218
451	453	Subordinated loan capital (Note 39)	453	451
29,403	**29,705**	**Total liabilities**	**33,689**	**34,807**
		Equity		
270	268	Equity share capital (Note 41)	268	270
1,505	1,505	Share premium reserve	1,505	1,505
1,439	1,535	Cohesion fund	1,535	1,439
3,214	**3.308**	**Total equity share capital**	**3,308**	**3,214**
778	802	Primary capital	802	777
51	84	Gift Fund and Gift Foundation	84	51
829	**886**	**Total primary capital**	**886**	**828**
21	27	Fund for unrealised gains	27	21
398	398	Subordinated bonds	398	398
86	277	Other equity (Note 40)	316	161
4,550	**4,896**	**Total equity excluding minority interest**	**4,933**	**4,623**
		Non-controlling interests	3	3
4,550	4,896	Total equity	4,936	4,626
33,953	**34,601**	**Total liabilities and equity**	**38,625**	**39,433**
		Contingent liabilities off balance sheet (Note 42)		

Board of Directors for SpareBank 1 Helgeland

Mo i Rana, 6 March 2023

Bjørn Krane *Chair*	Rolf Eigil Bygdnes *Vice Chair*	Marianne Terese Steinmo *Board member*
Siw Moxness *Board member*	Jonny Berfjord *Board member*	Ann-Helen Baadstrand *Board member*
Kenneth Normann *Employee-elected board member*	Solrun Johansen *Employee-elected board member*	Hanne Nordgaard *Chief Executive Officer*

Documents are approved electronically

GROUP

31.12.22	Equity certificate capital	Share fund	Own eq. cert.	Subordinated bonds	Fund for unreal. gains	Primary fund	Gift fund	Gift Foundation	Cohesion fund	Other EQUITY	Non-cont. interests	Total
Equity as of 01.01.22	270	1,505	0	398	23	777	30	21	1,438	161	3	4,626
Profit for the year				12	5	23	17	52	94	242	0	445
Other comprehensive income						1			2			3
Total comprehensive income for the year	**0**	**0**	**0**	**12**	**5**	**24**	**17**	**52**	**96**	**242**	**0**	**448**
Interest paid, subordinated bonds				-12								-12
Gifts distributed							-15					-15
Other changes			-2		-2	1				-1		-4
Transactions with owners												
Dividends/interest paid								-21		-86		-108
Equity as of 31.12.22	**270**	**1,505**	**-2**	**398**	**27**	**802**	**32**	**52**	**1,535**	**316**	**3**	**4,936**
Paid-up equity/ retained earnings			1,772							3,165		4,936

The fund for unrealised gains includes unrealised added value shares amounting to NOK 25 million.

GROUP

31.12.21	Equity certificate capital	Share fund	Own eq. cert.	Subordinated bonds	Fund for unreal. gains	Primary fund	Gift fund	Gift Foundation	Cohesion fund	Other EQUITY	Non-cont. interests	Total
Equity as of 01.01.21	209	971	0	299	38	753	34	8	1,354	150	3	3,819
Profit for the year				12	-19	24	4	21	85	77	0	205
Other comprehensive income					2	0			0			2
Total comprehensive income for the year	**0**	**0**	**0**	**12**	**-17**	**24**	**4**	**21**	**85**	**77**	**0**	**207**
Take-up of subordinated bonds				398								398
Buy-back of subordinated bonds				-299	1	0			-1			-299
Interest paid, subordinated bonds				-12								-12
Issue	61	534										595
Gifts distributed							-8					-8
Other changes										**-1**		**-1**
Transactions with owners												
Dividends/interest paid								-8		-65		-74
Equity 31.12.21	**270**	**1,505**	**0**	**398**	**23**	**777**	**30**	**21**	**1,438**	**161**	**3**	**4,626**
Paid-up equity/ retained earnings			1,774								2,852	4,626

The fund for unrealised gains includes unrealised added value shares amounting to NOK 21 million.

PARENT BANK

31.12.22

	Equity certificate capital	Share fund	Own eq. cert.	Subordinated bonds	Fund for unreal. gains	Primary fund	Gift fund	Gift Foundation	Cohesion fund	Other EQUITY	Total
Equity as of 01.01.21	270	**1,505**	**0**	**398**	**23**	**778**	**30**	**21**	**1,439**	**86**	**4,550**
Profit				12	5	23	17	52	94	277	480
Other comprehensive income for the year						1			2		3
Total comprehensive income	**0**	**0**	**0**	**12**	**5**	**24**	**17**	**52**	**96**	**277**	**483**
Interest paid, subordinated bonds				-12							-12
Gifts distributed							-15				-15
Other changes			-2		-1						-3
Transactions with owners											
Dividends/interest paid								-21		-86	-108
Equity as of 31.12.22	**270**	**1,505**	**-2**	**398**	**27**	**802**	**32**	**52**	**1,535**	**277**	**4,896**
Paid-up equity/retained earnings				1,774						3.122	4,896

The fund for unrealised gains includes unrealised added value shares amounting to NOK 25 million.

PARENT BANK

31.12.21

	Equity certificate capital	Share fund	Own eq. cert.	Subordinated bonds	Fund for unreal. gains	Primary fund	Gift fund	Gift Foundation	Cohesion fund	Other EQUITY	Total
Equity as of 01.01.21	**209**	**971**	**0**	**299**	**38**	**753**	**34**	**8**	**1,354**	**65**	**3,731**
Profit				12	-19	25	4	21	86	86	216
Other comprehensive income for the year					2						2
Total comprehensive income	**0**	**0**	**0**	**12**	**-17**	**25**	**4**	**21**	**86**	**86**	**218**
Take-up of subordinated bonds				398							398
Buy-back of subordinated bonds				-299	1				-1		-299
Interest paid, subordinated bonds				-12							-12
Issue	61	534									595
Gifts distributed							-8				-8
Transactions with owners											
Dividends/interest paid								-8		-65	-74
Equity 31.12.21	**270**	**1,505**	**0**	**398**	**23**	**778**	**30**	**21**	**1,439**	**86**	**4,550**
Paid-up equity/retained earnings			1,775							2,775	4,550

The fund for unrealised gains includes unrealised added value shares amounting to NOK 21 million.

CASH FLOW

		PARENT BANK	GROUP	
31.12.21	**31.12.22**	**(amounts in NOK million)**	**31.12.22**	**31.12.21**
-5,009	-596	Loans to customers	1.362	-4,803
636	972	Interest payments on loans to customers	1,153	788
5,043	1,390	Change in customer deposits	1,577	4,868
-103	-259	Interest payments on deposits from customers	-257	-102
-248	6	Receivables and liabilities to credit institutions	10	-248
-5	-7	Interest on receivables and liabilities to credit institutions	-7	-3
-7,304	-2,097	Purchase of certificates and bonds	-2,347	-7,454
6,731	2,438	Sale of certificates and bonds	2,638	6,881
52	115	Interest payments on certificates and bonds	115	52
108	165	Commission payment	165	108
-377	-318	Payments to operations	-339	-385
-44	-33	Tax paid	-49	-63
-71	-92	Other accruals	-72	-89
-591	**1,684**	**A Net change in liquidity from operating activities**	**3,948**	**-450**
-132	-6	Investments in tangible fixed assets	-99	-162
0	0	Proceeds from sale of tangible fixed assets	0	0
-710	-115	Long-term investments in shares	-115	-710
168	1	Proceeds from sale long-term investments in shares	1	168
71	91	Dividends from long-term investments in shares	36	2
-603	**-29**	**B Net change in liquidity, investment**	**-177**	**-702**
2,356	930	Take-up of liabilities established through the issuing of securities	1,831	5,090
-1,365	-2,048	Repayment – issued securities	-4,632	-4,203
-44	-102	Interest payments on liabilities established through the issuing of securities	-229	-100
595	0	Issue	0	595
100	0	Subordinated bonds	0	100
-8	-17	Interest payments on subordinated loans	-17	-8
-15	-24	Lease obligation	-16	-15
-8	-16	Distribution from the Gift Fund	-16	-8
-65	-108	Dividends to shareholders	-108	-65
1,546	**-1,385**	**B Net change in liquidity, financing**	**-3,187**	**1,386**
352	270	A+B+C Net change in liquidity during the period	584	234
1,607	1,959	Change in liquidity at start of period	929	695
1,959	2,229	Change in liquidity at end of period	1,513	929
		Liquidity holdings specified		
73	71	Cash and receivables, central banks	71	73
1,886	2,158	Receivables from credit institutions without notice period	1,442	857
1,959	**2,229**	**Liquidity holding**	**1,513**	**929**

Content Notes

Annual accounts - Notes

NOTE 1. ACCOUNTING POLICIES

GROUP AND PARENT BANK

GENERAL

THE PARENT BANK

Sparebank 1 Helgeland aims to be a profitable and leading bank in the Helgeland region. The objective of the Bank is to sell all types of financial products and services, including insurance and pension products to retail customers, small and medium enterprises, municipal authorities and institutions in Helgeland.

The Bank's registered office is situated at Jernbanegata 15, 8622 Mo i Rana. The Bank's head office is situated in Mo i Rana. The Bank also has three branches located across Helgeland: Mosjøen, Brønnøysund, Sandnessjøen. On 10 February, the Supervisory Board decided to change the Bank's name from Helgeland Sparebank to SpareBank 1 Helgeland. Sparebank 1 Helgeland's equity certificates are listed on Oslo Stock Exchange.

ACCOUNTING BASIS

Sparebank 1 Helgeland prepares its consolidated and company financial statements in line with the international financial reporting standards (IFRS), which are the prevailing standards in Norway. This also includes interpretations from the IFRS interpretations committee (IFRIC).
The consolidated and company financial statements are reported based on the historical cost principle, with the following exceptions:

- Financial derivatives, which are recognised at fair value via the income statement.
- Certificates, bonds and shares, which are recognised at fair value, with changes in value via the income statement
- Lending rate, which is recognised at fair value, with changes in value via the income statement.
- Fixed-rate debt securities, which is defined as a hedged item in value hedging.
- Lending held in order to receive cash flows and sales recognised at fair value via comprehensive income

For financial assets and liabilities, amortised cost is used, with the exception of financial instruments which are recognised at fair value.
Amortised cost is the amount at which the instrument was valued upon initial recognition (cost price) less interest and instalments paid on the principal, plus accumulated effective interest and minus all net write-downs.
Fair value is the price that would have been received when selling the asset, or paid in order to transfer the commitment between independent market operators at the time of recognition.
Financial instruments that are hedged items in a value hedge are capitalised at amortised cost with an adjustment for changes in the fair value of the hedged risk. This will often be approximately the same as fair value.

The preparation of the financial statements in line with IFRS requires the use of estimates. The use of international standards also requires that the management to exercise judgement. Areas where the assumptions and estimations are significant are described in Note 1.1.
The Bank's Board of Directors approved the consolidated financial statements on 6 March 2023.
The notes form an integral part of the financial statements.

CONSOLIDATION POLICIES

The consolidated financial statements include the Parent bank and subsidiaries, including underlying subsidiaries. The accounting policies are applied consistently in connection with the incorporation of owner interests in subsidiaries (and associated companies) and are based on the same reporting periods as are used for the Parent company.
Internal transactions within the Group, including internal profits and unrealised profit and loss, are eliminated in connection with the preparation of the consolidated financial statements.

SUBSIDIARIES

Subsidiaries include all companies over which the Bank, whether directly or through other subsidiaries, has control (i.e. the authority to manage a company's financial and operational principles with the intention of achieving benefits from the company's activities). Subsidiaries are consolidated from the date on which when the Bank acquires control, and eliminated from the date on which the Bank no longer has control.
Subsidiaries are recognised at acquisition cost in the company's financial statements. Write-downs are performed when the carrying amount exceeds the value of the ownership share.

JOINT CONTROLLED ENTERPRISES

IFRS 11 regulates jointly controlled schemes/enterprises

A jointly controlled scheme/enterprise has the following characteristics:

a. The parties are bound by a contractual agreement
b. The contractual agreement gives two or more of these parties joint control over the jointly controlled scheme/enterprise

Joint control is a contractually agreed sharing of control over a jointly controlled scheme/enterprise which only exists when decisions concerning relevant activities require unanimity among the parties which share control.

An undertaking that is a party in a jointly controlled enterprise must assess whether the contractual agreement jointly gives all parties or a group of the parties control over the joint arrangement. All parties, or a group of the parties, jointly control the joint arrangement when they are required to act together in order to manage activities that significantly impact the return from the arrangement,
i.e. the relevant operations.

Once it has been established that all parties, or a group of the parties, have joint control over the jointly controlled arrangement, joint control exists only when decisions on the relevant activities require unanimity among the parties that jointly have control over the arrangement.

In a jointly controlled scheme, no individual party controls the arrangement alone. A party with joint control over a jointly controlled arrangement may prevent any of the other parties or a group of parties from controlling the arrangement.

A jointly controlled enterprise exists in cases where two or more parties have joint control over the arrangement/enterprise. As a general rule, the parties must be bound by a contractual agreement that affords two or more of these parties control over the joint arrangement. In the case of joint ventures, the contract may be supplemented or replaced by the enterprise's/entity's articles of association, etc. as a basis for two or more parties having control. Parties with joint control of the enterprise must be able to prevent any other party or groups of parties from controlling the enterprise.

As the above shows, it is sufficient for the the parties that have a contractual agreement concerning
joint control to have such control over the relevant operations. Consequently, the other owners will not be able to prevent decisions agreed between the parties in joint control. Financial statements are prepared for jointly controlled enterprises
in accordance with the equity method.

As of 31 December 2022, the following companies are defined as jointly controlled enterprises and have been consolidated in accordance with the equity method:

Samarbeidende SpareBanker AS (3%)
Samarbeidende SpareBanker DA (3%)
SpareBank 1 SamSpar AS (3%)

SEGMENT REPORTING

The Group's operations comprise only one strategic business area, which is organised and managed collectively. The Group carries on traditional banking operations involving the intermediary sale of savings, investment and insurance products. The Bank's operations are divided into the following segments: Retail Market (RM) and Corporate Market (CM). Income and expenses not directly allocated to these segments are presented as unallocated. The geographical segment is the Helgeland region, with only a small share outside of Helgeland.

ACCOUNTING CURRENCY

The Norwegian krone (NOK) is the accounting currency, which is also the Bank's functional currency. All amounts are stated in NOK million, unless specified otherwise. The Group has no operations abroad.
Presentation in the balance sheet and income statement

LENDING

Loans are recognised in the balance sheet either as loans to or receivables from credit institutions or customers. Interest income on loans recognised at amortised cost and at fair value via other comprehensive income is recognised in the income statement under interest income according to the effective interest method, while interest income from fixed-rate loans recognised at fair value via the income statement is recognised under other interest income. Changes in value due to write-downs are recognised in the income statement under losses on lending, guarantees, etc. Changes in the value of fixed-interest lending which have been selected for recognition at fair value are recognised in the income statement under net gain/loss on financial instruments, with the exception of mortgages which are recognised under other comprehensive income.

CERTIFICATES AND BONDS

This balance sheet item includes the Group's certificates and bonds. All changes in value and realised gains/losses are recognised under net income from financial instruments. Interest income from certificates and bonds is recognised under other interest income.

FINANCIAL DERIVATIVES (ASSETS AND LIABILITIES)

This balance sheet item includes financial derivatives. Changes in value linked to derivatives are recognised via the income statement under net income from financial instruments.

LIABILITIES TO CREDIT INSTITUTIONS AND DEPOSITS FROM CUSTOMERS.

Commitments to credit institutions and customers are recognised, depending on the counterparty, either as loans from credit institutions or as deposits from customers. Interest is recognised in the income statement under interest expenses.

LIABILITIES ESTABLISHED THROUGH THE ISSUING OF SECURITIES

The balance sheet item includes debt established through the issuing of securities. Effective interest is recognised in the income statement under interest expenses and other similar expenses.
Fixed-rate debt securities are subject to fair value hedging. Changes in value are recognised under net

profit or loss on financial instruments.
In the event of early repayment or buy-back of issued bonds, any gain/loss is recognised under net income from financial instruments.

SUBORDINATED LOAN CAPITAL
The balance sheet item includes issued subordinate loans. Interest is recognised in the income statement under interest expenses and similar costs.

SUBORDINATED BONDS
The balance sheet item includes subordinated bonds. Subordinated bonds are perpetual and the Bank has a unilateral right not to pay interest to investors, subject to certain conditions. Subordinated bonds do not meet the definition of financial liability in accordance with IAS 32 and are classified as equity. Interest is not presented as an interest expense in the income statement, but as a reduction in other equity. Tax on interest in subordinated bonds are recognised via the income statement.

CHANGES IN ACCOUNTING POLICIES AND INFORMATION
The accounting policies that are applied are in all material respects consistent with the policies applied during the previous financial period.

No changes in standards or interpretations occurred during 2022 that resulted in any changes to the Bank's accounting policies.

There are no standards or interpretations which have not yet entered into force which are expected to have a material impact on the Bank's financial statements. Of the standards and regulations that are new in 2022, sustainability and IFRS 17 Insurance contracts represent the most important changes for the Bank. As regards sustainability, future regulations are described in a separate chapter in the sustainability report. IFRS 17 Insurance contracts will have no direct impact on the Bank, but it will have indirect effects on the SpareBank 1 Group, in which the Bank has a stake of 0.56%. At the time of publication of the annual financial statements, the impact is uncertain, but it is not considered to be significant for the Bank.

FINANCIAL INSTRUMENTS
Financial instruments are recognised in accordance with IFRS 9. The measurement categories for financial instruments in IFRS 9 consist of changes in value via the income statement, fair value with changes in value via other comprehensive income profit (OCI) and amortised cost.
Recognition of financial assets is determined upon initial recognition of the asset. The business model for holding the financial instruments will be decisive for determining the category.

Financial instruments held to receive contractual cash flows are in principle recognised at amortised cost.

Financial assets held to receive contractual cash flows and for resale are in principle recognised at fair value, with changes in value via other comprehensive income (OCI).

Instruments with cash flows that are not only payments of interest and principal, or where the purpose of owning the instrument is not to receive contractual cash flows, are recognised at fair value, with changes in value via the income statement. Derivatives used in connection with hedge accounting are recognised according to the principles for hedge accounting. Note 2.1.1 shows lending and write-downs in accordance with IFRS 9.

RECOGNITION AND DERECOGNITION
Financial assets and liabilities are capitalised when the Bank becomes a party to the instrument's contractual provisions.
Financial assets are derecognised when the contractual right to the cash flows from the financial asset expire, or the Bank transfers the financial asset in such a way that the risk and profit potential of the financial asset is largely transferred. Financial liabilities are derecognised when they are fulfilled, cancelled or expire.

FINANCIAL INSTRUMENTS AT AMORTISED COST
Debt instruments that have cash flows that only represent the payment of interest and instalments, and where the purpose is only to hold the instrument in order to receive contractual cash flow, are recognised at amortised cost. Within the Group, all loans and loans with floating interest rates are classified at amortised cost.
The Parent bank's financial statements include an exception related to lending to personal customers with collateral in housing. This arises as a result of the fact that many of the loans will subsequently be sold to the Bank's wholly owned mortgage company and will therefore be recognised as held for the collection of contractual cash flows and sale in accordance with IFRS 9. Financial instruments at amortised cost primarily comprise the following:
Assets and liabilities:

- Loans at floating interest rates
- Liabilities to credit institutions and deposits from customers
- Debt securities at floating interest rates
- Subordinate debt at floating interest rates

LOANS TO CUSTOMERS
Loans to and receivables from customers are initially recognised at fair value with the addition of direct transaction costs. During periods after initial recognition, loans at amortised cost are valued according to the effective interest method. Loans are written down in accordance with IFRS 9.

Write-downs are calculated as the difference between the carrying amount and the present value of future cash flows, calculated over the expected life of the loan. For the present value calculation, the most recently determined effective interest rate on the loan or loans to be written down is used.

POTENTIAL EXPOSURE
Unutilised drawing rights and approved, non-

discounted loans are off-balance sheet items which are presented in notes. Revenue is recognised under commission income and income from banking services. Off-balance sheet items included in the calculation of expected losses and the loss provision are presented in the balance sheet under "Other liabilities".

FINANCIAL GUARANTEES ISSUED

Contracts that require the Bank to reimburse the holder for a loss due to a specific debtor failing to pay in accordance with the terms of a debt instrument, are classified as issued financial guarantees. Commission income is recognised over the term of the guarantee under "Commission income and revenues from banking services". Changes in value as a result of credit commitments that have been written down are recognised under "Losses on loans and guarantees, etc.". Expected losses are capitalised under "Other liabilities".

WRITE-DOWNS ON LOANS

The rules in IFRS 9 regarding impairment of financial assets apply to commitments recognised at amortised cost (commitments with floating interest rates are defined under this category) and to commitments recognised at fair value, with changes in value via other comprehensive income (mortgage loans at floating interest rates in the Parent bank). The standard also entails requirements regarding loss provisions on new commitments, in that a write-down must be performed for expected credit losses as a result of expected default in the next twelve months. Expected losses for all customers are calculated at account level. The calculation includes loans, guarantees, unused credit and loan commitments.

For loans where the credit risk has increased substantially following initial recognition, write-downs must be performed for the expected credit loss over the maturity of the loans. The Bank has developed a model in collaboration with a number of other banks. The model contains macro-scenarios in accordance with IFRS 9 (three scenarios). The model is described in more detail in Note 2.1.1.

Expected losses are calculated for all accounts. All account commitments are placed in one of the three "steps" in the loss model, based on their change in risk since approval (change in credit risk). See the explanations below for a description of the individual "steps". All commitments that do not already have objective evidence of loss at the time of recognition are placed in step 1; and subsequently moved to step 2 in cases where there has been a significant increase in credit risk; or step 3 in cases where there is objective evidence of loss.

Step 1: 12-month expected loss.
This includes most cases of financial assets that are covered by the general loss model. Financial instruments that have a similar probability of defau|lt (or better) over the remaining term as upon initial recognition are covered by this step. The estimated expected loss which is recognised in the financial statements corresponds to the expected loss from default in the next 12 months.

Step 2: Expected loss over lifetime.
Financial assets that have seen a significant increase in the probability of default (PD) since initial recognition are placed in step 2.
Whether or not a commitment is significantly worsened is determined by comparing the probability of default (PD) at the time of approval with the PD at the time of calculation.
The assessment of significant deterioration is based on both the relative increase in PD and the absolute change. The level has been set so that both the relative change is significant and the level itself is not immaterial compared to what is considered to be low risk. In addition, it is assumed that substantial absolute changes will be considered to be a significant deterioration under any circumstances.
A commitment is deemed to be significantly worse if, at the time of calculation, it has a PD higher than 0.75% and has also been assigned a PD which is twice as high.

In addition, the following events are also considered to constitute a significant increase in credit risk:

- Commitments where there is a 30-day cover or arrears.
- Customers flagged with forbearance

Commitments where the overdraft is larger. This applies to overdrafts from the first day, where the balance is substantially greater than the award.

Commitments with amended payment terms or refinancing (forbearance).

The Bank has internal procedures for marking and identifying customers who have been granted payment deferment. A customer who has been granted payment relief covered by the Financial Supervisory Authority of Norway's reporting guidelines will be marked for a period of at least two years.

Step 3: Expected loss over lifetime.
Step 3 of the loss model contains assets where there is a significant increase in credit risk and objective evidence of loss at the time of reporting. The expected loss for assets in step 3 is calculated over the remaining term of the asset. Interest income is calculated on the net book value of the asset. Step 3 includes both defaulted loans and credits, as well as commitments where there is other objective evidence for loss.
The same model is used for the Group, Parent bank and wholly owned mortgage company, but with different date definition as regards initial recognition. For the Group and the Parent bank, the account's date of approval must be used, while for the mortgage company, the score as of the transfer date is used.

Objective evidence of loss
Based on current internal guidelines, commitments are continually monitored with a view to identifying potentially doubtful commitments. Objective evidence of loss is default in accordance with the definition below, as well as loans and other

commitments which are not in default, but where the customer's financial situation renders it probable that the Group will incur a loss.

In addition to defaulted commitments, the Bank has stated that objective evidence of loss exists in a commitment where bankruptcy proceedings have been opened, confirmed losses have been incurred on the commitment, an individually assessed provision has been made, or where there are other individual assessments which indicate that there is objective evidence of loss. In the case of individually assessed write-downs, model write-downs are overridden for the commitment concerned. Objective evidence of loss is considered at customer level.

Recovery
Step 1 is considered to be the standard step. Any account commitment which at the time of calculation does not meet the criteria for step 2 or 3, as described above, will be placed in step 1.

Defaults
The total commitment from a customer is considered to be in default when overdue instalments or interest are not paid within 90 days after the due date, and during this period, the defaulted amount continuously exceeded NOK 1,000 in the case of the retail market or NOK 2,000 in the case of the corporate market, as well as a relative maximum amount of 1% of the total commitment.

Amended payment terms resulting from payment difficulties are flagged as being in default if the amendment results in a change in the value of cash flow in excess of 1%. Several amendments to payment terms linked to payment difficulties within a period of one year result in the customer being treated as being in default. Customers for which there are individual write-downs are treated as being in default in accordance with the new definition. The portfolio is also reviewed quarterly to identify customers for individual marking with "unlikeliness to pay." See also the section on objective evidence for losses.

Non-recoverable losses
When it is highly probable that losses are final, the losses are classified as non-recoverable. As a result, the asset and associated loss provisions are derived from the balance sheet. Non-recoverable losses covered by previous loss provisions are recognised against loss provisions. Non-recoverable losses not covered by previous loss provisions and over- or under-cover in relation to previous loss provisions are recognised in the income statement.

Modification
When the contractual cash flows from a financial asset are renegotiated or otherwise changed, and the renegotiation or change does not result in the derecognition of the financial asset, the gross carrying amount for the financial asset is recalculated and a gain or loss is recognised in the income statement. The gross carrying amount for the financial asset is recalculated as the present value of the renegotiated or amended contractual cash flows, discounted by the original effective interest rate on the financial asset. Any accrued costs or fees are taken into account in the calculation.

LIABILITIES TO CREDIT INSTITUTIONS AND DEPOSITS FROM CUSTOMERS

Liabilities to credit institutions and deposits from customers are recognised at amortised cost. Upon initial recognition, liabilities are recognised at fair value plus direct transaction costs. Upon subsequent recognition, the liabilities will then be recognised at amortised cost using the effective interest method.

DEBT SECURITIES WITH FLOATING INTEREST RATES

Upon initial recognition, liabilities are recognised at fair value plus direct transaction costs. Upon subsequent recognition, the liabilities will then be recognised at amortised cost using the effective interest method.

Financial assets at fair value via the income statement

- Assets and liabilities:
- Fixed-rate loans
- Derivatives without hedging
- Certificates, bonds (interest-bearing securities) and shares

FIXED-RATE LOANS

Fixed-rate loans are recognised at fair value (FVO). The Bank uses interest rate derivatives to financially hedge the interest rate exposure in these loans. The use of the fair value option (FVO) significantly reduces the profit volatility that would normally occur, using different estimation methods for lending and derivatives. The fair value is estimated by discounting the future cash flows (interests and instalments) from the loans with yield requirements derived from the yield curve on the balance sheet date. The credit spread on lending is estimated as an overall evaluation based on observed changes in the market.

DERIVATIVES WITHOUT HEDGING

The agreements that the Group has entered into are interest rate derivatives. Derivatives are capitalised at fair value at the time the derivative contract is entered into, and thereafter continually at fair value.

CERTIFICATES, BONDS AND SHARES

Certificates, bonds and shares are classified at fair value. The fair value of listed investments is based on the current price as of the balance sheet date. For shares that are not listed on the stock exchange and where there is no active marked, known trading values or the last issue price are used as a basis. Securities without sale are valued on the basis of available accounting information or similar.

HEDGING OF FINANCIAL INSTRUMENTS

Assets and liabilities:

- Debt securities with fixed interest rates
- Hedging derivatives

The Bank and the Group use hedge accounting

for debt securities at fixed interest rates. The hedge covers the interest rate risk in the bonds. Changes in value are recognised under net gains/losses on financial instruments. In the event of early repayment or repurchase of issued bonds, any gain/loss is recognised under net gains/losses on financial instruments. The Bank's policy is to hedge all exposure against debt securities with a fixed interest rate. The Group only has fair value hedging on debt securities in Norwegian kroner with fixed interest rates. The hedging instruments secure the total amount and have a maturity, volume and fixed interest rate corresponding to the individual fixed rate loan. The floating rate in the hedging instrument is agreed at the 3-month NIBOR.
IFRS 9 simplifies the requirements for hedge accounting by linking hedge effectiveness more closely to risk management, and thus provides greater opportunity for qualitative assessment. In order to use hedging accounting in accordance with IFRS 9, there must be a financial relationship between the hedging instrument and the secured element. In addition, the effect of credit risk must not dominate value changes in the hedging relationship. In accordance with the requirements of IFRS 9, a prospective (future-oriented) effectiveness test is sufficient. Effectiveness tests are carried out in accordance with the requirements of IFRS 9. The ineffectiveness of the hedge, defined as the difference between the value adjustment of hedging instruments and the value adjustment of the hedged risk, is recognised in the income statement as it arises. The fair value of the derivatives used in hedging relationships is shown in Note 22.2.

FINANCIAL ASSETS AT FAIR VALUE VIA OTHER COMPREHENSIVE INCOME (OCI)

Assets:

- Mortgages at floating interest rates

In accordance with IFRS 9, the loans must be classified at fair value via other comprehensive income (held to receive contractual cash flows and resale). The Bank only sells a proportion of the loans that qualify for transfer to the mortgage companies. Lending that is included in the business model which qualifies for sale is therefore held in order to receive contractual cash flows and for sale. Accordingly, the Bank therefore classifies all mortgages at fair value via other income and costs.

INTEREST INCOME AND INTEREST EXPENSES

Interest income is recognised as income using the effective interest method. This entails the ongoing recognition of nominal interest rates, with the addition of amortisation of establishment fees minus direct establishment costs. Income recognition of interest using the effective interest method is used for both balance sheet items recognised at amortised cost and balance sheet items recognised at fair value via the income statement. Interest income for financial assets in steps 1 and 2 is calculated using the effective interest rate method on the financial asset's gross value, while interest income for financial assets in step 3 is calculated based on the net value of the financial asset.

COMMISSION INCOME AND COSTS

Commission income and costs are recognised in the income statement as a service is provided and the Bank becomes entitled to payment in accordance with IFRS 15. Included in this are fees from payment mediation and insurance sales.

INTANGIBLE ASSETS

Intangible assets essentially consist of goodwill and customer relations associated with the acquisition of SpareBank 1 Nord-Norge's business in Helgeland. Goodwill and other intangible assets are recognised when the balance sheet requirements are met. Goodwill is not depreciated, but is subject to an annual impairment test in accordance with IAS 36, with the aim of identifying any fall in value. Impairment of goodwill is recognised via the income statement, and is not reversed.
Customer relations and other intangible assets with an identifiable lifetime are depreciated over the life of the asset. Depreciation commences at the time the asset becomes available for use

FIXED ASSETS

Tangible fixed assets and property are valued at historic cost and written off over the expected economic life of the asset.
It is a requirement that the various elements with different lifetimes are separated out and written off separately. Ordinary depreciation is based on cost price and distributed

linearly over the economic life of the fixed assets:

- Buildings and other real property 30 – 40 years
- Machinery, equipment, fixtures and vehicles 3 – 10 years

The depreciation period and method are evaluated annually to ensure that the period and method used is in line with the financial realities of the asset. The same applies to the salvage value.

OTHER ASSETS

Properties held for sale consists of properties that the Group has acquired as part of the recovery of commitments in default. These are business assets which the Group does not intend to retain and which will normally be sold within about one year. At the time of acquisition, the assets are valued at the expected realisation value, and are not subject to depreciation. These properties are classified as other assets.

LEASES

The Group as lessee:
The Group's leases are recognised in accordance with the rules of IFRS 16. The principles for IFRS 16 stipulate the recognition, measurement, presentation and disclosure of leases, and require the lessee to account for all leases in a simple balance sheet model. The Group recognises the usufruct asset and associated liability at fair value at the time of recognition. The asset is depreciated over the leasing period, while the liability is recognised at amortised cost.

The Group uses the following practical exemptions for leases:
exemption for short-term leases (defined as twelve months or less) exemption for low-value assets (less than USD 5,000) As regards the leases that fall under these exemptions, the Group recognises rental payments under "Other operating expenses" in the income statement as they arise.

THE GROUP AS LESSOR:
The Group presents assets that are leased as fixed assets in the balance sheet. Rental income is recognised in the income statement over the leasing period. The introduction of IFRS 16 has no effect on the Group as a lessor.

PROVISIONS
A provision is recognised when the Group has an actual liability (legal or assumed) due to events that have occurred, when a financial settlement resulting from the commitment is likely, and when the amount can be estimated reliably. Provisions are reviewed as of each financial reporting date, and the level reflects the best estimate of the commitment.

Pension liabilities and pension costs
The Group has a defined contribution pension scheme, but there are some members still in the old defined benefit pension scheme. See Note 12 for more details.

DEFINED CONTRIBUTION SCHEME
In 2016, the Bank's employees were transferred from a defined benefit scheme to a defined contribution scheme. The contributions are recognised and amortised as pension costs. Regarding the distribution of employees between the two schemes, please refer to the accounting note for details.

DEFINED BENEFIT SCHEME
Those who remain in the defined benefit plan are members who, under the current rules cannot be transferred. The Group's pension liabilities are related to defined benefit pension schemes secured in insurance companies and uninsured schemes. Pension expenses and liabilities presented in the statement are obtained from actuarial calculations. The yield on covered bonds is used as the discount rate. Note 12.2 shows the sensitivity in calculating pension costs and liability. Secured and unsecured liabilities are calculated as the discounted value of future pension benefits as of the balance sheet date, secured and unsecured, based on the employees earning pension rights steadily throughout the working period. Plan assets are valued and posted net against pension liabilities in the balance sheet. Each scheme is considered separately, but the value of the overfinancing in a scheme and underfunding in other schemes are recognised net in the balance sheet if the pension funds can be transferred between the schemes. Net pension funds are presented in the balance sheet as prepaid expenses and accrued income, whereas net pension liabilities are presented under other liabilities.
The net pension cost is recognised under personnel expenses, and consists of the pension accrual during the period, the interest cost on the calculated pension obligation and the projected yield on the pension funds. The difference between the actual yield and the calculated yield is recognised via other comprehensive income. The effects of plan changes are recognised in the income statement, while estimate variances are recognised via other comprehensive income.

TAXES
Deferred tax and deferred tax asset are capitalised in accordance with IAS 12 Income tax. The tax cost in the income statement includes both the period's payable tax and change in deferred tax. Deferred tax/deferred tax asset is estimated as being 25% of the net temporary differences that exist between accounting and tax values at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or could reverse in the same period are offset and recognised net.
Deferred tax assets are capitalised based on expectations regarding taxable income through earnings in subsequent years. Payable tax in the balance sheet comprise the payable tax for the period linked to the profit for the year, tax on wealth and payable tax linked to group contributions received. Wealth tax is treated as an operating cost.

EQUITY CERTIFICATE CAPITAL
Equity consists of equity share capital, primary capital, fund for unrealised gains, other equity (Group) and hybrid capital. The equity share capital consists of capital related to equity certificates, own equity certificates, share premium reserve and cohesion fund. Primary capital includes paid and accrued primary capital, the Gift Fund and the compensation fund.

In the Parent bank, the fund for unrealised gains consists of gains on changes in the value of financial instruments where the principle for valuation in accordance to IFRS deviates from the principle according to Norwegian Good Accounting Practice (*Norsk God Regnskapsskikk*). Other equity (Group) consists of accrued equity in subsidiaries and associated companies following group establishment and the effect of equity eliminations in the consolidated financial statements.
Subordinated bonds that do not satisfy the definition of financial obligation in accordance with IAS 32 are recognised under equity. Accrued interest on subordinated bonds is allocated to subordinated bond capital. In connection with the issuing of new equity certificates or the acquisition of other enterprises, the additional costs directly attributable to the new equity certificates or acquisition are treated as a reduction in paid-up capital. Profit for the year is allocated to the owners of equity certificates and the primary fund in accordance with the dividend policy. Dividends from equity certificates and distributions to the Gift Foundation are classified as equity until the dividend has been determined by the Bank's Supervisory Board. Transfers to the Bank's Gift Fund are classified as equity until the gift allocation is completed. When the dividend has been approved by the Supervisory Board, it is eliminated from equity and classified as a current liability until the payment date. When the

Bank or other companies in the Group purchase equity certificates issued by the Bank, the combined purchase consideration is eliminated from the total equity certificate capital.

ACQUISITION

Acquisitions of other companies or enterprises are treated according to the acquisition method; ref. IFRS 3. In accordance with the acquisition method, an acquisition analysis is carried out involving value allocation, where the purchase price is allocated to identifiable assets and liabilities in the acquired business. Positive differences between the acquisition cost and fair value of identifiable assets and liabilities are recognised as goodwill.

SEGMENTS

Segment reporting is divided according to the way in which different business areas are reported and followed up. The Bank has two operating segments: the Retail Market and the Corporate Market.

CASH FLOWS

The cash flow statement (IAS 7) shows payments and payouts of cash and cash equivalents throughout the year. Cash and cash equivalents are defined as cash and receivables from central banks. The Group uses the direct method.
Cash and cash equivalents consist of cash, bank deposits, other short-term, readily negotiable investments with an original term not exceeding three months.

COMPARABILITY

Comparative figures are adjusted where it is deemed necessary to ensure comparability with the presentation for the present year.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the reporting date are reported in accordance with IAS 10. The information covers events which are not recognised in the consolidated financial statements, but which are of significance to the evaluation of the business.
The financial statements are submitted under the assumption of a going concern. In the opinion of the Board, this assumption was met at the time the financial statements were approved for submission.
The Board’s recommendation regarding a dividend is presented in the annual report.

NOTE 1.1 ACCOUNTING ESTIMATES AND DISCRETIONARY ASSESSMENTS

PARENT BANK AND GROUP
The Group prepares estimates and assumptions which have an impact on reported balance sheet figures for the next financial year. Estimates and assessments are constantly subject to evaluation and are based on historical experience and other factors, including expectations in relation to future events which are deemed to be reasonable.

WRITE-DOWNS ON LENDING
Assessments of write-downs are partly based on judgement. Loan portfolios/guarantee liabilities are continuously monitored with regard to the need for impairment/provisions. Impairment/provisions are implemented in accordance with IFRS 9. See the accounting policies and Note 2.1.1.

NOTE 2. FINANCIAL RISK MANAGEMENT

GROUP AND PARENT BANK

RISK AND CAPITAL MANAGEMENT
Risk and capital management supports the Group's strategic development and ambitions, and helps to ensure attainment of the Group's financial and operational objectives. Nevertheless, unforeseen losses can occur which require the Group to have sufficient equity. As a part of the risk management process, the requirement for supplementary capital for the various risk areas is evaluated. These assessments are underpinned by computational models. This is summarised in the Bank's Internal Capital Adequacy Assessment Process

(ICAAP).
Risk categories and definitions:

- Credit risk is defined as the risk of losses as a result of customers or counterparties being unable to fulfil their obligations.
- Liquidity risk: the risk of the Group being unable to meet its obligations at maturity.
- Market risk: the risk of losses due to changes in market prices linked to activities and positions in securities (interest and shares) and currency.
- Operating risk: the risk of direct or indirect losses due to failures in internal routines, systems and processes, insufficient competency, damage to assets, suspension of operations, system failure, and internal or external fraud.
- Compliance risk: Risk of not complying with regulatory requirements and internal procedures/guidelines
- Anti-money laundering risk: Risk of not complying with anti-money laundering and terrorist financing laws and regulations, and not complying with internal regulations with the intention of fulfilling the requirements of the law.

Risk management is pivotal to the day-to-day operation and the ongoing work of the Board. Risk is primarily managed through risk strategy, general guidelines concerning operational risk, periodic measurement and reporting of established management goals in all business areas, guidelines, frameworks, authorities, reporting requirements and competency requirements.

CORPORATE GOVERNANCE
Sparebank 1 Helgeland's principles and policy for corporate governance are intended to ensure that the Bank operates in line with generally accepted and recognised practices and standards, as well as laws and regulations. Good corporate governance within SpareBank 1 Helgeland encompasses the values, goals and general principles by which the Bank is governed and controlled. This is in order to ensure good cooperation between the Bank's various stakeholders, such as equity certificate holders, creditors, customers, employees, governing bodies, management and society at large.

Corporate governance should ensure prudent asset management and give greater assurance that communicated goals and strategies are being implemented and achieved. The Group's principles and frameworks for internal control and risk management are enshrined in the governing documents, which are reviewed annually by the Board. The governing documents set out the Group's internal framework for good governance and control, and the policy provides guidance regarding the Group's overarching approach to risk management.

The Board of Sparebank 1 Helgeland places emphasis on compliance with the principles laid down in the Norwegian Code of Practice for Corporate Governance in the management of the business.

Sparebank 1 Helgeland has compared its own policy to the Norwegian Code of Practice for Corporate Governance and the aforementioned principles from the European Banking Authority. The Board considers that the Bank's corporate governance is satisfactory and in accordance with Norwegian recommendations.
A comprehensive account of corporate governance can be found in a separate chapter of the annual report.

NOTE 2.1 CREDIT RISK

GROUP AND PARENT BANK

Credit risk constitutes the risk of customers or counterparties being unable to fulfil their obligations with respect to the Group. The credit risk, and its exposure, is governed by credit strategy, credit policy, credit routines and grant regulations. Credit policy, credit routines and grant regulations were adopted in October 2022, and applied from 1 January 2023. The credit strategy has been adopted for a three-year period, subject to annual re-evaluations. The current strategy from 1 January 2020 was adopted by the Board in November 2019.

The Group's credit strategy is derived from the overall strategy, and contains guidelines and management frameworks for risk profile and risk concentrations at portfolio level and sector level. There are set limits for allocation of lending between the retail and corporate markets, size of commitment and number thereof, exposure within sectors (concentration risk) and geographical limitations. The risk management framework is monitored and reported quarterly to the Board, supplemented by annual portfolio reviews.

Developments in credit risk are monitored through regular analyses of the trend in defaults in specific sectors, geographical areas, borrowers' and potential borrowers' ability to service interest and instalments, and an assessment of the collateral that underlies the credit commitments. For the ongoing monitoring of risk, a set of actions and action plans for the follow-up of borrowers has been defined, along with reports which are submitted periodically to the Board.

The total capital requirement for credit risk is stated in the Group's ICAAP. The level of tolerance for credit risk is defined for selected sectors and areas. A management level for the corporate market portfolio has been established and is followed and reported periodically. Stress tests are used to assess the loss potential in the credit portfolio as a result of a large fall in property prices.

The risk in the retail market portfolio has been low over time. House prices rose steadily for detached houses and apartments in Helgeland sold during 2022, but vary to some extent within the individual markets. During 2022, the housing market was stable throughout the whole of Helgeland, while some towns and cities have seen high levels of activity relating to housing developments, especially apartment projects.

Based on the loss rules in IFRS 9 and internal guidelines, commitments are monitored continuously with a view to identification and modelling.

There is a strong focus on this area and regular reviews are carried out of good credit practices and the quality of the work relating to credit. This includes an understanding of good monitoring and the control of customer portfolios. Compliance through individual cases is ensured through the Credit Committee, the managers' key controls, and the delegation of tasks between advisors and custodians.

For the corporate market, management and monitoring are ensured through the ongoing assessment of customer relationships, ability to pay, and collateral assessments. This takes place through both monthly and quarterly reviews. For monitoring and development in the retail market portfolio, quarterly analyses are carried out concerning the quality of approved loans, along with six-monthly analyses of the overall portfolio.

The risk-distributed loan portfolio, broken down according to low (risk class A-D), medium (risk classes E-G) and high risk (risk classes H-K), is reported based on the score models. Risk migration is reported quarterly as part of the overall reporting of risk to the Board.

Close monitoring of key corporate customers and monitoring of the probability of default in the portfolio and for specific defined sectors have been continued as priority focus areas. At the end of 2022, the Bank had one (one) commitment which totalled more than 10% of the Bank's subordinated capital.

NOTE 2.1.1 LOANS AND LOSS PROVISIONS

WRITE-DOWNS FOR LOSSES ON LOANS AND OFF BALANCE SHEET ITEMS IN ACCORDANCE WITH IFRS 9

See the description in Note 1 - Accounting policies.

ASSUMPTIONS USED IN THE CALCULATION MODEL

Periodically expected losses are calculated as the product of probability of default (PD), exposure at default (EAD) and loss given default (LGD), and must be unbiased. As a result of the transition to the SpareBank 1 Alliance, the Bank switched to a common IFRS 9 model during 2022. The calculation methodology is essentially the same as in previous years, and the transition has had no significant effect on loss provisions.

PD

The PD model provides an indication of the probably at customer level, one year ahead. The PD model gives the probability that the customer will default on all their commitments. The customer's PD can therefore be used at account level. The PD model has been in use since 2002, and has been continually revised and validated.

No models have been developed to calculate lifetime PD. Models are therefore used which calculate the probability of default in the next 12 months (12-month PD). The probability of default is calculated on the basis of historical data series for key financial figures, as well as non-financial criteria such as behaviour and age. Nine risk classes (A – I) are used to group customers according to probability of default. In addition, two risk classes (J and K) are used for customers with non-performing and/or written-down commitments.

LOSS GIVEN DEFAULT

The loss given default (LGD) model is a function of the relationship between the commitment and the underlying collateral, the probability of recovery and the costs associated with realisation. The collateral coverage is determined at customer level based on realisation values for the assets, and applied to secured commitments. Collateral coverage is limited upwards to the usable collateral that constitutes collateral coverage with quantitative limitations, including downward adjustment of collateral coverage based on the quality of the collateral. See Note 21 for a more detailed description of collateral. Seven classes (1-7) are used for classification according to loss given default.

EXPOSURE AT DEFAULT

Exposure at default (EAD) gives an indication of the expected exposure at the time of default. EAD is a function of the expected balance, grant and a conversion factor. For example, EAD will never be greater than the appropriation for an individual commitment, or less than the balance.

SCENARIOS

The model uses three different scenarios, which impact on the projected LGD, PD and PP. These scenarios have been developed using historical data and macro variables.

SCENARIO DESCRIPTIONS

The scenarios were determined based on an overall assessment of a number of macro-variables and other factors, including unemployment, price falls and outward migration. There are effects at overall level for PD and collateral values which form the basis for possible adjustments to scenarios. To take account of a possible recession, the scenario weightings were revised during the third quarter of 2022, from 80, 10 and 10 to 70, 20 and 10%. At the year-end, this entails an additional provision of NOK 16 million.

THREE SCENARIOS HAVE BEEN DEFINED:

Scenario 1 – Normal economy: A macroeconomic scenario that represents expected future economic growth over the next five years. Realistic scenario is a scenario comparable to the 'Base case' ICAAP scenario. This scenario represents stable and moderate global and national economic growth. This scenario is weighted by 70%.

Scenario 2 – Recession: *Economic outlook is worse than scenario 1* (given that the country is not actually experiencing or facing an ongoing severe recession). In this case, a recession similar to that used in ICAAP is assumed. PD and LGD are significantly higher than in scenario 1, corresponding to the levels seen at the time of the previous financial crisis, adjusted for changes in portfolio quality. This scenario is weighted by 20%.

Scenario 3 - Economic boom: Is a macroeconomic scenario that represents a better scenario than scenario 1. With significant economic growth, high oil prices, very low unemployment and low interest rates. This scenario is weighted by 10%.

SENSITIVITY ASSESSMENTS OF KEY ASSUMPTIONS

The model is most sensitive to the parameters LGD and PD. These have a sensitivity of up to 70% when they are altered for both the retail market and the corporate market. Accordingly, a 10% change in LGD/PD will result in a change in loss provisions of up to 7.0 and 5.5% respectively. A high sensitivity indicates that the outcome of the model is particularly affected by changes in these parameters. Parameters with high sensitivity are therefore closely monitored with regard to model input and validation.

ESTIMATE UNCERTAINTY

There is underlying estimate uncertainty linked to a number of the parameters used in the model. This is mainly linked to underlying collateral values, parameters in LGD and PD. There are no indications of significant errors or deficiencies in the model at the end of 2022, but there is considerable uncertainty relating to the estimates of the loss provisions, particularly linked to how the market picture and the war in Ukraine develop.

PARENT BANK				GROUP		
31.12.22				31.12.22		
Provision for losses on loans (exc. individual write-down)	Base Case	Effect of Scenario	Effect of macro-scenarios on estimated loss	Provision for losses on loans (exc. individual write-down)	Base Case	Effect of Scenario
94	66	28	Loss provisions under IFRS 9	96	67	29

PARENT BANK				GROUP		
31.12.21				31.12.21		
Provision for losses on loans (excl. individual write-down)	Base Case	Effect of Scenario	Effect of macro-scenarios on estimated loss	Provision for losses on loans (excl. individual write-down)	Base Case	Effect of Scenario
96	76	20	Loss provisions under IFRS 9	95	76	20

GROSS LENDING, CORPORATE MARKET AND RETAIL MARKET

	STEP 1	STEP 2	STEP 3	GROUP 31.12.22
Gross lending (excluding fixed interest rate)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.22	**24,664**	**5,697**	**395**	**30,756**
New loans/credits/guarantees	8,620	494	68	9,181
Transition from step 1 to step 2	-1,277	1,221	0	-56
Transition from step 1 to step 3	-60	0	61	1
Transition from step 2 to step 3	0	-49	45	-4
Transition from step 3 to step 2	0	19	-25	-6
Transition from step 3 to step 1	14	0	-17	-3
Transition from step 2 to step 1	2,316	-2,389	0	-73
Reduced portfolio (divestment/ascertainment/etc.)	-7,463	-1,458	-196	-9,117
Other changes during the period	-926	-65	-11	-1,002
Gross lending (excl. fixed rate loans) as of 31.12.22	**25,888**	**3,471**	**320**	**29,678**
Balance brought forward Unused credit and financial guarantees	2,384	290	54	2,728
Balance carried forward Unused credit and financial guarantees	2,953	185	10	3,148

The transition between steps includes change in lending from the start to the end of the period.
Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STEP 1	STEP 2	STEP 3	GROUP 31.12.21
Gross lending (excluding fixed interest rate)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.21	**19,912**	**5,706**	**539**	**26,157**
New loans/credits/guarantees	11,077	2,061	48	13,187
Transition from step 1 to step 2	-1,342	1,336		-6
Transition from step 1 to step 3	-63		60	-3
Transition from step 2 to step 3		-78	71	-7
Transition from step 3 to step 2		4	-4	0
Transition from step 3 to step 1	9		-10	0
Transition from step 2 to step 1	1,349	-1,391		-41
Reduced portfolio (divestment/ascertainment/etc.)	-5,320	-1,790	-222	-7,331
Other changes during the period	-960	-151	-88	-1,199
Gross lending (excl. fixed rate loans) as of 31.12.21	**24,664**	**5,697**	**395**	**30,756**
Balance brought forward Unused credit and financial guarantees	2,271	280	36	2,588
Balance carried forward Unused credit and financial guarantees	2,384	290	54	2,728

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

PARENT BANK

	STEP 1	STEP 2	STEP 3	31.12.22
Gross lending (excluding fixed interest rate)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.22	**18,675**	**4,680**	**429**	**23,784**
New loans/credits/guarantees	8,192	494	68	8,754
Transition from step 1 to step 2	-1,120	1,068	0	-51
Transition from step 1 to step 3	-59	0	61	1
Transition from step 2 to step 3	0	-49	45	-4
Transition from step 3 to step 2	0	18	-24	-6
Transition from step 3 to step 1	14	0	-17	-3
Transition from step 2 to step 1	2,084	-2,149	0	-64
Reduced portfolio (divestment/ascertainment/etc.)	-5,764	-1,308	-230	-7,302
Other changes during the period	-381	-62	-11	-454
Gross lending (excl. fixed rate loans) as of 31.12.22	**21,641**	**2,693**	**320**	**24,654**
Balance brought forward Unused credit and financial guarantees	2,022	282	54	2,358
Balance carried forward Unused credit and financial guarantees	2,584	184	10	2,778

The transition between steps includes change in lending from the start to the end of the period.
Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

PARENT BANK

	STEP 1	STEP 2	STEP 3	31.12.21
Gross lending (excluding fixed interest rate)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.21	**13,800**	**4,608**	**573**	**18,981**
New loans/credits/guarantees	10,347	1,961	59	12,367
Transition from step 1 to step 2	-907	915		8
Transition from step 1 to step 3	-63		60	-3
Transition from step 2 to step 3		-68	60	-7
Transition from step 3 to step 2		4	-4	0
Transition from step 3 to step 1	7		-8	0
Transition from step 2 to step 1	1,027	-1,058		-30
Reduced portfolio (divestment/ascertainment/etc.)	-4,862	-1,553	-224	-6,639
				0
Other changes during the period	-675	-130	-88	-893
Gross lending (excl. fixed rate loans) as of 31.12.21	**18,675**	**4,680**	**429**	**23,784**
Balance brought forward Unused credit and financial guarantees	1,909	278	36	2,223
Balance carried forward Unused credit and financial guarantees	2,022	282	54	2,358

The transition between steps includes change in lending from the start to the end of the period.
Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

LOSS PROVISION, CORPORATE MARKET AND RETAIL MARKET

	STEP 1	STEP 2	STEP 3	GROUP 31.12.22
Loss provisions for gross lending and off-balance sheet items	With expected loss over 12 months	With expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.22	**15**	**64**	**163**	**242**
New or increased loans/credits/guarantees	8	16	6	31
Transition from step 1 to step 2	-1	13	0	11
Transition from step 1 to step 3	-1	0	7	6
Transition from step 2 to step 3	0	-1	10	9
Transition from step 3 to step 2	0	1	-1	0
Transition from step 3 to step 1	0	0	-1	-1
Transition from step 2 to step 1	4	-27	0	-23
Reduced portfolio (divestment/ascertainment/etc.)	-3	-19	-104	-126
Other changes during the period	**-2**	**7**	**-5**	**0**
Loss provision as of 31.12.22	**19**	**54**	**76**	**150**

The transition between steps includes change in write-down from the start to the end of the period.

	STEP 1	STEP 2	STEP 3	GROUP 31.12.21
Loss provisions for gross lending and off-balance sheet items	With expected loss over 12 months	With expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.21	**13**	**61**	**222**	**296**
New or increased loans/credits/guarantees	7	31	19	57
Transition from step 1 to step 2	-1	11		10
Transition from step 1 to step 3	0		3	2
Transition from step 2 to step 3		-3	12	9
				0
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	1	-9		-8
Reduced portfolio (divestment/ascertainment/etc.)	-2	-19	-116	-137
				0
Other changes during the period	-3	-9	23	12
Loss provision as of 31.12.21	**15**	**64**	**163**	**241**

The transition between steps includes change in write-down from the start to the end of the period.

	STEP 1	STEP 2	STEP 3	PARENT BANK 31.12.22
Loss provisions for gross lending and off-balance sheet items	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.22	**15**	**62**	**173**	**250**
New or increased loans/credits/guarantees	8	16	6	31
Transition from step 1 to step 2	-1	12	0	11
Transition from step 1 to step 3	-1	0	7	6
Transition from step 2 to step 3	0	-1	10	9
Transition from step 3 to step 2	0	1	-1	0
Transition from step 3 to step 1	0	0	-1	-1
Transition from step 2 to step 1	4	-26	0	-22
Reduced portfolio (divestment/ascertainment/etc.)	-3	-19	-114	-135
Other changes during the period	-1	7	-5	1
Loss provision as of 31.12.22	**20**	**53**	**76**	**149**

The transition between steps includes change in write-down from the start to the end of the period.

	STEP 1	STEP 2	STEP 3	PARENT BANK 31.12.21
Loss provisions for gross lending and off-balance sheet items	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.21	**13**	**59**	**236**	**308**
New or increased loans/credits/guarantees	7	31	20	57
Transition from step 1 to step 2	-1	10		9
Transition from step 1 to step 3	0		-2	-2
Transition from step 2 to step 3		-3	12	9
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	1	-8		-7
Reduced portfolio (divestment/ascertainment/etc.)	-2	-18	-117	-137
				0
Other changes during the period	-3	-9	23	12
Loss provision as of 31.12.21	**15**	**62**	**173**	**249**

The transition between steps includes change in write-down from the start to the end of the period.

LOSS PROVISION AND GROSS LENDING, CORPORATE MARKET

	STEP 1	STEP 2	STEP 3	GROUP 31.12.22
Gross lending (excl. fixed rate loans)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.22	**6,484**	**2,674**	**289**	**9,446**
New loans/credits/guarantees	2,354	309	62	2,725
Transition from step 1 to step 2	-653	621		-32
Transition from step 1 to step 3	-44		45	0
Transition from step 2 to step 3		-33	27	-6
Transition from step 3 to step 2		8	-14	-5
Transition from step 3 to step 1	5		-6	-1
Transition from step 2 to step 1	1,069	-1,086		-17
Reduced portfolio (divestment/ascertainment/etc.)	-1,407	-662	-138	-2,207
Other changes during the period	-230	-53	-11	-294
Gross lending (excl. fixed rate loans) as of 31.12.22	**7,578**	**1,777**	**253**	**9,608**
Balance brought forward Unused credit and financial guarantees	1,051	260	54	1,365
Balance carried forward Unused credit and financial guarantees	1,498	171	10	1,679

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STEP 1	STEP 2	STEP 3	GROUP 31.12.21
Gross lending (excl. fixed rate loans)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.21	**5,731**	**2,721**	**434**	**8,886**
New loans/credits/guarantees	2,462	1,114	38	3,614
Transition from step 1 to step 2	-437	467		30
Transition from step 1 to step 3	-52		49	-2
Transition from step 2 to step 3		-33	27	-6
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	615	-631		-16
Reduced portfolio (divestment/ascertainment/etc.)	-1,545	-846	-172	-2,563
Other changes during the period	-289	-119	-87	-495
Gross lending (excl. fixed rate loans) as of 31.12.21	**6,484**	**2,674**	**289**	**9,446**
Balance brought forward Unused credit and financial guarantees	1,155	248	36	1,439
Balance carried forward Unused credit and financial guarantees	1,051	260	54	1,365

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

				PARENT BANK
	STEP 1	STEP 2	STEP 3	31.12.22
Gross lending (excl. fixed rate loans)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.22	**6,421**	**2,645**	**323**	**9,389**
New loans/credits/guarantees	2,464	309	62	2,835
Transition from step 1 to step 2	-646	614		-32
Transition from step 1 to step 3	-43		44	0
Transition from step 2 to step 3		-33	27	-6
Transition from step 3 to step 2		8	-14	-5
Transition from step 3 to step 1	5		-6	-1
Transition from step 2 to step 1	1,065	-1,082		-17
Reduced portfolio (divestment/ascertainment/etc.)	-1,398	-659	-142	-2,199
Other changes during the period	-218	-53	-41	-313
Gross lending (excl. fixed rate loans) as of 31.12.22	**7,649**	**1,749**	**252**	**9,650**
Balance brought forward Unused credit and financial guarantees	1,044	260	54	1,358
Balance carried forward Unused credit and financial guarantees	1,490	171	10	1,671

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

				PARENT BANK
	STEP 1	STEP 2	STEP 3	31.12.21
Gross lending (excl. fixed rate loans)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.21	**5,661**	**2,699**	**468**	**8,827**
New loans/credits/guarantees	2,454	1,113	38	3,605
Transition from step 1 to step 2	-431	462		31
Transition from step 1 to step 3	-52		49	-2
Transition from step 2 to step 3		-33	27	-6
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	605	-621		-15
Reduced portfolio (divestment/ascertainment/etc.)	-1,538	-847	-172	-2,557
Other changes during the period	-279	-127	-87	-493
Gross lending (excl. fixed rate loans) as of 31.12.21	**6,421**	**2,645**	**323**	**9,389**
Balance brought forward Unused credit and financial guarantees	1,150	248	36	1,434
Balance carried forward Unused credit and financial guarantees	1,044	260	54	1,358

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STEP 1	STEP 2	STEP 3	GROUP 31.12.22
Loss provisions for gross lending and off-balance sheet items	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.22	**12**	**56**	**151**	**218**
New or increased loans/credits/guarantees	7	15	5	27
Transition from step 1 to step 2	-1	9		8
Transition from step 1 to step 3	-1		7	5
Transition from step 2 to step 3		-1	9	8
				0
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	4	-24		-20
Reduced portfolio (divestment/ascertainment/etc.)	-2	-16	-107	-125
Other changes during the period	-3	6	3	5
Loss provisions as of 31.12.22	**15**	**45**	**66**	**127**

The transition between steps includes change in write-down from the start to the end of the period.

	STEP 1	STEP 2	STEP 3	GROUP 31.12.21
Loss provisions for gross lending and off-balance sheet items	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.21	**12**	**53**	**208**	**273**
New or increased loans/credits/guarantees	5	28	19	52
Transition from step 1 to step 2	-1	9		8
Transition from step 1 to step 3	0		2	2
Transition from step 2 to step 3		-3	11	8
				0
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	1	-7		-6
Reduced portfolio (divestment/ascertainment/etc.)	-2	-16	-110	-128
Other changes during the period	-3	-8	20	10
Loss provisions as of 31.12.21	**12**	**56**	**151**	**218**

The transition between steps includes change in write-down from the start to the end of the period.

				PARENT BANK
	STEP 1	STEP 2	STEP 3	31.12.22
Loss provisions for gross lending and off-balance sheet items	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.22	**12**	**56**	**160**	**227**
New or increased loans/credits/guarantees	7	15	5	27
Transition from step 1 to step 2	-1	9		8
Transition from step 1 to step 3	-1		7	5
Transition from step 2 to step 3		-1	9	8
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	4	-24		-20
Reduced portfolio (divestment/ascertainment/etc.)	-2	-16	-87	-105
				0
Other changes during the period	-3	6	-25	-23
Loss provisions as of 31.12.22	**15**	**45**	**67**	**127**

The transition between steps includes change in write-down from the start to the end of the period.

				PARENT BANK
	STEP 1	STEP 2	STEP 3	31.12.21
Loss provisions for gross lending and off-balance sheet items	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.21	**12**	**53**	**222**	**287**
New or increased loans/credits/guarantees	5	28	19	52
Transition from step 1 to step 2	-1	9		8
Transition from step 1 to step 3	0		-2	-3
Transition from step 2 to step 3		-3	11	8
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	1	-7		-6
Reduced portfolio (divestment/ascertainment/etc.)	-2	-16	-110	-128
				0
Other changes during the period	-3	-8	19	9
Loss provisions as of 31.12.21	**12**	**56**	**160**	**227**

The transition between steps includes change in write-down from the start to the end of the period.

LOSS PROVISION AND GROSS LENDING, RETAIL MARKET

	STEP 1	STEP 2	STEP 3	GROUP 31.12.22
Gross lending (excl. fixed rate loans)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.22	**18,180**	**3,024**	**106**	**21,310**
New loans/credits/guarantees	6,150	185	6	6,341
Transition from step 1 to step 2	-624	600		-23
Transition from step 1 to step 3	-16		17	1
Transition from step 2 to step 3		-15	18	3
Transition from step 3 to step 2		11	-11	0
Transition from step 3 to step 1	8		-11	-2
Transition from step 2 to step 1	1,247	-1,303		-56
Reduced portfolio (divestment/ascertainment/etc.)	-6,044	-796	-58	-6,897
Other changes during the period	-593	-12	-1	-605
Gross lending (excl. fixed rate loans) as of 31.12.22	**18,309**	**1,695**	**66**	**20,070**
Balance brought forward Unused credit and financial guarantees	1,333	29	0	1,363
Balance carried forward Unused credit and financial guarantees	1,456	14	0	1,470

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STEP 1	STEP 2	STEP 3	GROUP 31.12.22
Gross lending (excl. fixed rate loans)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.21	**14,182**	**2,985**	**105**	**17,271**
New loans/credits/guarantees	8,615	948	11	9,573
Transition from step 1 to step 2	-905	869		-36
Transition from step 1 to step 3	-11		11	0
Transition from step 2 to step 3		-45	44	-1
Transition from step 3 to step 2		4	-4	0
Transition from step 3 to step 1	9		-10	0
Transition from step 2 to step 1	735	-760		-25
Reduced portfolio (divestment/ascertainment/etc.)	-3,774	-944	-50	-4,768
Other changes during the period	-670	-33	-1	-704
Gross lending (excl. fixed rate loans) as of 31.12.21	**18,180**	**3,024**	**106**	**21,310**
Balance brought forward Unused credit and financial guarantees	1,116	32	0	1,149
Balance carried forward Unused credit and financial guarantees - amount per step	1,333	29	0	1,363

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STEP 1	STEP 2	STEP 3	PARENT BANK 31.12.22
Gross lending (excl. fixed rate loans)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.22	**12,255**	**2,034**	**106**	**14,395**
New loans/credits/guarantees	5,728	185	6	5,919
Transition from step 1 to step 2	-473	454		-19
Transition from step 1 to step 3	-16		17	1
Transition from step 2 to step 3		-15	18	3
Transition from step 3 to step 2		10	-10	0
Transition from step 3 to step 1	8		-11	-2
Transition from step 2 to step 1	1,020	-1,067		-47
Reduced portfolio (divestment/ascertainment/etc.)	-4,366	-649	-57	-5,073
				0
Other changes during the period	-162	-9	-1	-172
Gross lending (excl. fixed rate loans) as of 31.12.22	**13,993**	**944**	**67**	**15,004**
Balance brought forward Unused credit and financial guarantees	978	22	0	1,000
Balance carried forward Unused credit and financial guarantees - amount per step	1,094	13	0	1,107

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STEP 1	STEP 2	STEP 3	PARENT BANK 31.12.21
Gross lending (excl. fixed rate loans)	With expected loss over 12 months	With expected loss over the lifetime of the instrument	With expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.21	**8,140**	**1,910**	**105**	**10,154**
New loans/credits/guarantees	7,893	848	21	8,762
Transition from step 1 to step 2	-476	453		-23
Transition from step 1 to step 3	-11		11	0
Transition from step 2 to step 3		-34	33	-1
Transition from step 3 to step 2		4	-4	0
Transition from step 3 to step 1	7		-8	0
Transition from step 2 to step 1	422	-437		-15
Reduced portfolio (divestment/ascertainment/etc.)	-3,324	-706	-52	-4,082
				0
Other changes during the period	-397	-3	-1	-401
Gross lending (excl. fixed rate loans) as of 31.12.21	**12,255**	**2,034**	**106**	**14,395**
Balance brought forward Unused credit and financial guarantees	759	30	0	790
Balance carried forward Unused credit and financial guarantees - amount per step	978	22	0	1,000

The transition between steps includes change in lending from the start to the end of the period.

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STEP 1	STEP 2	STEP 3	GROUP 31.12.22
Loss provisions for gross lending and off-balance sheet items	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.22	**4**	**7**	**13**	**24**
New or increased loans/credits/guarantees	1	1	1	3
Transition from step 1 to step 2	0	4		4
Transition from step 1 to step 3	0		1	1
Transition from step 2 to step 3		0	1	1
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	0	-3		-3
Reduced portfolio (divestment/ascertainment/etc.)	-1	-3	-7	-11
				0
Other changes during the period	1	2	1	4
Loss provisions as of 31.12.22	**5**	**8**	**10**	**23**

The transition between steps includes change in write-down from the start to the end of the period.

	STEP 1	STEP 2	STEP 3	GROUP 31.12.21
Loss provisions for gross lending and off-balance sheet items	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.21	**2**	**7**	**15**	**23**
New or increased loans/credits/guarantees	2	3	0	6
Transition from step 1 to step 2	0	2		2
Transition from step 1 to step 3	0		1	1
Transition from step 2 to step 3		0	2	1
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	0	-2		-2
Reduced portfolio (divestment/ascertainment/etc.)	0	-3	-7	-10
				0
Other changes during the period	0	0	3	3
Loss provisions as of 31.12.21	**4**	**7**	**13**	**24**

The transition between steps includes change in write-down from the start to the end of the period.

	STEP 1	STEP 2	STEP 3	PARENT BANK 31.12.22
Unused credit and financial guarantees, amount per step	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.22	**4**	**5**	**12**	**22**
New or increased loans/credits/guarantees	1	1	1	3
Transition from step 1 to step 2	0	3		3
Transition from step 1 to step 3	0		1	1
Transition from step 2 to step 3		0	1	1
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	0	-3		-2
Reduced portfolio (divestment/ascertainment/etc.)	-1	-2	-7	-11
				0
Other changes during the period	2	1	1	5
Loss provisions as of 31.12.22	**7**	**6**	**9**	**22**

The transition between steps includes change in write-down from the start to the end of the period.

	STEP 1	STEP 2	STEP 3	PARENT BANK 31.12.21
Unused credit and financial guarantees, amount per step	Expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provision as of 01.01.21	**2**	**5**	**15**	**21**
New or increased loans/credits/guarantees	2	3	1	6
Transition from step 1 to step 2	0	1		1
Transition from step 1 to step 3	0		1	1
Transition from step 2 to step 3		0	1	1
Transition from step 3 to step 2		0	0	0
Transition from step 3 to step 1	0		0	0
Transition from step 2 to step 1	0	-1		-1
Reduced portfolio (divestment/ascertainment/etc.)	0	-2	-7	-9
				0
Other changes during the period	0	0	2	2
Loss provisions as of 31.12.21	**4**	**5**	**12**	**22**

The transition between steps includes change in write-down from the start to the end of the period.

LOANS TO CUSTOMERS BROKEN DOWN BY INTERNAL RATING

PARENT BANK 31.12.22					GROUP 31.12.22			
Step 1	**Step 2**	**Step 3**	**Total**	**Lending broken down by risk class and step**	**Step 1**	**Step 2**	**Step 3**	**Total**
18,122	267		18,389	Low risk	22,325	296		22,621
3,225	1,837		5,062	Medium risk	3,265	2,545		5,809
295	589	320	1,203	High risk	298	630	320	1,248
21,641	**2,693**	**320**	**24,654**	**Gross lending (excluding fixed interest lending)**	**25,888**	**3,471**	**320**	**29,678**

The risk groups are based on the Bank's PD model. Risk classes J and K constitute a commitment where there is objective evidence of loss, and comprises commitments in step 3.

Low risk = risk classes A - D

Medium risk = risk classes E - G

High risk = risk classes H - K

PARENT BANK 31.12.21					GROUP 31.12.21			
Step 1	**Step 2**	**Step 3**	**Total**	**Lending broken down by risk class and step**	**Step 1**	**Step 2**	**Step 3**	**Total**
10,331	160		10,491	Low risk	15,447	160		15,607
4,537	3,097		7,634	Medium risk	5,397	4,016		9,413
3,807	1,423	429	5,659	High risk	3,820	1,521	395	5,736
18,675	**4,680**	**429**	**23,784**	**Gross lending (excluding fixed interest lending)**	**24,664**	**5,697**	**395**	**30,756**

NOTE 2.1.2 CENTRAL BANKS AND CREDIT INSTITUTIONS

For the balance sheet items 'Receivables from central banks' and 'Loans to and receivables from credit institutions', the Bank has applied the exception for low credit risk. The Bank's 'Cash and receivables from central banks' is exclusively linked to Norges Bank. Norges Bank is rated Aaa by Moody's and AAA/A-1 + from S&P and thus meets the standard presumption concerning low credit risk. The Bank's 'Loans to and receivables from credit institutions' is exclusively linked to banks with a credit rating which meet the standard's presumption concerning low credit risk. The Bank has concluded that this, combined with LGD and low exposure, leads to insignificant loss provisions. Consequently, the Bank has not made any loss provisions linked to this balance sheet item.

PARENT BANK			GROUP	
31.12.21	**31.12.22**		**31.12.22**	**31.12.21**
1,233	1,662	External rating S&P. AA-/A-1+	947	203
406	258	External rating S&P. A+/A-1+	258	406
245	231	External rating S&P. A/A-1	231	245
2	6	Unrated	6	2
1,886	2,158	Total	1,442	856

CERTIFICATES AND BONDS: CLASSIFICATION OF ISSUERS BY SECTOR

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
966	850	State	1,000	1,065
1,991	1,822	Municipality	1,822	1,991
2,180	2,135	Credit enterprises	2,135	2,100
43	34	Bank	34	43
11	33	Other	32	11
5,191	**4,874**	**Total**	**5,023**	**5,210**

CERTIFICATES AND BONDS: CLASSIFICATION OF ISSUERS BY RATING

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
3,894	3,446	AAA	3,596	3,994
1,243	1,383	AA-/AA/AA+	1,382	1,162
15	15	A+/A	15	15
34	26	BBB-/BBB/BBB+	26	34
5	4	BB-/BB/BB+	4	5
5,191	**4,874**	**Total**	**5,023**	**5,210**

NOTE 2.1.3 DEFAULTED AND DOUBTFUL COMMITMENTS

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
162	130	Defaulted commitments over 90 days	130	162
262	190	Other doubtful commitments not in default	190	233
-173	-76	Write-downs, step 3	-76	-164
257	244	Total net defaulted and doubtful commitments	244	232

Other doubtful are loans and guarantees that are not in default. Commitments where payment relief has been registered are not recognised under other doubtful commitments, unless they are considered to be doubtful. Doubtful loans and guarantees are defined under Alternative Performance Measures (APM).

At the year-end, the Bank had non-recoverable losses of NOK 160 million (NOK 44 million) where the claim is still valid against the debtor. Non-recoverable losses for monitoring primarily concern customers in the retail market where the Bank has identified a loss, even though the loan has not been surrendered/deleted. The amount has not been recognised in the balance sheet and is not expected to be redeemed.

NOTE 2.2 LIQUIDITY RISK

GROUP AND PARENT BANK

The Board has established a liquidity management strategy, which specifies the purpose, management objectives and risk tolerance for liquidity risk management. The main objective of this strategy is to ensure that the Group has adequate liquidity management which helps to ensure that the Group is able to meet its payment obligations.

The liquidity strategy is reviewed annually by the Board. Particular emphasis has been placed on liquidity risk and new regulatory requirements for liquidity management within banks, which are gradually being implemented in the liquidity management process.

Liquidity risk is reduced by spreading borrowing over various markets, lenders, instruments and maturities.

In the management of the Group's liquidity risk, target requirements are used for liquidity indicator1, long-term funding ratio, deposit-to-loan ratio and requirements concerning liquidity buffer capital (LCR).

The Board has also stipulated that the proportion of long-term borrowing as a percentage of total borrowing must amount to at least 70%. As of 31 December 2022, the proportion of long-term funding was 78.1% (80.9%), which is well above the target requirement.

To limit the Group's liquidity risk, the Bank has liquidity reserves in the form of cash, deposits in Norges Bank and other banks, liquid equity instruments, investments in money market funds, interest-bearing securities and unused drawing rights. Minimum requirements for liquidity buffer levels are stipulated in the Bank's liquidity strategy. In recent years, the Group has gradually increased both the quality and level of its liquidity buffers. The Group's combined liquidity buffer capital is considered to be satisfactory. The majority of the Group's liquidity reserves in the form of interest-bearing securities are invested in covered bonds and treasury and municipal bonds. The total duration of the fixed income portfolio is 1.7 years (1.6 years). The Group's total liquidity reserves (cash, bank deposits and interest-bearing securities) amounted to NOK 7.2 billion (NOK 6.7 billion), or 18.7% (17.1%) of the Group's total assets.

The deposit-to-loan ratio is a key parameter for the monitoring of liquidity risk, i.e. the proportion of gross lending to customers that is covered through deposits from customers. The Board has stipulated a minimum requirement of 60% for the deposit-to-loan ratio and this requirement was met throughout 2022.

The transfer to the mortgage enterprises represents an important source of funding, and provision of mortgages approved for transfer to mortgage enterprises is afforded a high level of attention. At the end of 2022, the Group's covered bonds amounted to NOK 4.3 billion (NOK 6.0 billion).

SpareBank 1 Helgeland is rated by Moody's. The Bank's rating is A3 with a "stable outlook". Bonds issued by Helgeland Boligkreditt AS are rated at Aaa by Moody's.

NOTE 2.2.1 LIQUIDITY RISK, REMAINING MATURITY

GROUP

31.12.22

	From 0-3 mths.	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	0	324	0	324
Deposits from customers and liabilities	25,170	215	0	0	25,385
Loans established through the issuing of securities	253	1,541	5,775	323	7,892
Subordinated loans/bonds	0	0	0	1,069	1,069
Financial derivatives, gross settlement (outflows)1)	18	54	116	23	211
Total outgoing payments	**25,441**	**1,810**	**6,215**	**1,415**	**34,881**
Loans to and receivables from credit institutions	1,454	0	0	0	1,454
Loans to and receivables from customers	3,605	265	1,492	32,358	37,720
Certificates and bonds	195	701	4,072	35	5,003
Total incoming payments	5,254	966	5,564	32,393	44,177
1) Financial derivatives, gross settlement (inflows)	13	27	67	13	120

Loan awards as of 31 December were insignificant relative to the loan portfolio and have therefore not been incorporated.

GROUP

31.12.21

	From 0-3 mths.	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	0	312	0	312
Deposits from customers and liabilities	23,586	80	0	0	23,666
Loans established through the issuing of securities	250	1,786	8,113	323	10,472
Subordinated loans/bonds	0	0	0	964	964
Financial derivatives, gross settlement (outflows)1)	9	27	72	8	116
Total outgoing payments	**23,845**	**1,893**	**8,497**	**1,295**	**35,530**
Loans to and receivables from credit institutions	858	0	0	0	858
Loans to and receivables from customers	3,409	177	1,825	30,801	36,212
Certificates and bonds	670	978	3,401	151	5,200
Total incoming payments	**4,937**	**1,155**	**5,226**	**30,952**	**42,270**
1) Financial derivatives, gross settlement (inflows)	13	38	100	13	164

Loan awards as of 31 December were insignificant relative to the loan portfolio and have therefore not been incorporated.

PARENT BANK

31.12.22

	From 0-3 mths.	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	0	324	0	324
Deposits from customers and liabilities	25,578	215	0	0	25,793
Loans established through the issuing of securities	131	504	2,666	0	3,301
Subordinated loan	0	0	0	1,069	1,069
Financial derivatives, gross settlement (outflows)1)	15	45	69	0	129
Total outgoing payments	**25,724**	**764**	**3,059**	**1,069**	**30,616**
Loans to and receivables from credit institutions	1,454				1,454
Loans to and receivables from customers	3,011	261	1,369	26,921	31,562
Certificates and bonds	95	651	4,072	35	4,853
Total incoming payments	**4,560**	**912**	**5,441**	**26,956**	**37,869**
1) Financial derivatives, gross settlement (inflows)	13	20	41	0	74

PARENT BANK

31.12.21

	From 0-3 mths.	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	0	312	0	312
Deposits from customers and liabilities	24,167	80	0	0	24,247
Loans established through the issuing of securities	250	511	3,641	0	4,402
Subordinated loan	0	0	0	964	964
Financial derivatives, gross settlement (outflows)1)	8	24	57	0	89
Total outgoing payments	24,425	615	4,010	964	30,014
Loans to and receivables from credit institutions	858	0	0	0	858
Loans to and receivables from customers	2,683	172	1,671	23,931	28,457
Certificates and bonds	620	927	3,482	151	5,180
Total incoming payments	**4,161**	**1,099**	**5,153**	**24,082**	**34,495**
1) Financial derivatives, gross settlement (inflows)	13	31	73		117

UNUSED DRAWING FACILITIES

PARENT BANK			GROUP	
31.12.21	**31.12.22**		**31.12.22**	**31.12.21**
		Assets:		
2,039	2,508	Unused drawing rights, customers	2,878	2,409
319	270	Guarantees	270	319
470	784	Unused drawing rights, Helgeland Boligkreditt AS		
2,828	**3,562**	**Total unused drawing**	**3,148**	**2,728**
		Liabilities:		
300	300	Short-term drawing facility, 1 year	300	300
300	**300**	**Total liabilities**	**300**	**300**
52	53	Surplus liquidity in Norges Bank	53	52
352	**353**	**Total liabilities, including surplus liquidity**	**353**	**352**

Guarantee liabilities are presented in Note 40.

Matches and mismatches between maturity and interest rate on assets and liabilities are very important for risk management. It is unusual for banks to have a perfect match, because business transactions are often uncertain and cover many different types. An unmatched position could potentially generate a profit, but may also increase the risk of loss. The maturity of assets and liabilities, and the ability to replace them at an acceptable cost, is an important factor in determining the Group's liquidity and its exposure to interest rate changes.

The liquidity required in order to meet claims for settlement linked to guarantees and letters of credit is considerably less than the liability itself because the Group generally does not expect third parties to withdraw liquidity under the guarantee. The total outstanding contractual commitments to increase credits do not necessarily represent future claims for liquid assets, became many of these commitments will lapse or expire without being funded.

NOTE 2.3 MARKET RISK

GROUP AND PARENT BANK

The Board has adopted a market risk strategy that sets out limits and overall targets for the Group's market risk tolerance, as well as limits regarding interest rate, credit spread and share price risk. This strategy is reviewed annually. The Group has no active trading portfolios.

Interest rate risk
Interest rate risk is steered towards the desired level through interest binding on interest-bearing securities and borrowing, and through the use of interest rate swap agreements (interest rate swaps) in order to reduce interest rate risk linked to fixed interest rate exposures.

The Board has established a framework for the Group's overall interest rate risk, which is considered to be low.

The Bank has a relatively conservative strategy as regards investments in interest-bearing securities, with the primary aim of securing satisfactory liquidity reserves for the Bank.

Share risk
The Bank's shareholdings are mainly strategically motivated through investments in subsidiaries, associated companies and product companies.

The market risk linked to these share investments is considered to be moderate.

Sensitivity analysis for market risk
Interest-bearing securities - credit spread risk is the risk linked to the securities in the interest rate portfolio, the portfolio's duration and the issuers' creditworthiness. The Group's credit spread risk is calculated as the credit risk at the time of spreading with 100 basis points.

Shares – limits have been established for the Group's collective share risk calculated based on exposure, risk spreading and market liquidity. Risk exposure calculations are based on a general fall in the share value of 30%. In addition, there is mark-up for risk spreading and market liquidity.

The Bank expresses the market risk as risk-adjusted capital. Calculated market risk lies within fixed limits, and an overall framework for market risk is included as a capital requirement in the Group's ICAAP.
The overarching interest rate risk is maintained at the desired level by an overall evaluation of balance sheet items and the use of interest rate swaps.

The Board of Directors has established a framework of NOK 30 million for total interest rate risk. At the year-end, a change in interest rate 2 percentage points would result in a decrease in earnings of +/- NOK 0.4 million. Exposure was within the framework throughout 2022.

Credit spread risk
The Bank assumes credit spread risk, primarily through the management of interest-bearing assets in the Bank's liquidity portfolio. The portfolio mainly consists of assets issued by Norwegian banks, mortgage companies, municipalities, governments and non-financial institutions. The credit spread risk lies within the Board's agreed limits.

Currency risk
The Group only has minor financial positions and cash flows in foreign currencies in the balance sheet. These items are not considered to be significant. SpareBank 1 Helgeland is not a foreign exchange bank. Foreign currency loans are managed by an external foreign exchange bank. Sparebank 1 Helgeland has provided the necessary guarantees in favour of the foreign exchange bank.

The table in Note 2.3.1 summarises the Group's foreign exchange risk through guarantee liabilities relating to foreign currency loans managed by the foreign exchange bank concerned as of 31.12.2022.

NOTE 2.3.1 GUARANTEE LIABILITIES FOR FOREIGN CURRENCY LOANS

PARENT BANK			GROUP	
31.12.22				31.12.22
Loan amount in currency	Guarantee liabilities in NOK		Loan amount in currency	Guarantee liabilities in NOK
0.2	2	Swiss franc	0.2	2
19	2	Japanese yen	19	2
20	20	Swedish krona	20	20
	24	**Total guarantee liabilities in foreign exchange loans**		**24**

The Bank has a small portfolio of guaranteed foreign exchange loans; the equivalent value of which amounted to NOK 24 million as of 31 December 2022.
The portfolio is distributed over a range of customers where there is collateral in property and/or deposits. The credit risk in this portfolio is considered to be low.

PARENT BANK			GROUP	
31.12.21				31.12.21
Loan amount in currency	Guarantee liabilities in NOK		Loan amount in currency	Guarantee liabilities in NOK
2	16	Swiss franc	2	16
20	20	Swedish krona	20	20
	36	**Total guarantee liabilities in foreign exchange loans**		**36**

NOTE 2.3.2 INTEREST RATE RISK, REMAINING TIME TO INTEREST RATE ADJUSTMENT

GROUP

	Up to 1 mth.	From 1-3 months	From 3 mths. to 1 year	From 1 year to 5 years	Over 5 years	Without interest rate change	31.12.22 Total
Assets							
Cash and receivables, central banks	71	0	0	0	0	0	71
Loans to and receivables on credit, without agreed maturity	1,442	0	0	0	0	0	1,442
Net loans to and receivables from customers	0	29,535	0	1,297	0	0	30,832
Bonds and certificates	983	3,739	301	0	0	0	5,023
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,256	1,256
Total assets	**2,496**	**33,274**	**301**	**1,297**	**0**	**1,256**	**38,625**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	13	0	0	0	0	0	13
Liabilities to credit institutions with agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities without agreed maturity	0	23,446	0	0	0	0	23,446
Deposits from customers and liabilities with agreed maturity	0	878	804	0	0	0	1,682
Loans established through the issuing of securities	924	5,749	1,254	0	0	0	7,927
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	321	321
Total liabilities	**937**	**30,373**	**2,058**	**0**	**0**	**321**	**33,689**
Net interest sensitivity gap	1,559	2,901	-1,757	1,297	0	935	4,936

CASH FLOW AND FAIR VALUE OF INTEREST RATE RISK

Cash flow interest rate risk is defined as the risk of future cash flows linked to individual financial asset and liabilities items fluctuating due to changes in market interest rates. The fair value of the interest rate risk is defined as the risk of the value of a financial asset or liabilities item fluctuating due to changes in market interest rates. In the case of both cash flow and the fair value of the interest rate risk, Bank is exposed to the effects of fluctuations in market interest rate levels. Unexpected changes in market interest rates can trigger increases in interest margins, but they can also be reduced or result in losses.

GROUP

31.12.21

	Up to 1 mth.	From 1-3 months	From 3 mths. to 1 year	From 1 year to 5 years	Over 5 years	Without interest rate change	Total
Assets							
Cash and receivables, central banks	73	0	0	0	0	0	73
Loans to and receivables on credit, without agreed maturity	857	0	0	0	0	0	857
Net loans to and receivables from customers	0	30,528	0	1,666	0	0	32,194
Bonds and certificates	1,248	3,581	382	0	0	0	5,211
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,098	1,098
Total assets	**2,178**	**34,109**	**382**	**1,666**	**0**	**1,099**	**39,433**
Liabilities and equity							
Liabilities to credit institutions with agreed maturity	3	0	0	0	0	0	3
Deposits from customers and liabilities without agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities with agreed maturity	0	21,797	0	0	0	0	21,797
Loans established through the issuing of securities	0	0	1,755	0	0	0	1,755
Other liabilities, not interest-bearing (inc. swaps)	1,803	7,115	1,804	0	0	0	10,722
Total liabilities	0	0	0	0	0	230	230
Net interest sensitivity gap	**1,806**	**29,212**	**3,559**	**0**	**0**	**230**	**34,807**
	372	4,897	-3,177	1,666	0	868	4,626

PARENT BANK

31.12.22

	Up to 1 mth.	From 1-3 months	From 3 mths. to 1 year	From 1 year to 5 years	Over 5 years	Without interest rate change	Total
Assets							
Cash and receivables, central banks	71	0	0	0	0	0	71
Loans to and receivables on credit, without agreed maturity	2,158	0	0	0	0	0	2,158
Net loans to and receivables from customers	0	24,512	0	1,297	0	0	25,809
Bonds and certificates	983	3,606	301	0	0	0	4,890
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,673	1,673
Total assets	**3,212**	**28,118**	**301**	**1,297**	**0**	**1,673**	**34,601**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	8		0	0	0	0	8
Liabilities to credit institutions with agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities without agreed maturity	0	23,852	0	0	0	0	23,852
Deposits from customers and liabilities with agreed maturity	0	878	804	0	0	0	1,682
Loans established through the issuing of securities	924	1,692	954	0	0	0	3,570
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	293	293
Total liabilities	**932**	**26,722**	**1,758**	**0**	**0**	**293**	**29,705**
Net interest sensitivity gap	2,280	1,396	-1,457	1,297	0	1,381	4,896

PARENT BANK

	Up to 1 mth.	From 1-3 months	From 3 mths. to 1 year	From 1 year to 5 years	Over 5 years	Without interest rate change	31.12.21 Total
Assets							
Cash and receivables, central banks	73	0	0	0	0	0	73
Loans to and receivables on credit, without agreed maturity	1,886	0	0	0	0	0	1,886
Net loans to and receivables from customers	0	23,546	0	1,666	0	0	25,212
Bonds and certificates	1,259	3,600	332	0	0	0	5,191
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,591	1,591
Total assets	**3,218**	**27,146**	**332**	**1,666**	**0**	**1,591**	**33,975**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	3	0	0	0	0	0	3
Liabilities to credit institutions with agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities without agreed maturity	0	22,389	0	0	0	0	22,389
Deposits from customers and liabilities with agreed maturity	0	917	838	0	0	0	1,755
Loans established through the issuing of securities	1,330	1,905	1,504	0	0	0	4,739
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	218	218
Total liabilities	**1,332**	**25,511**	**2,342**	**0**	**0**	**218**	**29,403**
Net interest sensitivity gap	1,886	1,635	-2,010	1,666	0	1,373	4,550

NOTE 3. SENSITIVITY ANALYSIS REGARDING CHANGES IN MARKET PRICES

GROUP

	Effect on profit	31.12.22 Effect Equity
Interest +/- 2% points	-0.4	0.00%
Total	-0.4	0.00%

The Group's total interest rate risk consists of all investments in interest-bearing financial instruments and interest rate risk linked to the Bank's portfolio. Exposure of the Group's interest rate risk as of 31 December 2022 was NOK -0.4 million (NOK 5.4 million). The target requirement is for the Group's overall interest rate risk concerning interest-bearing instruments to not exceed NOK 30 million. Limit for interest rate risk: interest rate exposure (parallel shift in the interest rate curve of 2%). The effect on equity and profit is after tax.

GROUP

	Effect on profit	31.12.21 Effect Equity
Interest +/- 2% points	3.5	0.02%
Total	3.5	0.02%

NOTE 4. SEGMENT INFORMATION

PARENT BANK 31.12.22 RM	CM	Unallo-cated	Total		GROUP 31.12.22 RM	CM	Unallo-cated	Total
324	339	80	743	Net interest income	394	341	48	783
19	13	133	165	Net commision income	19	13	133	165
0	0	69	69	Total other income and net income from financial investments	0	0	7	7
98	55	220	373	Operating costs	101	55	225	381
1	11	0	12	Losses on loans	1	11	0	11
244	**286**	**62**	**592**	**Net income before tax**	**311**	**289**	**-37**	**563**
16,250	9,701	0	25,951	Loans to customers	21,316	9,659	0	30,975
-21	-120	0	-141	Write-downs	-22	-120	0	-142
0	0	8,791	8,791	Other assets	0	0	7,791	7,791
16,229	9,581	8,791	34,601	Total assets per segment	21,294	9,539	7,791	38,625
14,492	11,042	0	25,534	Deposits from and liabilities to cus-tomers	14,495	10,637	0	25,132
0	8	0	8	Write-downs	0	8	0	8
0	0	9,059	9,059	Other liabilities and equity	0	0	13,484	13,484
14,492	**11,050**	**9,059**	**34,601**	**Total liabilities and equity per segment**	**14,495**	**10,645**	**13,484**	**38,625**

PARENT BANK 31.12.21 RM	CM	Unallo-cated	Total		GROUP 31.12.21 RM	CM	Unallo-cated	Total
230	290	3	523	Net interest income	343	292	-31	604
16	17	74	107	Net commission income	16	17	74	107
0	0	78	78	Total other income and net income from financial investments	0	0	1	1
95	53	237	385	Operating costs	106	54	224	384
12	48	0	60	Losses on loans	12	52	0	64
139	**207**	**-83**	**263**	**Net income before tax**	**241**	**203**	**-180**	**264**
15,990	9,462	0	25,452	Loans to customers	22,905	9,519	0	32,424
-22	-217	0	-239	Write-downs	-22	-208	0	-230
0	0	8,740	8,740	Other assets	0	0	7,239	7,239
15,968	9,245	8,740	33,953	Total assets per segment	22,883	9,311	7,239	39,433
14,187	9.57	0	24,144	Deposits from and liabilities to cus-tomers	14,187	9,365	0	23,552
0	11	0	11	Write-downs	0	11	0	11
0	0	9,798	9,798	Other liabilities and equity	0	0	15,870	15,870
14,187	**9,968**	**9,798**	**33,953**	**Total liabilities and equity per seg-ment**	**14,187**	**9,376**	**15,870**	**39,433**

The Group has defined its geographical area as a single segment - Helgeland. The Group's exposure to credit risk is mainly concentrated on this area. Helgeland is the home region of the Parent bank, which is also the Group's operating company. The Group has also divided the banking operations into two segments: the Retail Market and the Corporate Market. Income and expenses not directly allocated to these segments are presented as unallocated.

NOTE 5. NET INTEREST AND CREDIT COMMISSION INCOME

PARENT BANK 2021	PARENT BANK 2022		GROUP 2022	GROUP 2021
		Interest from financial instruments at amortised cost		
14	38	Interest on receivables from credit institutions	12	2
334	508	Interest on loans to customers	522	610
348	**546**	**Total interest from financial instruments at amortised cost**	**534**	**612**
		Interest from financial instruments at fair value via the income statement		
40	38	Interest on loans to customers (fixed-rate loans)	38	40
52	115	Interest on certificates and bonds	115	53
92	**153**	**Total interest from financial instruments recognised at fair value via the income statement**	**153**	**93**
		Interest from financial instruments recognised at fair value via other comprehensive income		
262	426	Interest on loans to customers (loans that can be transferred to the mortgage company)	587	135
262	**426**	**Total interest from financial instruments at fair value via other comprehensive income**	**587**	**0**
702	**1,125**	**Total interest income and other similar income**	**1,274**	**840**
		Interest expenses:		
103	259	Deposits from customers at amortised cost	258	103
0	0	Deposits from customers at fair value	0	0
5	7	Interest on deposits and loans from credit institutions	7	5
10	61	Debt securities at amortised cost	163	63
41	41	Debt securities at fair value	48	44
159	**368**	**Total interest expenses**	**476**	**217**
18	14	Deposit guarantee/emergency fund	15	18

NOTE 5.1 INTEREST ON CERTAIN BALANCE SHEET ITEMS (AVERAGE INTEREST RATE AS A PERCENTAGE)

PARENT BANK 31.12.21	PARENT BANK 31.12.22	Average interest rate	GROUP 31.12.22	GROUP 31.12.21
		Assets		
0.7%	2.1%	Loans to and receivables from credit institutions	1.3%	0.2%
2.9%	3.8%	Loans to customers	3.6%	2.8%
0.9%	2.2%	Certificates and bonds	2.1%	0.9%
		Liabilities		
1.1%	2.5%	Liabilities to credit institutions	2.5%	1.1%
0.5%	1.0%	Deposits from customers	1.1%	0.5%
1.2%	2.3%	Debt securities	2.2%	1.0%

NOTE 5.2 AVERAGE VOLUME OF CERTAIN BALANCE SHEET ITEMS

PARENT BANK			GROUP	
31.12.21	31.12.22	Average volume	31.12.22	31.12.21
		Assets		
1,956	1,796	Loans to and receivables from credit institutions	916	1,126
21,611	25,696	Loans to customers	31,755	28,618
5,620	5,305	Certificates and bonds	5,406	5,765
		Liabilities		
455	305	Liabilities to credit institutions	305	455
21,234	24,774	Deposits from customers	24,263	20,821
3,600	3,801	Debt securities	9,008	9,735

NOTE 6. COMMISSION INCOME AND INCOME FROM BANKING SERVICES

PARENT BANK			GROUP	
2021	2022		2022	2021
6	5	Guarantee provisions *	5	6
8	26	Commission linked to lending transferred to credit enterprises	26	8
70	95	Fee income, payment mediation	95	70
34	53	Fee income insurance (non-life, life, savings and pension)	53	34
118	**179**	**Total commission income and income from banking services**	**179**	**118**

*) Guarantee commission made available to customers upon completion of construction contracts.

NOTE 7. COMMISSION EXPENSES AND COSTS ATTRIBUTABLE TO BANKING SERVICES

PARENT BANK			GROUP	
2021	2022		2022	2021
11	15	Payment mediation services	15	11
11	**15**	**Total commission costs and costs attributable to banking services**	**15**	**11**
107	**164**	**Net commission income**	**164**	**107**

NOTE 8. NET INCOME FROM FINANCIAL ASSETS AND LIABILITIES

PARENT BANK			GROUP	
2021	2022		2022	2021
-9	-8	Unrealised fall in value of interest-bearing securities	-8	-9
-10	-21	Realised gain/loss on interest-bearing securities	-21	-12
10	-5	Net gain/loss on shares	-5	10
72	91	Share dividends	36	2
11	5	Share of earnings from joint controlled enterprises	5	11
-29	-37	Unrealised change in value, fixed interest loans at fair value	-37	-29
24	32	Unrealised change in value of deposits and derivatives	32	22
69	**57**	**Total net income from financial instruments**	**1**	**-3**

NOTE 9. OTHER OPERATING INCOME

PARENT BANK			GROUP	
2021	**2022**		**2022**	**2021**
0	0	Operating income, real property	7	4
9	13	Operating income (including management fees, mortgage company)	0	0
0	0	Gains on sale of real property and movables	0	0
9	**13**	**Total other operating income**	**7**	**4**

NOTE 10. OPERATING COSTS

PARENT BANK			GROUP	
2021	**2022**		**2022**	**2021**
157	171	Salaries and National Insurance costs (Note 11)	172	157
68	82	IT costs	82	68
21	18	Marketing	18	21
18	24	Depreciation	29	24
13	16	Write-downs	8	11
5	5	Operating expenses, real property	5	5
40	47	Purchased services	47	40
63	10	Other operating expenses (Note 14)	20	58
385	**373**	**Total ordinary operating costs**	**381**	**384**

NOTE 11. WAGES AND SOCIAL COSTS

PARENT BANK			GROUP	
2021	**2022**		**2022**	**2021**
116	122	Salaries and fees	123	116
24	28	Employer's National Insurance contributions	28	24
13	15	Pension costs, defined benefit plans (Note 12)	15	13
4	6	Other personnel costs	6	4
157	**171**	**Total salaries and National Insurance costs**	**172**	**157**
165	156	Number of employees, full-time equivalents as of 31 December	156	165
154	161	Average number of employees, full-time equivalents	161	154

NOTE 12. PENSION LIABILITIES AND PENSION COSTS

Sparebank 1 Helgeland is required to have an occupational pension scheme and the Bank fulfils the applicable requirements set out in the relevant legislation. None of the subsidiaries have pension schemes or employees. The pension schemes include:

DEFINED BENEFIT SCHEME INVESTED IN A LIFE INSURANCE COMPANY

All of the Bank's employees (who according to pension legislation could be transferred from defined benefit pension plan) were transferred to a defined contribution pension with effect from 1 March 2016. Those who remain in the defined benefit plan are members who, under the current rules cannot be transferred.

The scheme covers 0 (0) employees, as well as 14 (14) people who are receiving an ongoing pension from the scheme. The pension scheme entitles employees to future pension disbursements of 66% of their salary upon retirement, subject to a maximum of 12 National Insurance basic amounts (G).

DEFINED CONTRIBUTION SCHEME
With effect from 1 March 2016, all employees (who could be transferred) were transferred to a defined contribution scheme. Contributions to the scheme amount to 7% for salaries between 0-7.1G and 25.1% for salaries between 7.1G and 12G. The pension scheme also includes a disability pension.

The defined contribution scheme now includes 171 (146) active and 10 (10) disabled persons.

CONTRACTUAL PENSION
The Bank and the finance industry in general have entered into an agreement concerning a contractual pension (AFP). (No one who is still a member of the old scheme has been capitalised.

SENIOR EXECUTIVE SCHEME
See the remuneration report on the Company's website.

NOTE 12.1 LIABILITIES AND EXPENSES CONCERNING PENSION SCHEMES

PARENT BANK			GROUP	
31.12.22			31.12.22	
Expense	**Liability**		**Liability**	**Expense**
0	17	Defined benefit scheme	17	0
13	0	Defined contribution scheme	0	13
2	0	Contractual pension	0	2
15	**17**	**Total liabilities and expenses concerning pension schemes**	**17**	**15**

PARENT BANK			GROUP	
31.12.21			31.12.21	
Expense	**Liability**		**Liability**	**Expense**
0	23	Defined benefit scheme	23	0
14	0	Defined contribution scheme	0	14
2	0	Contractual pension	0	2
16	**23**	**Total liabilities and expenses concerning pension schemes**	**23**	**16**

NOTE 12.2 RISKS ASSOCIATED WITH CHANGES IN ECONOMIC ASSUMPTIONS

The company is exposed to the following risks through the defined benefit pension schemes:

INVESTMENT VOLATILITY
Pension obligations are calculated using a discount interest rate determined on the basis of bond interest rates. If investment of the pension schemes' assets produces a lower return than the bond rate, a deficit is created.

CHANGE IN THE BOND INTEREST RATE
A reduction in bond interest rates will increase the obligations in the pension schemes. This will be partly offset by an increase in the return on bond investments.

LIFE EXPECTANCY
The payment liability applies for the remaining life of the scheme's members. An increase in life expectancy will lead to an increase in the liability relating to the scheme. This is particularly important in the case of the Norwegian scheme, where inflation adjustments result in greater sensitivity to changes in life expectancy.

NOTE 12.3 ECONOMIC ASSUMPTIONS

PARENT BANK			GROUP	
2021	**2022**	**Assumptions**	**2022**	**2021**
1.50%	3.20%	Discount interest rate	3.20%	1.50%
1.50%	3.20%	Return on pension funds	3.20%	1.50%
2.50%	3.75%	Long-term pay growth	3.75%	2.50%
2.25%	3.50%	Adjustment of ongoing pensions	3.50%	2.25%
2.25%	3.50%	Adjustment of the National Insurance basic amount	3.50%	2.25%
19.10%	19.10%	Employer's National Insurance contributions (inc. tax) - rate	19.10%	19.10%
0.00%	0.00%	Employees wishing to utilise contractual pension (AFP)	0.00%	0.00%
0.00%	0.00%	Annual percent retirement for working	0.00%	0.00%
62 years	63 years	Average age	63 years	62 years

Economic assumptions used for calculating pension costs and liabilities for defined benefit scheme

In accordance with IAS 19, the discount interest rate for pension obligations will be set to the interest rate on corporate bonds with high creditworthiness, or to the government bond interest rate if there is no deep market for corporate bonds with high creditworthiness. The Norwegian market for covered bonds is considered to be such that it can be used as a basis in the calculation of the discount interest rate.

NOTE 12.4 PENSION OBLIGATION, DEFINED BENEFIT SCHEME

PARENT BANK						GROUP				
31.12 2018	31.12 2019	31.12 2020	31.12 2021	31.12 2022		31.12 2022	31.12 2021	31.12 2020	31.12 2019	31.12 2018
					Change in pension obligation:					
30	30	31	31	31	Obligation at start of year	31	31	31	30	30
0	0	0	0	0	Service cost	0	0	0	0	0
1	1	1	0	0	Interest expense on pension liabilities	0	0	1	1	1
0	0	0	0	0	New agreements, contractual pension	0	0	0	0	0
0	1	1	1	-3	Actuarial losses/gains	-3	1	1	1	0
-1	-1	-1	-1	-1	Pension disbursements	-1	-1	-1	-1	-1
31	**31**	**31**	**31**	**27**	**Defined benefit obligation at end of year**	**27**	**31**	**31**	**31**	**31**
					Change in plan assets:					
11	11	11	11	11	Plan assets at start of year	11	11	11	11	11
0	0	0	0	0	Return on pension funds	0	0	0	0	0
0	-1	0	0	1	Actuarial losses/gains	1	0	0	-1	0
0	0	0	0	0	Administration expenses	0	0	0	0	0
0	0	0	0	0	Contributions	0	0	0	0	0
0	0	0	0	0	Pension disbursements	0	0	0	0	0
11	**11**	**11**	**11**	**12**	**Plan assets at end of year**	**12**	**11**	**11**	**11**	**11**
					Reconciliation - capitalised pension obligation					
31	**31**	**31**	**31**	**27**	**Obligation at end of period**	**27**	**31**	**31**	**31**	**31**
12	**11**	**11**	**11**	**12**	**Plan assets at end of year**	**12**	**11**	**11**	**11**	**12**
-19	**-21**	**-20**	**-20**	**-15**	**Net pension obligation**	**-15**	**-20**	**-20**	**-21**	**-19**
-3	-3	-4	-3	-2	Employer's contributions on net pension obligation	-2	-4	-4	-3	-3
-22	**-24**	**-24**	**-23**	**-17**	**Net pension obligation, including employer's contributions**	**-17**	**-23**	**-24**	**-24**	**-22**
0	0	0	0	0	Unrecognised effect of estimate variances	0	0	0	0	0
0	0	0	0	0	Estimate variances, employer's contributions	0	0	0	0	0
-22	**-24**	**-24**	**-23**	**-17**	**Balance sheet liabilities (incl. employer's contributions)**	**-17**	**-23**	**-24**	**-24**	**-22**

NOTE 12.5 ESTIMATE VARIANCES, DEFINED BENEFIT SCHEME

PARENT BANK			GROUP	
2021	2022		2022	2021
-1	3	+ Actuarial loss/(gain) on defined benefit obligation from economic assumptions	3	-1
-1	3	- Estimate variances incorporated into OCI	3	-1
0	**0**	**Estimate variance at end of year**	**0**	**0**

NOTE 13. NET PENSION EXPENSE, DEFINED BENEFIT SCHEME, DEFINED CONTRIBUTION SCHEME AND CONTRACTUAL PENSION

PARENT BANK			GROUP	
2021	2022		2022	2021
13	15	Pension accrual	15	13
3	3	+ Employer's contributions	3	3
16	**18**	**Net pension expense**	**18**	**16**

NOTE 14. OTHER OPERATING EXPENSES

PARENT BANK			GROUP	
2021	2022	Specification of other operating costs	2022	2021
1	2	Value transportation	2	1
1	3	Travel expenses	3	1
2	2	Fees, external auditor (Note 15)	3	2
59	3	Other operating expenses*)	13	54
63	**10**	**Total operating expenses**	**20**	**58**

*) Cost project Helgeland 1, NOK 0 million (NOK 54 million).

NOTE 15. AUDIT FEES AND COSTS FOR ASSISTANCE FROM EXTERNAL AUDITOR

PARENT BANK			GROUP	
2021	2022	Audit expenses	2022	2021
0.7	1.3	Statutory audit	1.6	1.1
0.9	0.9	Other services, attestation and assistance project	0.9	0.9
1.6	**2.2**	**Total audit**	**2.5**	**2.0**

PricewaterhouseCoopers AS is the Group's appointed auditor.

NOTE 16. WRITE-DOWNS ON COMMITMENTS

PARENT BANK			GROUP	
2021	2022	Write-downs	2022	2021
2	5	Change in write-downs in step 1 during the period	5	2
-2	-9	Change in write-downs in step 2 during the period	-9	-2
10	6	Change in write-downs in step 3 during the period	6	13
55	14	Non-recoverable losses during the period	14	55
-4	-5	Recoveries from non-recoverable losses during previous periods	-5	-4
60	**12**	**Recognised write-downs on commitments**	**11**	**64**

NOTE 17. TAX COST

PARENT BANK			GROUP	
2021	**2022**	**Tax for the year**	**2022**	**2021**
26	121	Tax payable	127	38
5	0	Over-/under-allocated in previous years	0	5
-6	0	Excess/shortfall in change in deferred tax from previous years	0	-6
-21	-9	Change in deferred tax (Note 29)	-9	21
47	**112**	**Tax cost for the year**	**118**	**59**
		Specification of accounting result before tax and taxable income for the year		
263	592	Accounting net income before tax	563	264
-103	-87	Permanent differences	-33	-55
0	0	Use of previous losses carried forward	0	0
-56	-23	Change in temporary differences (Note 29)	-23	-56
104	**482**	**Taxable income**	**507**	**153**
		Reconciliation tax		
263	592	Accounting net income before tax	563	264
66	148	Tax calculated using the enterprise's weighted average tax rate	141	66
		Tax effect of:		
-26	-38	Tax-free income	-25	-14
5	0	Changes from previous year	0	5
2	2	Non-deductible expenses	2	2
47	**112**	**Tax cost in the income statement**	**118**	**59**

NOTE 17.1 LEASES

PARENT BANK 31.12.21	31.12.22		GROUP 31.12.22	31.12.21
		Usufruct		
45	32	Carrying amount as of 1 January	18	16
20	0	Additions	0	20
-15	0	-Disposals	0	-15
-8	14	Other changes	1	1
42	46	Carrying amount at end of period	19	22
10	13	Depreciation during the period	8	5
32	**33**	**Carrying amount, usufruct at end of period**	**11**	**18**
46	48	Liability as of 01.01	33	17
20	0	New agreements during the period	0	20
-12	-16	Rent payments during the period - instalments	-11	-5
2	3	Interest	2	2
-8	14	Other changes	1	1
48	**49**	**Total lease obligations at end of period**	**26**	**33**
		Income statement		
10	13	Depreciation	8	5
2	3	Interest	2	2
12	**16**	**Total**	**10**	**7**

Usufruct and liability are capitalised under: 1) Other assets, 2) Other liabilities

IFRS 16 presupposes that there is no longer a distinction between operational and financial leasing, because both types of agreement transfer the right of use to a specific asset from the lessor to the lessee for a specific period. For lessors, the regulations of IAS 17 are largely continued. The standard became effective from 1 January 2019. The standard has the effect that leases (mainly office premises) are included in the balance sheet. The effects on the Group's profits for 2022 amount to an accounting depreciation of NOK 8 million and interest costs of NOK 2 million. The liability has also been reduced by NOK 7 million.

NOTE 17.2 MATURITY STRUCTURE OF LEASES, IFRS 16

PARENT BANK 2021	2022	Maturity structure	GROUP 2022	2021
13	11	Up to 1 year	5	10
9	11	1-2 years	5	6
9	11	2-3 years	5	6
8	10	3-4 years	4	5
6	3	4-5 years	3	4
2	2	More than 5 years	3	2
48	**49**	Total maturity structure	**26**	**33**

NOTE 18. EARNINGS PER EQUITY CERTIFICATE AND OWNERSHIP RATIO

PARENT BANK			GROUP	
2021	2022	Earnings per equity certificate	2022	2021
216	480	Profit from ordinary operations after tax	445	205
-12	-13	Interest, subordinated bonds	-13	-12
204	467	Profit (exc. interest on subordinated bonds)	432	193
77.3%	79.9%	Equity certificate holders' share as of 01.01	79.9%	77.3%
158	373	Equity certificate holders' share of earnings in NOK million	356	149
5.8	**13.8**	**Earnings per equity certificate, in NOK**	**12.8**	**5.5**
5.8	**13.8**	**Diluted earnings per equity certificate, in NOK**	**12.8**	**5.5**

Dividend basis	2022	2021
Net profit	480	216
Change in fund for valuation differences	-5	18
Interest hybrid capital	-13	-12
Dividend basis	**462**	**222**

Calculation of equity certificate ratio (parent bank)	2022	2021
Equity share capital	268	270
Cohesion fund	1,535	1,439
Share premium reserve	1,505	1,505
Fund for unrealised gains	22	17
Other equity	0	0
Total equity certificate holders' capital	**3,329**	**3,231**
Primary capital	801	777
Gift Fund	33	30
Fund for unrealised gains	5	4
Other equity	0	0
Total primary capital	**839**	**813**
Provision for Gift Foundation	52	21
Provision for dividends	277	86
Equity excluding hybrid capital	**4,498**	**4,151**
Equity certificate ratio	79.9%	79.9%
Time-weighted equity certificate ratio available	**79.9%**	**77.3%**

NOTE 19. CASH AND RECEIVABLES, CENTRAL BANKS

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
21	18	Cash reserve	18	21
52	53	Deposits at Norges Bank	53	52
73	**71**	**Total cash and receivables in central banks**	**71**	**73**

See Note 2.1.2

NOTE 20. LOANS TO AND RECEIVABLES FROM CREDIT INSTITUTIONS

PARENT BANK			GROUP	
31.12.21	**31.12.22**		**31.12.22**	**31.12.21**
856	1,442	Loans to and receivables in credit institutions*	1,442	857
1,030	716	Credit, Helgeland Boligkreditt AS**	0	0
1,886	**2,158**	**Total loans to and receivables in credit institutions**	**1,442**	**857**

*) Loans to and receivables in credit institutions are entirely subject to floating rates of interest. See also Note 2.1.2

**) Helgeland Boligkreditt AS is a wholly owned subsidiary of SpareBank 1 Helgeland

NOTE 21. LOANS TO AND RECEIVABLES FROM CUSTOMERS

PARENT BANK			GROUP	
31.12.21	**31.12.22**	**Loans by receivable type, nominal principal**	**31.12.22**	**31.12.21**
621	542	Overdraft and working capital facilities	542	621
1,620	1,858	Flexible loans	2,427	2,330
317	433	Building loans	433	317
6,846	7,842	Instalment loans	7,449	6,158
1,666	1,297	Fixed-interest loans to and receivables from customers	1,297	1,666
14,257	13,917	Mortgages at fair value	18,755	21,295
25,414	25,889	Loans to customers	30,903	32,387
-67	-65	Steps 1 and 2 (collective write-downs)	-65	-67
-171	-76	Step 3 (group and individual write-downs)	-76	-163
25,176	25,748	Loans to customers after write-downs	30,762	32,157
37	61	Accrued interest and amortisation	70	37
25,213	**25,809**	**Net loans to and receivables from customers**	**30,832**	**32,194**

INFORMATION ON COLLATERAL

The Bank uses collateral to reduce risk depending on the market and the type of transaction concerned. Collateral can, for example, take the form of physical security or collateral, guarantees, deposits or set-off agreements. Physical collateral will normally be secured and can consist of housing, buildings or inventories. The valuation of collateral is based on the going concern assumption. Account is taken of factors that could affect the value of the collateral, write-downs or easements. Hedged items in the private market mainly consist of property. The Bank uses fixed reduction rates ranging from 20 to 50% based on the types of collateral. A statement is presented below of collateral coverage distributed broken down according to loans within the Retail Market and Corporate Market, including accrued interest. Collateral coverage as a percentage indicates the adjusted collateral value expressed as a percentage of lending.

PARENT BANK						GROUP
31.12.22						31.12.21
CM	RM	Total loans	Collateral coverage in percent	Total loans	CM	RM
807	1,202	2,009	Under 40%	2,394	812	1,582
531	287	818	40% - 60%	837	535	302
1,625	584	2,209	60% - 80%	2,249	1,626	623
2,265	3,279	5,544	80% - 100%	5,678	2,266	3,412
2,306	5,843	8,149	100% - 120%	9,634	2,328	7,306
2,058	5,102	7,160	Over – 120%	10,111	2,121	7,990
9,592	16,297	25,889	Total loans	30,903	9,688	21,215

PARENT BANK						GROUP
31.12.22						31.12.20
CM	RM	Total loans	Collateral coverage in percent	Total loans	CM	RM
669	415	1,084	Under 40%	1,088	669	419
200	205	405	40% - 60%	415	200	215
814	526	1,340	60% - 80%	1,397	815	582
2,776	4,818	7,594	80% - 100%	8,711	2,814	5,897
2,949	9,983	12,932	100% - 120%	18,703	3,032	15,671
2,042	17	2,059	Over – 120%	2,073	2,042	31
9,450	15,964	25,414	Total loans	32,387	9,572	22,815

NOTE 21.1 GEOGRAPHICAL DISTRIBUTION OF GROSS LENDING

PARENT BANK				GROUP
31.12.22	% share		31.12.22	% share
22,215	87.3%	Helgeland	27,431	84.6%
3,196	12.6%	Rest of Norway	4,922	15.2%
41	0.2%	International	71	0.2%
25,452	**100%**	**Total gross lending**	**32,424**	**100%**

Geographical distribution of gross lending

PARENT BANK				GROUP
31.12.21	% share		31.12.21	% share
22,215	87.3%	Helgeland	27,431	84.6%
3,196	12.6%	Rest of Norway	4,922	15.2%
41	0.2%	International	71	0.2%
25,452	**100%**	**Total gross lending**	**32,424**	**100%**

NOTE 21.2 DISTRIBUTION OF GROSS LENDING BETWEEN RETAIL AND CORPORATE MARKETS

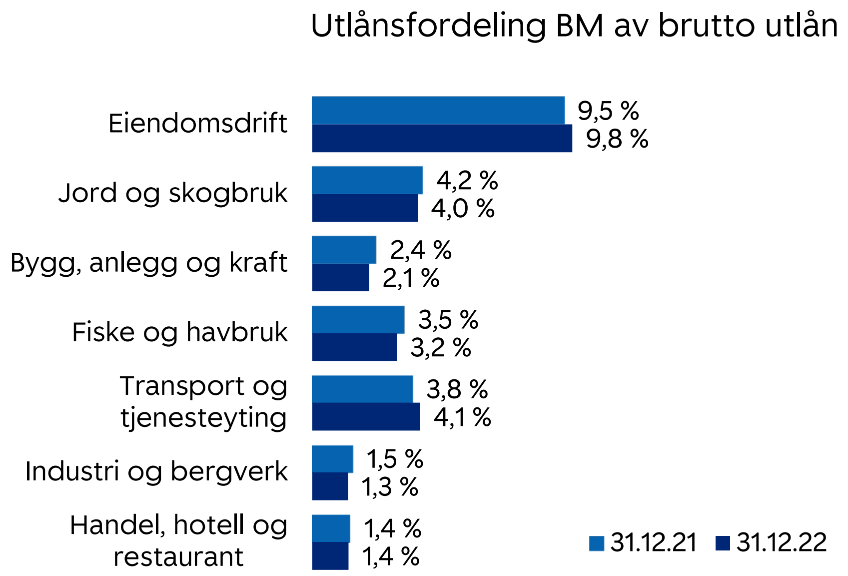
PARENT BANK			GROUP	
31.12.22				31.12.22
Retail market	Corporate market		Retail market	Corporate market
11	531	Overdraft and working capital facilities	11	541
1,808	50	Flexible loans	2,367	50
114	319	Building loans	114	319
14,317	8,800	Repayment loans and flexible loans	18,824	8,749
16,250	**9,700**	**Gross lending to customers**	**21,316**	**9,659**

PARENT BANK			GROUP	
31.12.21				31.12.21
Retail market	Corporate market		Retail market	Corporate market
13	603	Overdraft and working capital facilities	13	603
1,562	58	Flexible loans	2,260	70
111	206	Building loans	111	206
14,304	8,595	Repayment loans and flexible loans	20,521	8,642
15,990	**9,462**	**Gross lending to customers**	**22,905**	**9,521**

NOTE 21.3 LOANS, GUARANTEES AND LOSSES BY INDUSTRY

The level of losses in the retail banking market remains low and at a level corresponding to the average for the sector. Procedures for debt recovery and follow-up are effective. Based on empirical data, sector-related figures and local market conditions, the Bank has forecast an expected loss in the retail market portfolio of 0.07 - 0.1%.

There is a strong focus on the quality of the work relating to credit and on improving understanding good governance and control in this work. To manage and monitor risks in the corporate market portfolio, ongoing assessments are carried out concerning customer relationships, solvency, collateral in connection with borrowing and trends in defaults, along with reviews by the Bank's credit committee. To monitor risk development in the retail market portfolio, quarterly analyses are carried out of the quality of credit of new loans and the overall portfolio. The close monitoring of key corporate market customers, monitoring of developments in quality and risk in the portfolio have remained priority focus areas for the Bank. Write-downs on loans were expensed in 2022 in the amount of NOK 11 million, or 0.05% of gross lending. Normalised lending losses are expected going forward. Based on historical evidence, a thorough knowledge of the Group's commitment and local market conditions, credit losses expected over a five-year period are forecast to amount to 0.15-0.20% of gross lending within the corporate lending portfolio. When pricing commitments, a strong emphasis is placed on the ability of customers to service their debt. There will therefore normally be a correlation between the risk classification and the pricing of loans.



GROSS LENDING AS OF 31 DECEMBER 2022

Of the gross lending of NOK 31.0 billion (NOK 32.4 billion, NOK 9.7 (9.5) billion comprises lending to corporate customers. The graph above shows the distribution of these loans by sector. NOK 21.3 billion (NOK 22.9 billion) consists of loans to retail customers, mainly well-secured mortgages. NOK 1.5 billion (NOK 1.5 billion) comprises loans to agricultural customers (traditionally a low-risk segment). Of gross lending, 84.1% (84.5%) was loaned to customers in Helgeland. Of gross lending, 13.8% (21.7%) was transferred to Helgeland Boligkreditt AS. See Note 21.5

NOTE 21.4 COMMITMENTS AND LOSSES BY INDUSTRY

GROUP

31.12.22

Lending at amortised cost and fair value							
	Gross lending		**Loss provisions**			**Net lending**	
	Amortised cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value via the income state-ment	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	210	0	0	0	0	0	209
Agriculture and forestry	1,471	0	0	-3	-16	11	1,463
Fisheries and aquaculture	1,189	0	-2	-3	0	0	1,183
Mining and industry	501	0	-1	-1	-2	1	498
Construction, engineering and power	794	0	-1	-4	-6	5	788
Trade, hotel, restaurants	508	0	-1	-2	-1	4	508
Transport and services	1,511	0	-4	-3	-6	7	1,505
Property, property development	3,425	0	-7	-23	-33	24	3,387
Corporate market	9,608	0	-15	-39	-64	51	9,541
Retail market	1,315	18,755	-3	-9	-10	1,245	21,294
Total	**10,923**	**18,755**	**-18**	**-48**	**-74**	**1,297**	**30,835**
Expected losses, unused credit and guarantees, RM			0	0	0		
Expected losses, unused credit and guarantees, CM			-2	-6	-2		

Off balance sheet items, see note 2.1.1

GROUP

31.12.21

Lending at amortised cost and fair value

	Gross lending		**Loss provisions**		**Net lending**		
	Amortised cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	16	0	0	0	0	0	16
Agriculture and forestry	1,372	154	-1	-8	-18	15	1,513
Fisheries and aquaculture	1,261	24	-2	-3	-1	0	1,279
Mining and industry	560	11	0	-1	-23	2	549
Construction, engineering and power	817	64	-2	-6	-36	13	850
Trade, hotel, restaurants	486	40	-1	-2	0	5	529
Transport and services	1,173	211	-2	-8	-29	16	1,361
Property, property development	3,123	134	-3	-18	-32	22	3,227
Corporate market	8,807	639	-11	-46	-138	73	9,324
Retail market	654	20,656	-4	-7	-13	1,595	22,882
Total	**9,461**	**21,295**	**-15**	**-53**	**-150**	**1,668**	**32,205**
Expected losses, unused credit and guarantees, RM			0	0			
Expected losses, unused credit and guarantees, CM			-1	-9			

Off balance sheet items, see note 2.1.1

PARENT BANK

31.12.22

Lending at amortised cost and fair value (via other comprehensive income) FVOCI

	Gross lending		**Loss provisions**		**Net lending**		
	Amortised cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	210	0	0	0	0	0	210
Agriculture and forestry	1,451	0	0	-3	-16	11	1,442
Fisheries and aquaculture	1,182	0	-2	-3	0	0	1,177
Mining and industry	500	0	-1	-1	-2	1	496
Construction, engineering and power	780	0	-1	-4	-6	5	775
Trade, hotel, restaurants	504	0	-1	-2	-1	4	505
Transport and services	1.469	0	-4	-3	-5	7	1,464
Property, property development	3,553	0	-7	-24	-33	24	3,514
Corporate market	9,650	0	-15	-40	-63	51	9,583
Retail market	1,087	13,917	-2	-8	-10	1,245	16,229
Total	**10,737**	**13,917**	**-18**	**-48**	**-73**	**1,297**	**25,812**
Expected losses, unused credit and guarantees, RM			0	0	0		
Expected losses, unused credit and guarantees, CM			-2	-6	-2		

Off balance sheet items, see note 2.1.1

PARENT BANK

31.12.21

Lending at amortised cost and fair value (via other comprehensive income) FVOCI	Gross lending		Loss provisions		Net lending		
	Amortised cost	Fair value (FVOCI)	Step 1	Step 2	Step 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	16	0	0	0	0	0	16
Agriculture and forestry	1,372	132	-1	-8	-18	15	1,491
Fisheries and aquaculture	1,261	17	-2	-3	-1	0	1,272
Mining and industry	560	10	0	-1	-23	2	548
Construction, engineering and power	817	47	-2	-6	-36	13	833
Trade, hotel, restaurants	486	35	-1	-2	0	5	525
Transport and services	1,173	154	-2	-8	-29	16	1,303
Property, property development	3,189	121	-3	-19	-48	22	3,262
Corporate market	8,872	516	-11	-47	-153	73	9,250
Retail market	654	13,741	-4	-5	-12	1,595	15,969
Total	**9,526**	**14,257**	**-15**	**-53**	**-166**	**1,668**	**25,219**
Expected losses, unused credit and guarantees, RM			0	0			
Expected losses, unused credit and guarantees, CM			-1	-9			

Off balance sheet items, see note 2.1.1

NOTE 21.5 TRANSFERRED MORTGAGES TO CREDIT ENTERPRISES

The Bank transfers mortgages to Helgeland Boligkreditt AS (100%) and Sparebank 1 Boligkreditt (2.51%). Loans in wholly owned mortgage enterprises are recognised in their entirety in the Group. In total, NOK 11,533 million in loans secured in residential property had been transferred by the end of 2022, of which NOK 5,161 million is recognised in the consolidated balance sheet.

Loans which are transferred are fully secured mortgages within the mortgage value of 75%. The lending that has been divested was removed from the Parent bank's balance sheet and transferred to the mortgage companies. 31.9% (31.4%) of gross lending or 43.6% (42.3) of loans to retail customers have been transferred to mortgage companies.

PARENT BANK 31.12.22			GROUP 31.12.22	
Book value	**Fair value**		**Book value**	**Fair value**
1,366	1,366	Flexible loans	797	797
10,167	10,167	Instalment loans	5,575	557
11,533	**11,533**	**Total transferred mortgages to credit enterprises**	**6,372**	**1,354**

PARENT BANK 31.12.21 Book value	Fair value		GROUP 31.12.21 Book value	Fair value
1,440	1,440	Flexible loans	730	730
10,178	10,178	Instalment loans	3,851	3,851
11,618	**11,618**	**Total transferred mortgages to credit enterprises**	**4,581**	**4,581**

NOTE 21.6 REMAINING MATURITY HELGELAND BOLIGKREDITT AS

GROUP

31.12.22

	From 0-3 mths.	From 3 mths. to 1 year	From 1-5 years	Over 5 years	Total
Liabilities to credit institutions	0	716	0	0	716
Borrowings through the issuing of securities	122	990	3,110	323	4,545
Financial derivatives, gross settlement (outflows)1	3	9	47	23	82
Total outgoing payments	**125**	**999**	**3,873**	**346**	**5,343**
Loans to and receivables from credit institutions	0	381	0	0	381
Loans to and receivables from customers	594	4	123	5,436	6,157
Certificates and bonds	99	49			148
Total incoming payments	**693**	**434**	**123**	**5,436**	**6,686**
1) Financial derivatives, gross settlement (inflows)	0	7	27	7	40

31.12.21

	From 0-3 mths.	From 3 mths. to 1 year	From 1-5 years	Over 5 years	Total
Liabilities to credit institutions	0	0	1,029	0	1,029
Borrowings through the issuing of securities	0	1,275	4,553	323	6,151
Financial derivatives, gross settlement (outflows)	1	3	15	8	27
Total outgoing payments	**1**	**1,278**	**5,597**	**331**	**7,207**
Loans to and receivables from credit institutions	0	581	0	0	581
Loans to and receivables from customers	726	5	154	6,870	7,755
Certificates and bonds	50	50	0	0	100
Total incoming payments	**776**	**636**	**154**	**6,870**	**8,436**
Financial derivatives, gross settlement (inflows)	0	7	27	13	47

NOTE 22. FINANCIAL INSTRUMENTS

NOTE 22.1 FINANCIAL INSTRUMENTS DISTRIBUTED BY CATEGORY

GROUP

31.12.22

	Amortised cost	Loans at fair value Via OCI	Assets at fair value via the income statement	Derivatives used for hedging purposes	Total
Cash and receivables, central banks	71	0	0	0	71
Loans to and receivables from credit institutions	1,442	0	0	0	1,442
Loans to and receivables from customers	10,780	18,755	1,297	0	30,832
Certificates, bonds and shares	0	0	5,735	0	5,735
Financial derivatives	0	0	0	31	31
Total assets	**12,293**	**18,755**	**7,032**	**31**	**38,111**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging purposes	Total
Liabilities to credit institutions with agreed maturity	313	0	0	313
Deposits from and liabilities to customers	25,129	0	0	25,129
Liabilities established through the issuing of securities	5,742	0	0	5,742
Liabilities established through the issuing of securities, hedging	1,734	0	0	1,734
Subordinated loan capital	453	0	0	453
Financial derivatives	0	58	0	58
Total liabilities	**33,371**	**58**	**0**	**33,429**

GROUP

31.12.21

	Amortised cost	Loans at fair value Via OCI	Assets at fair value via the income statement	Derivatives used for hedging purposes	Total
Cash and receivables, central banks	73	0	0	0	73
Loans to and receivables from credit institutions	857	0	0	0	857
Loans to and receivables from customers	9,233	21,295	1,666	0	32,194
Certificates, bonds and shares	0	0	5,805	0	5,805
Financial derivatives	0	0	0	39	39
Total assets	**10,163**	**21,295**	**7,471**	**39**	**38,968**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging purposes	Total
Liabilities to credit institutions with agreed maturity	303	0	0	303
Deposits from and liabilities to customers	23,552	0	0	23,552
Liabilities established through the issuing of securities	7,955	0	0	7,955
Liabilities established through the issuing of securities, hedging	2,316	0	0	2,316
Subordinated loan capital	451	0	0	451
Financial derivatives	0	12	0	12
Total liabilities	**34,523**	**12**	**0**	**34,589**

PARENT BANK

	Amortised cost	Loans at fair value Via OCI	Assets at fair value via the income statement	Derivatives used for hedging purposes	31.12.22 Total
Cash and receivables, central banks	71	0	0	0	71
Loans to and receivables from credit institutions	2,158	0	0	0	2,158
Loans to and receivables from customers	10,595	13,917	1,297	0	25,809
Certificates, bonds and shares	0	0	0	5,587	5,587
Financial derivatives	0	0	0	31	31
Total assets	**12,824**	**13,917**	**1,297**	**5,618**	**33,656**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging purposes	Total
Liabilities to credit institutions with agreed maturity	308	0	0	308
Deposits from and liabilities to customers	25,534	0	0	25,534
Liabilities established through the issuing of securities	1,655	0	0	1,655
Liabilities established through the issuing of securities, hedging	1,462	0	0	1,462
Subordinated loan capital	453	0	0	453
Financial derivatives	0	29	0	29
Total liabilities	**29,410**	**29**	**0**	**29,441**

Changes in the fair value of loans classified as FVOCI which are recognised via OCI are insignificant (less than NOK 1 million).

PARENT BANK

31.12.21

	Amortised cost	Loans at fair value Via OCI	Assets at fair value via the income statement	Derivatives used for hedging purposes	Total
Cash and receivables, central banks	73	0	0	0	73
Loans to and receivables from credit institutions	1,886	0	0	0	1,886
Loans to and receivables from customers	9,203	14,344	1,666	0	25,213
Certificates, bonds and shares	0	0	0	5,786	5,786
Financial derivatives	0	0	0	39	39
Total assets	**11,162**	**14,344**	**1,666**	**5,825**	**32,997**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging purposes	Total
Liabilities to credit institutions with agreed maturity	302	0	0	302
Deposits from and liabilities to customers	24,144	0	0	24,144
Liabilities established through the issuing of securities	2,271	0	0	2,271
Liabilities established through the issuing of securities, hedging	2,017	0	0	2,017
Subordinated loan capital	451	0	0	451
Financial derivatives	0	9	0	9
Total liabilities	**29,185**	**9**	**0**	**29,194**

NOTE 22.2 DEBT SECURITIES HEDGING

Fixed-rate debt securities are normally secured by value hedging. When a hedge is established, the Bank documents the relationship between the hedging instruments and the hedged items. The Group also documents its assessment of whether the derivatives being used are sufficiently effective in counteracting changes in fair value linked to the hedged items. Such assessments are documented both upon establishment of the hedge and on an ongoing basis during the hedging period. The Bank hedges interest rate risk at individual level. Risks relating to changes in credit spread are not hedged. Changes in value linked to changes in the NIBOR rate are recognised and the book value of the hedged fixed-rate loans is adjusted on an ongoing basis. The book value of debt securities with a fixed interest rate, including accrued interest, amounts to NOK 1,756 million (NOK 2,218 million). The net recognised gain linked to the hedging instruments and hedged items linked to the hedged risk amounted to NOK -2 million in 2022 and NOK 2 million in 2021. See also Note 36.1

GROUP

Ineffective hedging via the income statement	**31.12.22**	**31.12.21**
Effectiveness linked to hedged items	79	-36
Effectiveness linked to the hedging instrument	-81	38
Net ineffectiveness via the income statement	**-2**	**2**

PARENT BANK | **GROUP**

31.12.22						31.12.22
Contract	**Fair value**		**At fair value via the income statement**	**Contract**	**Fair value**	
sum	**Assets**	**Liabilities**		**Total**	**Assets**	**Liabilities**
1,500	31	0	Interest rate swaps – fixed interest rate borrowing hedging	1,800	31	0
2,000	**31**	**0**	**Total financial derivatives, hedging**	**1,800**	**31**	**0**

31.12.21						31.12.21
Contract	**Fair value**		**At fair value via the income statement**	**Contract**	**Fair value**	
sum	**Assets**	**Liabilities**		**Total**	**Assets**	**Liabilities**
2,000	24	0	Interest rate swaps – fixed interest rate borrowing hedging	2,300	21	0
2,000	**24**	**0**	**Total financial derivatives, hedging**	**2,300**	**21**	**0**

GROUP

Ref.	Hedged item	Contract sum	Settlement date	Interest rate	Accounting line	Currency
1	Fixed rate, borrowing	500	2023	2.10	Liabilities established through the issuing of securities	NOK
2	Fixed rate, borrowing	500	2024	2.50	Liabilities established through the issuing of securities	NOK
3	Fixed rate, borrowing	500	2026	1.88	Liabilities established through the issuing of securities	NOK
4	Fixed rate, borrowing	300	2029	2.22	Liabilities established through the issuing of securities	NOK

Ref.	Hedging instrument	Contract sum	Settlement date	Interest rate	Accounting line	Currency
1	Interest rate swap, fixed	500	2023	2.10	Financial derivatives	NOK
1	Interest rate swap, variable	-500	2023	3.91	Financial derivatives	NOK
2	Interest rate swap, fixed	500	2024	2.50	Financial derivatives	NOK
2	Interest rate swap, variable	-500	2024	4.00	Financial derivatives	NOK
3	Interest rate swap, fixed	500	2026	1.88	Financial derivatives	NOK
3	Interest rate swap, variable	-500	2026	4.06	Financial derivatives	NOK
4	Interest rate swap, fixed	300	2029	2.22	Financial derivatives	NOK
4	Interest rate swap, variable	-300	2029	3.90	Financial derivatives	NOK

Reference 4 concerns debt established through the issuing of securities in the subsidiary Helgeland Boligkreditt.

No instalments are paid on the hedging instruments or assets. These fall due in full as of the settlement date.

NOTE 22.3 ASSESSMENT OF FAIR VALUE OF FINANCIAL INSTRUMENTS ACCORDING TO LEVEL

The table shows financial instruments at fair value according to the valuation method (IFRS13). The changes require the presentation of fair value measurements per level, with the following subdivisions into levels. The various 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, either directly (price) or indirectly (derived from prices), other than the listed price (used in level 1) for the asset or liability
- Level 3 - Valuation based on factors not obtained from observable markets (non-observable assumptions)

The fair value of financial instruments that are traded on an active market is based on the market price at the end of the reporting period. A market is considered to be active if the markets rates are readily and regularly available from a stock exchange, trader, broker, business group, pricing service or regulatory authority, and the prices represent actual and regularly occurring arm's length market transactions. The market price used for financial assets is the current bid price, while for financial liabilities the current offer price is used. These instruments are included in level 1.
The fair value of financial instruments that are not traded on an active market is determined by using valuation methods. These valuation methods maximise the use of observable data where such data is available, and are based as little as possible on the Group's own estimates. If all the significant data required to determine the fair value of an instrument comprise observable data, the instrument are included in level 2.

Unlisted shares and fixed-rate loans are classified under level 3. In the case of the valuation of shares where there is no active market, known sales values are based on the latest issue price. For securities without sales, the value is determined on the basis of available accounting information or similar. Fixed-rate lending is recognised at fair value (see also the description of valuation in Note 1).

Interest rate derivatives that are not part of the hedge accounting amount to NOK 1,599 million as of 31 December 2022, and NOK 1,749 million as of 31 December 2021. Net interest rate risk in the event of a parallel change in interest rate of 1% for fixed-rate lending amounts to NOK -23 million (NOK -32 million) as of 31 December 2022, while interest rate derivatives amount to NOK 19 million (NOK 31 million) as of 31 December 2022.

No transfers took place between levels 1 and 2 during 2022.

Assets and liabilities at fair value

PARENT BANK						**GROUP**
	31.12.22					**31.12.22**
Level 1	**Level 2**	**Level 3**		**Level 1**	**Level 2**	**Level 3**
			Assets			
			Financial assets at fair value via the income statement			
0	0	1,297	Loans to and receivables from customers at fair value	0	0	1,297
0	4,874	712	Certificates, bonds and shares at fair value	0	5,023	712
			Financial assets at fair value via other comprehensive income			
0	0	13,917	Mortgages	0	0	18,755
0	31	0	Financial derivatives, hedging	0	31	0
0	**4,905**	**15,926**	**Total assets**	**0**	**5,054**	**20,764**
			Liabilities			
			Financial liabilities at fair value via the income statement			
0	29	0	Financial derivatives	0	58	0
0	**29**	**0**	**Total liabilities**	**0**	**58**	**0**

Shares	Lending	Total	Change in the instruments classified under level 3	Shares	Lending	Total
595	15,923	16,518	Balance brought forward	595	22,961	23,556
-1	-1,252	-1,253	Instalments and loans redeemed	-1	-3,079	-3,080
114	501	615	New loans	114	133	247
4	42	46	Change in value	4	37	41
712	15,214	15,926	Financial instruments valued according to level 3	712	20,052	20,764

Assets and liabilities at fair value

PARENT BANK				GROUP		
	31.12.21					31.12.21
Level 1	**Level 2**	**Level 3**		**Level 1**	**Level 2**	**Level 3**
			Assets			
			Financial assets at fair value via the income statement			
0	0	1,666	Loans to and receivables from customers at fair value	0	0	1,666
0	5,191	595	Certificates, bonds and shares at fair value	0	5,210	595
			Financial assets at fair value via other comprehensive income			
0	0	14,257	Mortgages	0	0	21,295
0	39	0	Financial derivatives, hedging	0	39	0
0	**5,230**	**16,518**	**Total assets**	**0**	**5,249**	**23,556**
			Liabilities			
			Financial liabilities at fair value via the income statement			
0	9	0	Financial derivatives	0	12	0
0	**9**	**0**	**Total liabilities**	**0**	**12**	**0**

Shares	Lending	Total	Change in the instruments classified under level 3	Shares	Lending	Total
207	11,750	11,957	Balance brought forward	207	1,559	1,766
-168	-404	-572	Instalments and loans redeemed	-168	-404	572
562	4,641	5,203	New loans	562	21,870	22,432
-6	-64	-40	Change in value	-6	-64	-70
595	15,923	16,518	Financial instruments valued according to level 3	595	22,961	23,556

NOTE 22.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

PARENT BANK								GROUP
31.12.21		31.12.22			31.12.22		31.12.21	
Fair value	Balance sheet value	Fair value	Balance sheet value	Fair value of financial instruments	Fair value	Balance sheet value	Fair value	Balance sheet value
				Assets				
73	73	71	71	Cash and receivables, central banks	71	71	73	73
1,886	1,886	2,158	2,158	Loans to and receivables from credit institutions	1,442	1,442	857	857
15,923	15,923	15,214	15,214	Loans to customers at fair value 3)	20,052	20,052	22,961	22,961
9,529	9,529	10,595	10,595	Loans to customers at amortised cost 1)	10,780	10,780	9,233	9,233
39	39	31	31	Financial derivatives	31	31	39	39
5,786	5,786	5,587	5,587	Certificates, bonds and shares	5,735	5,735	5,805	5,805
33,236	**33,236**	**33,656**	**33,656**	**Total**	**38,111**	**38,111**	**38,968**	**38,968**
				Liabilities				
302	302	308	308	Liabilities to credit institutions at amortised cost	313	313	303	303
79	79	214	214	Deposits from and liabilities to customers at fair value	214	214	79	79
24,065	24,065	25,320	25,320	Deposits from and liabilities to customers at amortised cost	24,915	24,915	23,473	23,473
2,017	2,017	1,462	1,462	Debt securities, hedging 2)	1,734	1,762	2,316	2,317
2,257	2,271	1,613	1,655	Covered bonds, amortised cost (FRN) 2)	5,742	5,742	7,955	7,968
451	451	453	453	Subordinated loan	453	453	451	451
9	9	29	29	Financial derivatives	58	58	12	12
29,180	**29,194**	**29,399**	**29,441**	**Total**	**33,429**	**33,457**	**34,589**	**34,603**

1) The carrying amount for loans to customers at amortised cost approximates to fair value.
2) The fair value of debt securities and subordinated loans is calculated from a theoretical market value based on interest rate and spread curves.
3) Lending at fair value via the income statement and lending at fair value via other comprehensive income (OCI).

NOTE 23. FINANCIAL DERIVATIVES

GENERAL DESCRIPTION - CURRENCY AND INTEREST RATE AGREEMENTS

Interest rate swaps: agreement to swap interest rate conditions for an agreed amount over an agreed period. Interest swap agreements and currency swap agreements: agreements to swap currency and interest rate conditions over a pre-agreed period for an agreed amount. SpareBank 1 Helgeland enters into hedging transactions with reputable Norwegian and foreign banks in order to reduce the Bank's own risk. Derivative transactions are linked to ordinary banking operations and are executed to reduce the risk associated with the Group's debt securities in the financial markets and to mitigate risk relating to customer-focussed activity. Only debt securities linked to the Group's fixed-rate borrowing are defined as '"fair value hedging". The Group does not use cash flow hedging. The Board of Directors has established limits for maximum risk on the Group's interest rate positions. Procedures have been established to ensure that the adopted framework is followed.

The agreements entered into by the Bank are interest rate-related financial derivatives. These are interest rate swaps linked to fixed-rate debt securities and fixed-rate lending. The reason for using interest rate swap agreements is that a positive or negative change in the value of the underlying item will largely be offset by an opposing change in the value of the interest rate swap. The amounts are inclusive of accrued interest.

Financial derivatives

PARENT BANK 31.12.22				GROUP 31.12.22		
	Fair value		At fair value via the income statement		Fair value	
Contract sum	assets	liabilities		Contract sum	assets	liabilities
1,599	0	29	Interest rate swaps – fixed interest rate loans	1,599	0	58
30	0	0	Interest rate swaps, interest-bearing securities	30	0	0
1,629	**0**	**29**	**Total financial derivatives at fair value via the income statement**	**1,629**	**0**	**58**
1,500	31	0	Interest rate swaps – fixed-rate debt securities hedging	1,800	31	0
1,500	**31**	**0**	**Total financial derivatives, hedging**	**1,800**	**31**	**0**

Financial derivatives

PARENT BANK 31.12.21				GROUP 31.12.21		
	Fair value		At fair value via the income statement		Fair value	
Contract sum	assets	liabilities		Contract sum	assets	liabilities
1,749	0	9	Interest rate swaps – fixed interest rate loans	1,749	0	12
55	0	0	Interest rate swaps – bank deposits with share yield	55	0	0
1,804	**0**	**9**	**Total financial derivatives at fair value via the income statement**	**1,804**	**0**	**12**
2,000	39	0	Interest rate swaps – fixed-rate debt securities hedging	2,300	39	0
2,000	**39**	**0**	**Total financial derivatives, hedging**	**2,300**	**39**	**0**

NOTE 23.1 – NET PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES

Instruments of relevance to the management of interest rate risk will primarily be interest rate swaps (interest rate swap agreements). Transactions involving derivatives can be carried out with different counterparties. In order to differentiate the counterparty structure, selected major banks/brokerage houses which account for the majority of the turnover in interest-related products in the market are used. The Bank has the opportunity to offset balances. Amounts are not offset in the balance sheet because the transactions are not usually settled on a net basis.

GROUP

31.12.22

	Gross financial assets	Financial assets recognised net	Net financial assets in the balance sheet	Financial Instruments	Net present
Derivatives as assets	31	0	31	-31	0
Derivatives as liabilities	58	0	58	-31	27

GROUP

31.12.21

	Gross financial assets	Financial assets recognised net	Net financial assets in the balance sheet	Financial Instruments	Net present
Derivatives as assets	39	0	39	-12	27
Derivatives as liabilities	12	0	12	-12	0

NOTE 24. CERTIFICATES, BONDS AND SHARES

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
5,181	4,853	Certificates and bonds	5,002	5,200
10	21	Accrued interest on securities	21	10
595	712	Shares, unit trust certificates and equity certificates	712	595
5,786	5,587	Total certificates, bonds 1-2)	5,735	5,805

1) The figures represent the maximum credit exposure.
2) The Group's policy of prudence in the securities market will be continued, and changes in the value of financial investments are expected to reflect this. The fixed income portfolio amounts to 14.6% (14.4%) of bank assets.

NOTE 24.1 CERTIFICATES AND BONDS

The Bank's portfolio of certificates and bonds is valued at fair value. All changes in value are recognised via the income statement.

Insofar as there is an active market for the securities concerned, observable market prices are used to determine fair value.

PARENT BANK 31.12.22			GROUP 31.12.22	
Nominal value value	Fair value		Nominal value value	Fair value
1,419	1,420	Bonds issued by the public sector	1,419	1,420
100	98	Certificates	250	246
3,305	3,335	Other bearer bonds	3,305	3,335
0	21	Accrued interest on securities	0	21
4,824	4,874	Total certificates and bonds	4,974	5,022

PARENT BANK 31.12.21			GROUP 31.12.21	
Nominal value value	Fair value		Nominal value value	Fair value
1,570	1,573	Bonds issued by the public sector	1,570	1,573
200	200	Certificates	300	300
3,370	3,408	Other bearer bonds	3,290	3,328
0	10	Accrued interest on securities	0	10
5,140	5,191	Total certificates and bonds	5,160	5,211

SpareBank 1 Helgeland purchased bonds from Helgeland Boligkreditt AS with a nominal value of NOK 0 million (NOK 80 million). These have been used as collateral for swap agreements with Norges Bank.

The Bank has adopted a cautious strategy with regard to securities, with specified parameters including minimum requirements regarding ratings for both Norwegian and foreign securities. The framework and authorisations are revised annually and are approved by the Bank's Board. The Group's portfolio of certificates and bonds is classified as current assets in their entirety. The purpose of the certificate and bond portfolio is to ensure that the Group has liquidity reserves at its disposal. The Bank's liquidity holdings are not deemed to constitute a trading portfolio.

NOTE 25. SHARES, UNIT TRUST CERTIFICATES AND EQUITY CERTIFICATES AT FAIR VALUE

PARENT BANK AND GROUP

	31.12.22		31.12.21	
	Acquisition cost	Book value	Acquisition cost	Book value
Total shares, unit trust certificates and equity certificates	687	712	603	595

Unrealised changes in value in the portfolio are recognised via the income statement under net income from financial instruments.

Company	Org. no.	The Company's share capital	Number of shares	Cost price	Equity stake and Vote-entitling capital	Carrying amount
Sparebank 1 Boligkreditt AS	988.738.387	7,797	1,957,985	293	2.51%	293
Sparebank 1 Finans Nord-Norge AS	930.060.237	1,001	30,030	257	15.00%	257
Sparebank 1 Betaling AS	916.116.749	25	781,196	44	2.84%	57
Sparebank 1 Regnskapshuset NN AS	851.987.142	10	225	40	15.00%	40
Eiendomsmegler 1 Nord Norge AS	931.262.041	21	3,150	24	15.00%	26
Sparebank 1 Kreditt AS	975.966.453	401		15	1.07%	15
Total Other				13		25
Total Shares				**687**		**712**

NOTE 25.1 ADDITIONS/DISPOSALS OF SHARES, UNIT TRUST CERTIFICATES AND EQUITY CERTIFICATES

	PARENT BANK AND GROUP	
	31.12.22	31.12.21
Portfolio as of 01.01	595	207
Additions	114	566
Disposals	1	178
Adjustment to fair value	4	0
Portfolio as of 31.12	**712**	**595**

NOTE 26. INVESTMENTS IN SUBSIDIARIES

					PARENT BANK	
	Share capital	Number of shares	Equity stake	Registered office	Book value	Book value
Bankbygg Mo AS	0.1	99,481	99%	Mo i Rana	48	48
Helgeland Boligkreditt AS	540	540	100%	Mo i Rana	540	540
AS Sparebankbygg	0.1	100	100%	Sandnessjøen	1	1
Helgland Spb.eiend.selskap AS	0.1	100	100%	Mosjøen	0.4	0.4
Storgata 73 AS	0.1	140	56%	Brønnøysund	1	1
Carrying amount as of 31.12					**591**	**591**

Non-controlling interests in ANS Bankbygg (0.5%) and Storgt. 73 (47%) are shown as a separate line in the financial statements.

NOTE 26.1 SPECIFICATION OF CHANGES IN SUBSIDIARIES

	PARENT BANK	
	31.12.22	31.12.21
Carrying amount as of 01.01	590	590
Additions/disposals	0	1
Write-down	0	0
Carrying amount as of 31.12	**591**	**591**

NOTE 26.2 SHARES IN SUBSIDIARIES

							PARENT BANK 31.12.22
	Equity stake	Current assets	Fixed assets	Current liabilities	Non-current liabilities	Equity	Book value
Bankbygg Mo AS	99%	6	140	9	100	36	48
Helgeland Boligkreditt AS	100%	5,661	0	1,077	4,584	577	540
AS Sparebankbygg	100%	7	11	0	16	1	1
Helgland Spb.eiend. selskap AS	100%	6	20	1	15	9	0.4
Storgata 73 AS	56%	2	9	1	5	5	1

	Equity stake	Income	Costs	Profit
Bankbygg Mo AS	99%	0	10	-10
Helgeland Boligkreditt AS	100%	183	154	29
AS Sparebankbygg	100%	3	2	0
Helgland Spb.eiend.selskap AS	100%	5	3	1
Storgata 73 AS	56%	2	2	0

PARENT BANK

							31.12.21
	Equity stake	Current assets	Fixed assets	Current liabilities	Non-current liabilities	Equity	Book value
Bankbygg Mo AS	99%	5	46	5	0	46	47
Helgeland Boligkreditt AS	100%	7,713	0	1,260	5,849	604	540
AS Sparebankbygg	100%	7	12	0	17	1	1
Helgland Spb.eiend. selskap AS	100%	1	20	0	12	8	0.4
Storgata 73 AS	56%	3	9	5	1	5	1

	Equity stake	Income	Costs	Profit
Bankbygg Mo AS	99%	3	3	0
Helgeland Boligkreditt AS	100%	154	98	56
AS Sparebankbygg	100%	2	2	0
Helgland Spb.eiend.selskap AS	100%	3	3	0
Storgata 73 AS	56%	1	0	1

NOTE 27. ASSOCIATES AND JOINTLY CONTROLLED ENTERPRISES

Samarbeidende SpareBanker AS, SpareBank 1 SamSpar AS and Samarbeidene SpareBanker Utvikling DA

SpareBank 1 Helgeland's stake in SamSpar is strategic in nature. The investment is part of SpareBank 1 Helgeland's entry into the SpareBank 1 Alliance. At the year-end, SpareBank 1 Helgeland holds a 3% stake in Samarbeidene SpareBanker AS, SpareBank 1 SamSpar AS and Samarbeidende SpareBanker Utvikling DA.

The enterprises are defined as jointly controlled enterprises, and are thus recognised at cost price, with subsequent valuations in accordance with the equity method. Forecasts are used where no final accounting figures are available.

PARENT BANK AND GROUP

					31.12.22	31.12.21
Balance 100% stake	**Share capital**	**Cost price**	**Number of shares**	**Equity stake, %**	**Book value**	**Book value**
Samarbeidende Sparebanker AS	355	146	26,618	3.0%	139	143
SpareBank 1 SamSpar AS	16	6	26,618	3.0%	6	0
Samarbeidende Sparebanker utvikling DA	-	1	-	3.0%	1	1
Total investment in associates and jointly controlled enterprises					**146**	**144**

PARENT BANK AND GROUP

Balance 100% stake		Assets	Liabili-ties	Income	Costs	Profit
						31.12.22
Samarbeidende Sparebanker AS		2,297	0	178	1	177
SpareBank 1 SamSpar AS		102	75	46	47	-1
Samarbeidende Sparebanker utvikling DA		143	0	310	308	0
Total		**2,542**	**75**	**534**	**356**	**176**
Samarbeidende Sparebanker AS	3.0%	69	0	5	0	5
SpareBank 1 SamSpar AS	3.0%	3	2	1	1	0
Samarbeidende Sparebanker utvikling DA	3.0%	4	0	9	9	0
Total		**76**	**2**	**16**	**11**	**5**

PARENT BANK AND GROUP

Balance 100% stake		Assets	Liabili-ties	Income	Costs	Profit
						31.12.21
Samarbeidende Sparebanker AS		2,312	23	421	0	421
Samarbeidende Sparebanker utvikling DA		31	0	235	235	0
Total		**2,343**	**23**	**656**	**235**	**421**
Samarbeidende Sparebanker AS	3.0%	69	1	13	0	13
Samarbeidende Sparebanker utvikling DA	3.0%	1	0	7	7	0
Total		70	1	20	7	13

NOTE 27.1 SPECIFICATION OF CHANGES IN ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTERPRISES

PARENT BANK AND GROUP

Change in carrying amount, associates and jointly controlled enterprises	31.12.22	31.12.21
Carrying amount as of 01.01	144	0
Additions	6	147
Disposals	0	0
Change in equity	-6	-11
Share of earnings	5	13
Other changes	0	-2
Dividends	-4	-3
Carrying amount as of 31.12	**145**	**144**

NOTE 27.2 STRATEGIC INVESTMENTS, NOT TREATED AS ASSOCIATES

The Bank has strategic investments in SpareBank 1 Betaling (2.8% stake), the leasing company SpareBank 1 Finans Nord-Norge (15% stake) and Eiendomsmegler 1 Nord-Norge (15% stake), SpareBank 1 Regnskapshuset Nord-Norge (15% stake), SpareBank 1 Boligkreditt (2.51% stake) and SpareBank 1 Kreditt AS. These companies have not been consolidated in the Bank's financial statements or treated as an associate, and are recognised at cost with subsequent valuation at fair value. In addition, the Group has an indirect stake in SpareBank 1 Group of 0.59% through its holding in Samarbeidene SpareBanker AS.

NOTE 28. RELATED PARTIES

SpareBank 1 Helgeland defines its subsidiaries and associated companies as related parties. Transactions between the Parent bank, Group companies and associated companies are executed in accordance with ordinary commercial terms and principles. The information is disclosed in accordance with IAS 24 for “Disclosure of related parties”. Loans to elected representatives and employees are described in Note 28.2. For a more detailed description of remunerations, etc., see the remuneration report, which is published on the Company’s website.

NOTE 28.1 INTRA-GROUP ELIMINATIONS/TRANSACTIONS

	GROUP AND PARENT BANK	
	31.12.22	**31.12.21**
Income statement		
Interest from interest and credit commission income from subsidiaries	33	15
Dividends received/group contributions	56	68
Interest on subsidiaries’ deposits	2	1
Rent expenses	8	8
Management fees	7	8
Balance Sheet		
Loans to subsidiaries	852	1,095
Covered bonds	0	80
Deposits from subsidiaries	401	590
Receivables concerning dividends	29	56

HELGELAND BOLIGKREDITT AS (STAKE 100%)

Transferred loans as of 31 December 2022 amount to a total of NOK 5,161 million (NOK 7,037 million). Covered bonds in the mortgage company amount to NOK 4,359 million (NOK 6,304 million), of which NOK 0 million (NOK 80 million) has been acquired by SpareBank 1 Helgeland. Of the credit line of NOK 1.5 billion, NOK 716 million had been used as of 31 December 2022. The company also has an overdraft facility of NOK 1,500 million (with a maturity of more than one year) granted by SpareBank 1 Helgeland. The overdraft facility is intended to cover payment obligations in the collateral base over a rolling 12-month period, and is completely unused. The agreements have been established according to the arm's length principle. The effects of the facilities are eliminated in the consolidated accounts.

The effects of the facilities are eliminated in the consolidated accounts. HSB received dividends of NOK 55.5 million in 2022.

BANKBYGG MO AS (STAKE 99%)

Bankbygg Mo As is in the process of refurbishing the entire building, and the Bank will move back into the premises in the spring of 2023.

NOTE 28.2 LOANS TO ELECTED REPRESENTATIVES AND EMPLOYEES

PARENT BANK			GROUP	
31.12.21	**31.12.22**	**(amounts in NOK million)**	**31.12.22**	**31.12.21**
274	338	Employees	385	339
31	26	Board of Directors	40	37
24	35	Supervisory Board	46	32
329	**399**	**Total loans to elected representatives and employees**	**471**	**408**

The interest rate applied to loans to employees was lower than the rate applicable to customers for 2022.
This loan benefit amounts to NOK 3.8 million (NOK 3.6 million) calculated on the basis of the maximum loan amount.

NOTE 29. DEFERRED TAX ASSET

PARENT BANK			GROUP	
31.12.21	**31.12.22**	**Temporary differences:**	**31.12.22**	**31.12.21**
		Positive temporary differences		
21	3	Other temporary differences	3	21
21	**3**	**Total positive temporary differences**	**3**	**21**
5	1	Deferred tax	1	5
		Negative temporary differences		
18	41	Change in value, interest-bearing securities	41	18
6	0	Fixed assets	0	6
23	17	Pension liabilities	17	23
13	21	Other differences	21	13
60	**79**	**Total negative temporary differences**	**79**	**60**
0	0	Loss carried forward	0	4
60	**79**	**Total negative temporary differences**	**79**	**64**
15	20	Deferred tax asset	20	19
10	19	Net deferred tax asset	19	14

Dividends from the Parent bank to equity certificate holders have no influence on the Group's payable tax or deferred tax.

Deferred tax/tax asset is calculated on the basis of the temporary differences which exist at the end of the financial year between accounting and fiscal values using the debt method. Deferred tax is shown in the accounts on a net basis when the Group has a legal right to offset deferred tax asset against deferred tax in the balance sheet.

NOTE 30. FIXED ASSETS

PARENT BANK						GROUP
31.12.21						31.12.21
Total	**Machinery, equipment, fixtures and vehicles**	**Buildings and other real property**		**Buildings and other real property**	**Machinery, equipment, fixtures and vehicles**	**Total**
277	219	58	Acquisition cost as of 01.01	272	220	492
5	5	0	Additions	99	5	104
0	0	0	Disposals	45	0	45
282	**224**	**58**	**Acquisition cost as of 31.12**	**326**	**225**	**551**
232	178	53	Accumulated depreciation and write-downs as of 01.01	149	191	339
15	14	0	Depreciation for the year	11	14	26
0	0	0	Disposals, accumulated depreciation and write-downs	24	0	24
246	**193**	**54**	**Accumulated depreciation and write-downs as of 31.12**	**136**	**205**	**341**
36	**31**	**4**	**Book value as of 31.12**	**190**	**20**	**209**
	10-33%	3-4%	Percentage rates for ordinary depreciation	3-4%	10-33%	
	3-10 years	30 years	Useful life *)	30 years	3-10 years	

*) The useful life of each fixed asset is assumed.

PARENT BANK						GROUP
31.12.21						31.12.21
Total	**Machinery, equipment, fixtures and vehicles**	**Buildings and other real property**		**Buildings and other real property**	**Machinery, equipment, fixtures and vehicles**	**Total**
270	212	58	Acquisition cost as of 01.01	240	211	451
26	26	0	Additions	34	28	61
19	19	0	Disposals	0	19	19
277	**219**	**58**	**Acquisition cost as of 31.12**	**274**	**219**	**493**
223	170	53	Accumulated depreciation and write-downs as of 01.01	150	182	333
17	16	0	Depreciation for the year	6	17	23
9	9	0	Disposals, accumulated depreciation and write-downs	8	9	16
231	**178**	**53**	**Accumulated depreciation and write-downs as of 31.12**	**149**	**191**	**340**
46	**41**	**5**	**Book value as of 31.12**	**125**	**28**	**153**
	10-33%	3-4%	Percentage rates for ordinary depreciation	3-4%	10-33%	
	3-10 years	30 years	Useful life *)	30 years	3-10 years	

*) The useful life of each fixed asset is assumed.

NOTE 31. INTANGIBLE ASSETS

PARENT BANK 31.12.22 Total	Intangible assets	Goodwill		Goodwill	Intangible assets	GROUP 31.12.22 Total
108	62	46	Acquisition cost as of 01.01	46	62	108
0	0	0	Additions	0	0	0
0	0	0	Disposals	0	0	0
108	**62**	**46**	**Acquisition cost as of 31.12**	**46**	**62**	**108**
2	2	2	Accumulated depreciation and write-downs as of 01.01	2	2	4
10	10	0	Depreciation for the year	0	10	10
0	0	0	Disposals, accumulated depreciation and write-downs	0	0	0
14	**12**	**2**	**Accumulated depreciation and write-downs as of 31.12**	**2**	**12**	**14**
94	**50**	**44**	**Book value as of 31.12**	**44**	**50**	**94**

Intangible assets and goodwill largely relate to the transfer of business in 2021. Intangible assets are depreciated over a period of 5-7 years. Goodwill is evaluated annually and written down if the relevant conditions are met.

PARENT BANK 31.12.21 Total	Intangible assets	Goodwill		Goodwill	Intangible assets	GROUP 31.12.21 Total
2	0	2	Acquisition cost as of 01.01	2	0	2
106	62	44	Additions	44	62	106
0	0	0	Disposals	0	0	0
108	**62**	**46**	**Acquisition cost as of 31.12**	**46**	**62**	**108**
2	0	2	Accumulated depreciation and write-downs as of 01.01	2	0	2
2	2	0	Depreciation for the year	0	2	2
0	0	0	Disposals, accumulated depreciation and write-downs	0	0	0
4	**2**	**2**	**Accumulated depreciation and write-downs as of 31.12**	**2**	**2**	**4**
104	**60**	**44**	**Book value as of 31.12**	**44**	**60**	**104**

NOTE 32. OTHER ASSETS

PARENT BANK			GROUP	
31.12.21	31.12.22	(amounts in NOK million)	31.12.22	31.12.21
3	1	Sundry suspense accounts	1	3
32	33	Receivables from property/Usufruct leases	11	18
26	26	Prepaid costs	26	28
10	19	Deferred tax asset	26	14
1	1	Repossessed property	1	1
72	**80**	**Total other assets**	**65**	**64**

NOTE 33. FOREIGN CURRENCY

GROUP AND PARENT BANK

The Group has no significant holdings of foreign currency available via ATMs. The Group has no transactions in foreign currency of any significance, but has pledged guarantees for foreign currency loans managed by the currency bank on behalf of SpareBank 1 Helgeland. See Note 2.3.1 Foreign exchange risk.

NOTE 34. LIABILITIES TO CREDIT INSTITUTIONS

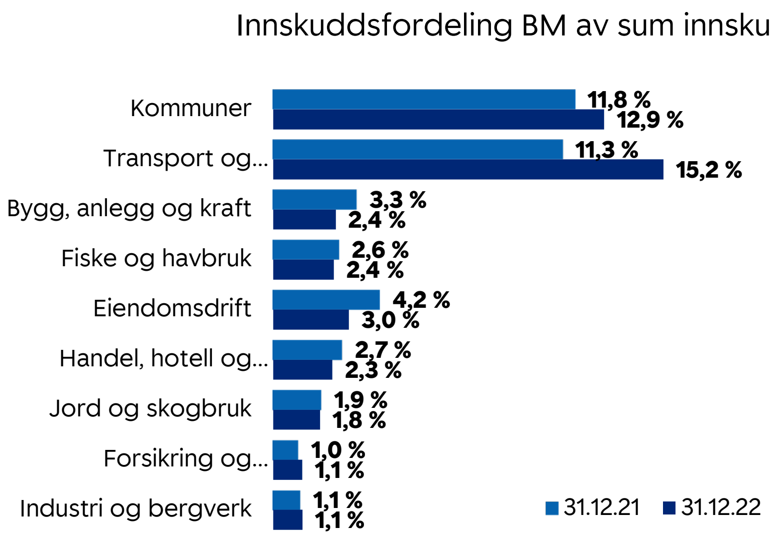
PARENT BANK			GROUP	
31.12.21	31.12.22	(amounts in NOK million)	31.12.22	31.12.21
2	8	Liabilities to credit institutions without agreed maturity	13	2
300	300	Other long-term loans	300	301
302	**308**	**Total liabilities to credit institutions**	**313**	**303**

NOTE 35. DEPOSITS FROM CUSTOMERS

NOTE 35.1 DEPOSITS FROM CUSTOMERS BY SECTOR/INDUSTRY

PARENT BANK					GROUP			
%	31.12.21	%	31.12.22	Deposits by sector/industry	31.12.22	%	31.12.21	%
3.4%	814	2.6%	667	Insurance and finance	286	1.1%	234	1.0%
11.5%	2,772	12.7%	3,245	Municipalities and municipal enterprises	3,245	12.9%	2,772	11.8%
1.8%	446	1.8%	460	Agriculture and forestry	460	1.8%	446	1.9%
2.5%	609	2.3%	595	Fisheries and aquaculture	595	2.4%	609	2.6%
1.0%	253	1.1%	288	Mining and industry	288	1.1%	253	1.1%
3.2%	770	2.4%	614	Construction, engineering and power	614	2.4%	770	3.3%
2.6%	636	2.3%	580	Trade, hotel, restaurants	580	2.3%	636	2.7%
11.0%	2,661	15.0%	3,826	Transport and services	3,826	15.2%	2,661	11.3%
4.1%	996	3.0%	767	Property, property development	743	3.0%	984	4.2%
41.2%	9,957	43.2%	11,042	Business	10,637	42.3%	9,365	39.8%
58.8%	14,187	56.8%	14,492	Retail market	14,492	57.7%	14,187	60.2%
100%	**24,144**	**100.0%**	**25,534**	**Total**	**25,129**	**100.0%**	**23,552**	**100%**

The Act relating to security arrangements for banks and public administration, etc. by financial institutions requires all savings banks to be a member of the Norwegian Banks' Guarantee Fund. The fund is obliged to cover losses suffered by a depositor on deposits in a member institution of up to NOK 2 million of the collective deposit.



DEPOSITS FROM CUSTOMERS AS OF 31 DECEMBER 2022 (GROUP)

Deposits from customers amount to NOK 25.1 billion (NOK 23.6 billion), of which NOK 10.6 billion (NOK 9.4 billion) has been loaned to corporate customers. The graph above shows the sector distribution, with growth in the transport and service sectors. The share of retail market deposits amounts to 57.7% (60.2%). Of the deposits, 90.6% (89.8%) consist of deposits from customers in Helgeland.

NOTE 35.2 GEOGRAPHICAL DISTRIBUTION OF DEPOSITS FROM CUSTOMERS

PARENT BANK			GROUP	
31.12.22	**% share**		**31.12.22**	**% share**
23,027	90.2%	Helgeland	22,776	90.6%
2,295	9.0%	Rest of Norway	2,157	8.6%
212	0.8%	International	196	0.8%
25,534	**100.0%**	**Total**	**25,129**	**100.0%**

PARENT BANK			GROUP	
31.12.21	**% share**		**31.12.21**	**% share**
21,732	90.0%	Helgeland	21,152	89.8%
2,212	9.2%	Rest of Norway	2,201	9.4%
200	0.8%	International	199	0.8%
24,144	**100%**	**Total**	**23,552**	**100%**

NOTE 35.3 DEPOSITS FROM CUSTOMERS BY DEPOSIT FORM

PARENT BANK			GROUP	
31.12.21	**31.12.22**		**31.12.22**	**31.12.21**
10,797	11,155	Ordinary conditions without notice of termination or agreed maturity	11,130	10,784
11,591	12,697	Special conditions for customer deposits without agreed maturities	12,317	11,011
1,677	1,468	Special conditions for customer deposits with agreed maturity	1,468	1,678
79	214	Liquid deposits from customers with agreed maturity	214	79
24,144	**25,534**	**Total deposits from and liabilities to customers**	**25,129**	**23,552**

NOTE 36. LIABILITIES ESTABLISHED THROUGH THE ISSUING OF SECURITIES

PARENT BANK			GROUP	
31.12.21	**31.12.22**		**31.12.22**	**31.12.21**
4,539	3,117	Bond loans	7,521	10,763
-251	0	Own bonds	-45	-491
4,288	**3,117**	**Total liabilities established through the issuing of securities**	**7,476**	**10,271**

All debt securities are in NOK.

NOTE 36.1 SPECIFICATION OF BOND LOANS

				GROUP 31.12.22
	Maturity	**Debt securities**	**Own portfolio**	**Net nominal**
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	1,253	45	1,208
Bond loans, fixed-rate	2024	500	0	500
Bond loans, FRN	2024	1,500	0	1,500
Bond loans, FRN	2025	2,000	0	2,000
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans, FRN	2027	500	0	500
Bond loans, fixed-rate	2029	300	0	300
Total bond loans		**7,553**	**45**	**7,508**

				GROUP
				31.12.21
	Maturity	Debt securities	Own portfolio	Net nominal
Bond loans, fixed-rate	2022	500	0	500
Bond loans, FRN	2022	2,000	490	1,510
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	2,000	0	2,000
Bond loans, fixed-rate	2024	500	0	500
Bond loans, FRN	2024	1,500	0	1,500
Bond loans, FRN	2025	2,000	0	2,000
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans, FRN	2027	500	0	500
Bond loans, fixed-rate	2029	300	0	300
Total bond loans		**10,800**	**490**	**10,310**

FINANCING

Liquidity risk is reduced by spreading debt securities across different markets, funding sources, instruments and maturities. The Group's share of long-term funding as of 31 December 2022 was 78.1% (80.9%).

Covered bonds are included in the Group's debt securities in the amount of NOK 6.0 billion (NOK 6.2 billion). The loan-to-value ratio of the collateral base is 54% (54%). Deposits are an important source of funding and the Group has a good deposit-to-loan ratio.

SPECIFICATION OF BOND LOANS

				PARENT BANK
				31.12.22
	Maturity	Debt securities	Own portfolio	Net nominal
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	131	0	131
Bond loans, fixed-rate	2024	500	0	500
Bond loans, FRN	2025	500	0	500
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans from	2027	500	0	500
Total bond loans		**3,131**	**0**	**3,131**

				PARENT BANK
				31.12.21
	Maturity	Debt securities	Own portfolio	Net nominal
Bond loans, fixed-rate	2022	500	0	500
Bond loans, FRN	2022	500	250	250
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	500	0	500
Bond loans, fixed-rate	2024	500	0	500
Bond loans, FRN	2025	500	0	500
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans from	2027	500	0	500
Total bond loans		**4,500**	**250**	**4,250**

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
4,249	3,132	Bond loans	7,507	10,229
16	-38	Value adjustment	-62	14
23	23	Accrued interest	31	28
4,288	**3,117**	**Total debt securities**	**7,476**	**10,271**

					GROUP
Change in total debt securities	**31.12.21**	**Issued**	**Matured/re-deemed**	**Other changes**	**31.12.22**
Bond loans, nominal value	10,229	1,831	-4,632	79	7,507
Value adjustment	14			-76	-62
Accrued interest	28			3	31
Total	**10,271**	**1,831**		**6**	**7,476**

					GROUP
Change in total debt securities	**31.12.20**	**Issued**	**Matured/re-deemed**	**Other changes**	**31.12.21**
Bond loans, nominal value	9,349	5,090	-4,203	-7	10,229
Value adjustment	45			-31	14
Accrued interest	24			4	28
Total	**9,418**			**-34**	**10,271**

GROUP

Change in debt securities, amortised cost	31.12.21	Issued	Matured/re-deemed	Other changes	31.12.22
Bonds, amortised cost, nominal value	7,945	1,521	-3,822	85	5,729
Accrued interest	10			2	12
Total	**7,955**	**1,521**	**-3,822**	**87**	**5,741**

Change in debt securities at amortised cost	31.12.19	Issued	Matured/re-deemed	Other changes	31.12.21
Bonds, amortised cost, nominal value	7,493	4,156	-3,703	-1	7,945
Accrued interest	7			3	10
Total	**7,500**	**4,156**	**-3,703**	**2**	**7,955**

GROUP

Change in debt securities hedging	31.12.21	Issued	Matured/re-deemed	Other changes	31.12.22
Bond loans, hedging nominal value	2,284	310	-810	-7	1,777
Value adjustment	14			-76	-62
Accrued interest	18			1	19
Total	**2,316**	**310**	**-810**	**-82**	**1,734**

GROUP/PARENT BANK

Change in debt securities hedging	31.12.20	Issued	Matured/re-deemed	Other changes	31.12.21
Bond loans, hedging nominal value	1,856	934	-500	-6	2,284
Value adjustment	45			-31	14
Accrued interest	17			1	18
Total	**1,918**	**934**	**-500**	**-36**	**2,316**

PARENT BANK

Change in debt securities, amortised	31.12.21	Issued	Matured/re-deemed	Other changes	31.12.22
Bonds, amortised cost, nominal value	2,268	620	1,238	0	1,650
Accrued interest	3			2	5
Total	**2,271**	**620**	**1,238**	**2**	**1,655**

PARENT BANK

Change in debt securities, amortised	31.12.20	Issued	Matured/ redeemed	Other changes	31.12.21
Bonds, amortised cost, nominal value	1,712	1,422	-865	-1	2,268
Accrued interest	3			0	3
Total	**1,715**	**1,422**	**-865**	**-1**	**2,271**

PARENT BANK

Change in debt securities hedging	31.12.21	Issued	Matured/ redeemed	Other changes	31.12.22
Bond loan hedging	1,981	310	-810	0	1,481
Value adjustments	16			-53	-37
Accrued interest	20			-2	18
Total	**2,017**	**310**	**-810**	**-55**	**1,462**

PARENT BANK

Change in debt securities hedging	31.12.20	Issued	Matured/ redeemed	Other changes	31.12.21
Bond loan hedging	1,553	934	-500	-6	1,981
Value adjustments	33			-17	16
Accrued interest	17			3	20
Total	**1,603**	**934**	**-500**	**-20**	**2,017**

PARENT BANK

Change in subordinate loans	31.12.21	Issued	Matured/ redeemed	Other changes	31.12.22
Bonds, amortised cost, nominal value	451			0	451
Value adjustment	-1			0	-1
Accrued interest	1			2	3
Total	**451**			**2**	**453**

NOTE 37. OTHER LIABILITIES

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
41	34	Other current liabilities	34	41
31	118	Tax payable	118	41
72	**152**	**Total other liabilities**	**152**	**82**
19	24	Accrued holiday pay and employer's National Insurance contributions	24	19
84	64	Other accrued costs	58	83
103	**87**	**Total accrued costs and prepaid income**	**83**	**102**
23	17	Net pension liabilities (Note 12)	17	23
11	8	Provision for loss on unused credit, granted not discounted loans and guarantees	8	11
34	**25**	**Total accrued liabilities**	**25**	**34**
209	**264**	**Total other liabilities**	**260**	**218**

NOTE 38. UNUSED DRAWING FACILITIES

	GROUP AND PARENT BANK	
	31.12.22	**31.12.21**
Short-term drawing facility, 1 year	300	300
Total unused drawing rights facilities	**300**	**300**

The Group's total liquidity reserves are deemed to be satisfactory.

	GROUP AND PARENT BANK	
In addition, the Group has:	**31.12.22**	**31.12.21**
Surplus liquidity at Norges Bank as of 31 December	53	52

Bonds at floating interest rates; interest rates are fixed in advance for three months at a time. The Bank's bonds are repaid at maturity; the loans may be repaid earlier if the agreements concerned permit and the Bank so wishes. The Group did not default on borrowed funds during the financial year. This applies to the principal, payment of interest and/or redemption amounts.

PLEDGED ASSETS

An overview of the Group's pledged assets is presented in Note 43.

BINDING AGREEMENTS TO ACQUIRE REAL PROPERTY, PLANT AND EQUIPMENT.

The Group has not entered into any significant binding agreements to acquire property, plant or equipment.

ONGOING LEGAL DISPUTES

The Group is not involved in any legal disputes that are considered to be of any significance as regards the Group's solvency or profitability.

NOTE 39. SUBORDINATED LOAN CAPITAL AND SUBORDINATED BONDS

						PARENT BANK AND GROUP	
Instrument	**Year of establishment**	**Nominal value**	**Interest rate**	**Redemption right**	**Maturity**	**31.12.22**	**31.12.21**
Subordinated loan	2018	NOK 300 million	3-mth. Nibor +140 bp	call 11.04.2023	11.04.2028	300	300
Subordinated loan	2018	NOK 150 million	3-mth. Nibor +152 bp	call 06.09.2023	06.09.2028	150	150
Subordinated bonds	2021	NOK 300 million	3-mth. NIBOR +250bp	call 14.09.2031	01.12.2099	300	300
Subordinated bonds	2021	NOK 100 million	3-mth. NIBOR +260bp	call 14.09.2031	01.12.2099	100	100
						850	850

NOTE 40. CAPITAL ADEQUACY

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
4,550	**4,896**	**Total carrying amount, equity**	**4,932**	**4,622**
-398	-398	Other approved tier 1 capital (subordinated bonds)	-398	-398
-36	-56	Deduction, investment in SpareBank 1 Betaling	-56	-36
0	0	Deduction, other holdings in financial institutions	0	0
-8	-9	Deduction, responsible valuation	-10	-8
0	0	Deduction, share of earnings not included in core tier 1 capital	0	0
-105	-87	Deduction, intangible assets	-87	-105
-111	-329	Deduction, allocated dividends classified as equity	-329	-111
		Effect of proportionate consolidation of core tier 1 capital	-100	-110
3,891	**4,016**	**Total core tier 1 capital**	**3,951**	**3,853**
0	0	Deduction, holdings in financial institutions		
	0	0		
398	398	Other approved tier 1 capital (subordinated bonds)	398	398
		Effect of proportionate consolidation of tier 1 capital	40	31
4,289	**4,415**	**Total tier 1 capital**	**4,389**	**4,283**
451	451	Subordinated loan capital	451	451
0	0	Deduction, holdings in financial institutions	0	0
		Effect of proportionate consolidation of tier 2 capital	58	44
451	**451**	**Total supplementary capital**	**509**	**495**
4,740	**4,864**	**Total net subordinated capital**	**4,899**	**4,778**
18,601	18,063	Risk-weighted balance	20,810	21,451
20.92%	22.23%	Core tier 1 capital ratio in %	18.99%	17.96%
23.06%	24.44%	Tier 1 capital ratio as a %	21.09%	19.96%
25.48%	26.93%	Tier 2 capital ratio as a %	23.54%	22.27%
11.00%	12.00%	Minimum requirement concerning tier 1 capital incl. buffer requirement and Pillar II supplement as a %	14.20%	13.20%
12.50%	13.50%	Minimum requirement concerning tier 1 capital ratio incl. buffer requirement and Pillar II supplement as a %	15.70%	14.70%
14.50%	15.50%	Minimum requirement incl. buffer requirement and Pillar II supplement as a %	17.70%	16.70%
2,697	2,799	Minimum requirement concerning subordinated capital incl. buffer requirement and Pillar II supplement	3,683	3,582
2,043	2,066	Available subordinated capital in accordance with buffer requirements and Pillar II supplement	1,215	1,196

With effect from 31 December 2022, the statutory minimum requirement for the core tier 1 capital ratio is 12.0%. The Bank has a Pillar 2 supplement of 2.2%. The target figure for the core tier 1,3 capital ratio and tier 2 capital ratio is 1.3 percentage points above the regulatory requirements, which currently amount to 17.5% and 21.0% respectively. In its target figure, the Bank has taken into account impending increases in the system risk buffer. The Group's unweighted leverage ratio amounted to 9.2% at the year-end.

SpareBank 1 Helgeland uses the standard method for calculating credit risk and the basic method for calculating operational risk. As of 31 December 2022, SpareBank 1 Boligkreditt and SpareBank 1 Finans Nord-Norge are included in the proportionate consolidation.

PARENT BANK			GROUP	
31.12.21	31.12.22	Calculation basis	31.12.22	31.12.21
2	5	States and central banks	5	2
247	230	Local and regional authorities	230	247
462	568	Institutions	341	208
1,509	1,308	Enterprises	1,310	1,509
2,787	2,524	Mass market commitments	2,608	2,912
9,186	9,113	Commitments secured through real property	10,791	11,624
318	276	Commitments overdue	277	290
863	665	Covered bonds	222	238
317	197	High-risk commitment	197	317
0	0	Units in mutual funds	0	0
1,402	1,526	Equity positions	936	801
130	121	Other commitments	314	242
17,222	**16,535**	**Calculation basis, credit risk**	**17,232**	**18,389**
1,363	1,521	Calculation basis, operational risk	1,539	1,382
15	7	CVA supplement	8	19
0	0	Other deductions from/additions to the calculation basis	0	0
18,601	**18,063**	**Risk-weighted balance**	**18,779**	**19,791**
		Proportional share, calculation basis, collaborating groups	2,582	2,126
		Deduction, internal elimination, collaborating groups	-551	-466
		Risk-weighted balance after proportionate consolidation	**20,810**	**21,451**

NOTE 41. EQUITY CERTIFICATES

NOTE 41.1 DISTRIBUTION OF EQUITY CERTIFICATES

PARENT BANK

31.12.22

	Equity certificate holders		Equity certificates	
Breakdown by number of equity certificates	**Quantity**	**Share %**	**Quantity**	**Share %**
1 – 1,000	1,912	70.7%	579,588	2.1%
1,001 – 10,000	671	24.8%	1,982,376	7.3%
10,001 – 50,000	87	3.2%	1,677,161	6.2%
50,001 – 100,000	12	0.4%	847,107	3.1%
> 100,001	22	0.8%	21,913,898	81.2%
Total	**2,704**	**100.0%**	**27,000,130**	**100.0%**

PARENT BANK

31.12.21

	Equity certificate holders		Equity certificates	
Breakdown by number of equity certificates	**Quantity**	**Share %**	**Quantity**	**Share %**
1 – 1,000	1,956	71.6%	607,812	2.3%
1,001 – 10,000	650	23.8%	1,932,835	7.2%
10,001 – 50,000	90	3.3%	1,749,353	6.5%
50,001 – 100,000	13	0.5%	986,016	3.7%
100,001 – 500,000	22	0.8%	21,724,114	80.5%
Total	**2,731**	**100.0%**	**27,000,130**	**100.0%**

TRADING IN HELGELAND SPAREBANK'S EQUITY CERTIFICATES
The price as of 31 December 2022 was NOK 120 (131) per equity certificate.

Sparebankstiftelsen Helgeland is the largest owner, with 28.1% of the equity certificates in HELG.

MARKET-MAKING AGREEMENT
SpareBank 1 Helgeland has entered into a market-making agreement relating to trading in the Bank's equity certificates. The purpose of this agreement is to secure liquidity and even out supply and demand, and to contribute to the marketing of the equity certificates. The agreement also means that, wherever possible, the difference between buying and selling prices will be kept to a maximum of four percentage points, rounded up or down to the nearest amount. The difference may nevertheless be kept smaller if the market interest should warrant it. The pricing should at all times reflect the market's assessment of the Bank's equity certificate.

RETURNS AND DIVIDEND POLICY
It is a priory area to practise sound management of our equity, *inter alia* by practising an ownership policy which helps to create better liquidity in the equity certificates. The Bank wishes to maintain an open dialogue with equity certificate holders and other market operators. It is the Bank's belief that providing accurate and relevant information at the right time creates confidence and predictability and contributes to the correct pricing of SpareBank 1 Helgeland's equity certificate. In any event that involves an obligation on the Bank's part to provide information, a report will be sent to Oslo Stock Exchange and then posted on the Bank's website. The Bank has been listed on the stock exchange since 2000 and has complied with the requirements for reporting and information that the stock exchange requires of listed companies. The Bank's ticker is HELG.
The Board has recommended a dividend ratio of 75% (50.0%). Time-weighted ownership ratio of 79.9% as of 31 December 2022 and 77.3% as of 31 December 2021.

NOTE 41.2 EQUITY CERTIFICATE CAPITAL

According to the Bank's dividend policy, half or more of the equity capital's share of the profit may be paid out as dividends, and half or more of the primary capital's share of the profit may be paid out in the form of gifts or transferred to one or more foundations. The remainder of the profit will be transferred to the cohesion fund and the primary capital fund. The Bank has a strategy of having a long-term and predictable dividend policy.

Equity certificate capital amounts to NOK 268 million (NOK 270 million) and is divided between approximately 2,704 owners.

NOTE 41.3 THE 20 LARGEST OWNERS

PARENT BANK

As of 31.12.22	Quantity	% share		Quantity	% share
Sparebankstiftelsen Helgeland	7,588,922	28.11%	VPF Nordea Avkastning	299,368	1.1%
SpareBank 1 Nord-Norge	5,397,325	20.0%	U.S Bank National Association	278,242	1.0%
Pareto Invest AS	2,139,108	7.9%	Catilina Invest AS	252,646	0.9%
VPF Eika egenkapital	1,213,404	4.5%	Bergen kommunale pensjonskasse	248,235	0.9%
Verdipapirfondet Nordea Norge Verd	1,006,616	3.7%	Lamoholmen invest AS	211,850	0.8%
Spesialfondet Borea Utbytte	588,232	2.2%	Fredly Arne Helge	188,552	0.7%
J.P. Morgan Bank Luxembourg S.A.	494,959	1.8%	VPF Nordea Kapital	175,166	0.6%
Helgeland Kraft AS	390,925	1.4%	Nima Invest AS	162,097	0.6%
MP Pensjon PK	388,399	1.4%	VPF Nordea Norge Plus	157,650	0.6%
Kommunal Landspensjonskasse	349,071	1.3%	Vigner Olaisen AS	147,631	0.5%
Total 10 largest owners	**19,556,961**	**72.4%**	**Total 20 largest owners**	**21,678,398**	**80.3%**

The Bank has issued a total of 27,000,130 equity capital certificates at a nominal value of NOK 10.

PARENT BANK

As of 31.12.21	Quantity	% share		Quantity	% share
Sparebankstiftelsen Helgeland	7,588,922	28.11%	Lamoholmen invest AS	274,854	1.0%
SpareBank 1 Nord-Norge	5,397,325	20.0%	Catilina Invest AS	252,646	0.9%
Pareto Invest AS	2,118,691	7.8%	Kommunal Landspensjonskasse	251,000	0.9%
VPF Eika egenkapital	1,199,397	4.4%	VPF Nordea Avkastning	249,368	0.9%
Verdipapirfondet Nordea Norge Verd	1,051,653	3.9%	VPF Nordea Kapital	247,164	0.9%
J.P. Morgan Bank Luxembourg S.A.	420,129	1.6%	Bergen kommunale pensjonskasse	228,235	0.8%
Spesialfondet Borea Utbytte	394,027	1.5%	AF Kapital Management	188,552	0.7%
MP Pensjon PK	393,399	1.5%	VPF Nordea Norge Plus	167,650	0.6%
Helgeland Kraft AS	390,925	1.4%	Nima Invest AS	152,913	0.6%
U.S Bank National Association	372,197	1.4%	Vigner Olaisen AS	150,067	0.6%
Total 10 largest owners	**19,326,665**	**71.6%**	**Total 20 largest owners**	**21,489,114**	**79.6%**

The Bank has issued a total of 27,000,130 equity capital certificates at a nominal value of NOK 10.

NOTE 41.4 DIVIDENDS

PARENT BANK

Basis for calculating dividends	31.12.22	31.12.21
Equity in the balance sheet (not reworked)	4,897	4,550
Subordinated bonds	-398	-398
Deduction (reserve for unrealised gains/dividend provision/provision for foundation)	-358	-340
Total adjusted equity	**4,139**	**3,590**
Equity certificate capital	270	270
Share premium reserve	1,505	1,505
Cohesion fund	1,532	1,439
Total	**3,307**	**3,214**
Equity certificate percentage as of 01.01	79.9%	76.4%
Weighted average	79.9%	76.9%
Equity certificate percentage as of 31.12	79.9%	77.3%
Calculation of dividend:		
The Parent bank's profit for the year	480	216
Interest on subordinated bonds	-13	-12
Transferred to reserve for unrealised gains	-5	18
Dividend basis	**462**	**222**
Dividend in NOK million	277	86
Cohesion fund, NOK	92	85
Earnings per equity certificate in NOK Parent bank	13.8	5.8
Of which cash dividends in NOK	10.3	3.2
*Of which to cohesion fund in NOK	3.4	3.2

NOTE 41.5 KEY FIGURES, EQUITY CERTIFICATES

PARENT BANK			GROUP	
31.12.21	**31.12.22**		**31.12.22**	**31.12.21**
131	120	Stock exchange price	120	131
22.6	8.7	P/E (stock exchange price as of 31 December divided by profit per equity certificate)	9.4	24.3
1.1	0.9	P/B (stock exchange price as of 31 December divided by book value of equity per equity certificate)	0.9	1.1
77.3	79.9	Equity certificate ratio as of 31 December	79.9	77.3
125	134	Equity per equity certificate, in NOK	135	125
5.8	13.8	Earnings per equity certificate, in NOK	12.8	5.4

NOTE 42. GUARANTEE LIABILITIES BY GUARANTEE TYPE

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
137	98	Payment guarantees	98	137
115	121	Contract guarantees	121	115
37	20	Loan guarantees	20	37
30	31	Other guarantee liabilities	31	30
319	**270**	**Total guarantee liabilities ***	**270**	**319**

*) Adjustment to fair value is not included in the balance sheet, as the change in value is insignificant.

The amounts of NOK 15.0 million (2022) and NOK 18.0 million (2021) were deposited in the deposit guarantee fund and the crisis fund.

NOTE 43. PLEDGED ASSETS

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
		Bonds pledged as collateral security for		
525	624	D-loan with Norges Bank	624	525
525	**624**	**Total assets pledged as collateral**	**624**	**525**

NOTE 44. EVENTS AFTER THE BALANCE SHEET DATE

GROUP AND PARENT BANK

There have been no significant events since the balance sheet date which have affect the accounts. It is proposed to distribute a cash dividend of NOK 277 million (NOK 86 million) of the profit for the year to equity certificate holders in SpareBank 1 Helgeland. Furthermore, it is proposed to transfer NOK 70 million (NOK 25 million) to the Gift Fund/Gift Foundation. The proposal had not been adopted as of the balance sheet date (31 December) and the items are therefore not recognised as debt, but are included in equity.

A subordinated loan of NOK 300 million with a due date of 11 April 2028 was bought back and written-down on 16 February 2023. A new subordinated loan of NOK 200 million was taken out. The new subordinated loan matures on 16 August 2033.

NOTE 45. BALANCE SHEET DIVIDED INTO CURRENT AND NON-CURRENT ITEMS

PARENT BANK			GROUP	
31.12.21	31.12.22		31.12.22	31.12.21
		Assets		
73	71	Cash and receivables, central banks	71	73
1,886	2,158	Loans to and receivables from credit institutions	1,442	857
2,777	3,118	Loans to and receivables from customers	3,692	3,491
1,558	746	Certificates, bonds and shares	896	1,658
72	80	Other assets	65	64
6,366	**6,173**	**Total current assets**	**6,166**	**6,143**
22,436	22,691	Loans to and receivables from customers	27,140	28,703
39	31	Financial derivatives	31	39
4,227	4,840	Certificates, bonds and shares	4,840	4,147
144	145	Investments in associated companies	145	144
591	591	Investments in subsidiaries	0	0
104	94	Intangible assets	94	104
46	36	Fixed assets held for sale	209	153
27,587	**28,428**	**Total non-current assets**	**32,458**	**33,290**
33,953	**34,601**	**Total assets**	**38,624**	**39,433**
		Liabilities and equity		
0	0	Liabilities to credit institutions	0	0
24,065	25,320	Deposits from and liabilities to customers	24,915	23,473
754	624	Liabilities established through the issuing of securities	1,746	2,014
227	264	Other liabilities	260	240
25,046	**26,208**	**Total current liabilities**	**26,921**	**25,727**
300	308	Liabilities to credit institutions	313	300
79	214	Fixed-rate deposits	214	79
3,969	2,946	Liabilities established through the issuing of securities	6,183	8,689
9	29	Financial derivatives	58	12
4,357	**3,497**	**Total non-current liabilities**	**6,768**	**9,080**
29,403	**29,705**	**Total liabilities**	**33,689**	**34,807**
3,129	3,212	Total equity share capital	3,212	3,129
779	793	Total primary capital	793	779
642	891	Total other equity	927	715
4,550	**4,896**	**Total equity**	**4,932**	**4,623**
		Non-controlling interests	3	3
33,953	**34,601**	**Total liabilities and equity**	**38,624**	**39,433**

NOTE 46. SPAREBANK 1 HELGELAND - STATEMENT BY THE BOARD OF DIRECTORS AND CEO

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with current applicable accounting standards and, in our best judgement, provide a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole.

We also confirm that, in our best judgement, the management report presents a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Board of Directors for SpareBank 1 Helgeland

Mo i Rana, 6 March 2023

Bjørn Krane
Chair

Rolf Eigil Bygdnes
Vice Chair

Marianne Terese Steinmo
Board member

Siw Moxness
Board member

Jonny Berfjord
Board member

Ann-Helen Baadstrand
Board member

Kenneth Normann
Employee-elected board member

Solrun Johansen
Employee-elected board member

Hanne Nordgaard
Chief Executive Officer

Documents are approved electronically

NOTE 47. NET INCOME AS A PERCENTAGE OF AVERAGE TOTAL ASSETS

31.12.21	31.12.22		31.12.22	31.12.21
2.34	3.28	Interest income and other similar income	3.26	2.35
0.60	1.12	Interest expenses and other similar costs	1.26	0.66
1.74	**2.17**	**Net interest and credit commission income²**	**2.01**	**1.69**
0.39	0.52	Commission income and income from banking services	0.46	0.33
0.04	0.04	Commission expenses and costs attributable to banking services	0.04	0.03
0.03	0.04	Other operating income	0.02	0.01
0.39	**0.52**	**Net commission income and other operating income**	**0.44**	**0.31**
0.23	**0.17**	**Net change in value and gains/losses on financial instruments**	**0.00**	**-0.01**
0.52	0.50	Personnel costs	0.44	0.44
0.76	0.59	Other operating expenses	0.54	0.63
1.28	**1.09**	**Total operating expenses**	**0.98**	**1.07**
1.08	**1.77**	**Net income before loss**	**1.47**	**0.92**
0.20	0.04	Write-downs on loans, guarantees, etc.	0.03	0.18
0.88	**1.73**	**Net income before tax**	**1.44**	**0.74**
0.16	0.33	Tax on ordinary result	0.30	0.17
0.72	**1.40**	**Net profit**	**1.14**	**0.57**

NOTE 48. OTHER KEY FIGURES

PARENT BANK					GROUP			
2019	2020	2021	2022	(figures in NOK million and %)	2022	2021	2020	2019
27,760	27,444	33,953	34,601	Total assets as of 31.12 [8]	38,624	39,433	33,207	34,068
27,760	27,444	38,534	40,973	Total assets including transferred to credit enterprises	44,996	44,014	33,207	34,068
27,507	27,553	30,037	34,253	Average total assets [10]	39,027	35,740	33,693	34,033
20,110	20,514	25,452	25,951	Gross lending [4]	30,975	32,424	27,689	27,655
20,110	20,514	30,033	32,323	Gross lending including transferred to credit enterprises	37,347	37,005	27,689	27,655
96.4%	93.1%	94.9%	98.4%	Deposit-to-loan ratio as a percentage of gross lending [5]	81.1%	72.6%	67.5%	68.5%
56.5%	56.8%	62.8%	62.6%	Loans to retail market customers	68.8%	70.6%	67.7%	67.9%
-2.7%	2.0%	24.1%	2.0%	Growth in gross lending [6]	-4.5%	17.1%	0.1%	-1.2%
-2.7%	2.0%	46.4%	7.6%	Growth in gross lending including transferred to credit enterprises	0.9%	33.6%	0.1%	-1.2%
9.4%	-1.5%	26.4%	5.8%	Growth in customer deposits [7]	6.7%	26.1%	-1.5%	9.9%
18.0%	20.7%	20.9%	22.2%	Core tier 1 capital ratio [21]	19.0%	18.0%	18.8%	16.5%
19.7%	22.5%	23.1%	24.5%	Tier 1 capital ratio [21]	21.1%	19.9%	20.5%	18.2%
22.5%	25.4%	25.5%	26.9%	Capital adequacy [21]	23.5%	22.2%	23.1%	20.7%
9.0%	10.4%	10.4%	11.0%	Unweighted tier 1 capital ratio [22]	9.2%	9.4%	10.5%	9.4%
12.6%	13.6%	13.6%	14.2%	Equity ratio [8]	12.8%	11.7%	11.5%	10.5%
9.0%	8.5%	5.6%	10.3%	Return on equity [1]	9.3%	5.0%	8.9%	8.9%
9.8%	9.2%	5.9%	10.9%	Return on equity exc. hybrid capital	9.9%	5.4%	9.7%	9.7%
1.1%	1.2%	0.6%	1.4%	Return on assets	1.2%	0.5%	1.0%	0.9%
84	86	131	120	Stock exchange price, NOK per equity certificate	120	131	86	84
8.0	7.7	22.4	8.7	P/E [19]	9.4	24.2	7.2	7.9
0.7	0.7	1.1	0.9	P/B [20]	0.9	1.0	0.7	0.7
76.1	76.3	79.9	79.9	Ownership ratio as of 31 December [18]	79.9	79.9	76.3	76.1
116	126.0	123	134	Equity per equity certificate [17]	135	125	129	119
10.7	11.2	5.8	13.8	Earnings per equity certificate, in NOK [16]	12.8	5.4	12.0	10.7
10.7	11.2	5.8	13.8	Comprehensive income per equity certificate, in NOK	12.8	5.4	12.0	10.7
5.4	3.1	3.2	10.3	Cash dividend, in NOK				
5.4	22.8	3.2	3.4	Allocated to cohesion fund				
1.0	1.6	1.3	1.1	Costs as a percentage of average total assets	1.0	1.1	1.4	0.9
39.7	51.4	54.4	38.2	Costs as a percentage of income [3]	39.9	53.9	51.2	39.5
148	143	165	156	Number of full-time equivalents [10]	156	165	143	148
				As percentage of gross loans:				
1.4	1.6	0.6	0.5	Gross commitments in default [13]	0.4	0.5	1.2	1.0
1.2	1.5	1.0	0.6	Total write-downs [15]	0.5	0.7	1.1	0.9
0.3	0.3	0.2	0.1	Losses on commitments [12]	0	0.2	0.2	0.2

NOTE 49. CALCULATIONS

PARENT BANK					GROUP			
2019	2020	2021	2022	(figures in NOK million and %)	2022	2021	2020	2019
				Operating costs, adjusted for non-recurring effects				
286	436	385	373	Operating costs	381	384	462	293
0	-146	-53	0	Non-recurring effects	0	-53	-146	0
286	**290**	**332**	**381**	**Operating costs, adjusted for non-recurring effects**	**381**	**331**	**316**	**293**
1.04%	1.05%	1.11%	1.09%	Operating costs as a percentage of average net asset value, adjusted for non-recurring effects.	0.98%	0.93%	0.94%	0.86%
39.7%	34.2%	46.9%	38.2%	Operating costs as a percentage of income, adjusted for non-recurring effects	39.9%	46.5%	35.0%	39.5%
304	319	216	480	Net profit	445	205	340	305
-13	-12	-12	-12	Interest paid, subordinated bonds	-12	-12	-12	-13
291	307	204	468	Profit inc. interest, subordinated bonds	432	193	328	292
0	146	53	0	Non-recurring effects	0	53	146	0
291	453	257	468	Income inc. interest, subordinated bonds and non-recurring effects	432	246	474	292
3,389	3,749	4,017	4,670	Average equity	4,771	4,099	3,822	3,431
-299	-299	-325	-398	Average subordinated bonds classed as equity	-398	-325	-299	-299
3,090	3,450	3,692	4,272	Average equity exc. subordinated bonds classified as equity.	4,373	3,774	3,523	3,132
9.0%	8.5%	6.4%	10.3%	Return on equity	9.3%	6.0%	8.9%	8.9%
9.4%	12.1%	6.9%	10.9%	Return on equity, adjusted for non-recurring effects and subordinated bonds	9.9%	6.5%	13.5%	9.3%
291	319	216	480	Net profit	445	205	340	292
27,507	27,553	30,037	34,253	Average NAV	39,027	35,740	33,693	34,033
1.1%	1.2%	0.7%	1.4%	Return on assets	1.2%	0.6%	1.0%	0.9%
1.1%	1.6%	0.9%	1.4%	Return on assets, adjusted for non-recurring effects	1.2%	0.7%	1.4%	0.9%
3,192	3,603	4,290	4,415	Tier 1 capital	4,390	4,400	3,688	3,271
35,548	34,702	41,081	40,210	Unweighted calculation basis	47,919	46,623	34,189	34,964
9.0%	10.4%	10.4%	11.0%	Leverage ratio	11.2%	9.4%	10.5%	9.4%

NOTE 50. PRO FORMA ACCOUNTING FIGURES

GROUP AND PARENT BANK

SpareBank 1 Helgeland's acquisition of SpareBank 1 Nord-Norge's business in Helgeland was completed on 18 October 2021, with accounting effect from the same date. From this date, SpareBank 1 Helgeland took over SpareBank 1 Nord-Norge's business in Helgeland. The transfer has been treated in accordance with IFRS 3. The pro forma profit shows the impact of the transfer on SpareBank 1 Helgeland's actual profit, as well as the impact as if the transfer had occurred with effect from 1 January 2021.

	Group excl. Transaction	The transaction	Pro forma result	Group excl. transaction	The transaction	Group
	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec	18 Oct - 31 Dec	31.12.2021
Income statement	2021	2021	2021	2021	2021	
Interest income and other similar income	817	110	927	817	22	840
Interest expenses and other similar costs	210	37	247	210	8	217
Guarantee fund fee	18	-	18	18	-	18
Net interest and credit commission income	**589**	**73**	**662**	**589**	**15**	**604**
Commission income and income from banking services	104	67	172	104	14	118
Commission expenses and costs attributable to banking services	11	-	11	11	-	11
Other operating income	4	-	4	4	-	4
Net commission income and other operating income	**97**	**67**	**165**	**97**	**14**	**111**
Dividends	2	-	2	2	-	2
Net income from associated companies	8	-	8	8	-	8
Net income from other financial investments	-13	-	-13	-13	-	-13
Net income from financial assets and liabilities	**-3**	**-**	**-3**	**-3**	**-**	**-3**
Personnel costs	155	17	171	155	3	158
Other operating expenses	225	7	232	225	1	226
Total operating expenses	**379**	**24**	**403**	**379**	**5**	**384**
Net income before loss	**305**	**116**	**420**	**305**	**23**	**328**
Write-downs on loans, guarantees, etc.	62	10	72	62	2	64
Net income before tax	243	106	348	243	21	264
Tax on ordinary result	54	26	80	54	5	59
Net income for the period	**189**	**79**	**268**	**189**	**16**	**205**
Other comprehensive income						**-**
Net profit	**189**	**79**	**268**	**189**	**16**	**205**
Items not to be reclassified to the income statement:						
Recognised estimate variances, pensions	-1	-	-1	-1	-	-1
Items not to be subsequently reversed via the income statement:						
Net change in fair value of financial assets for sale	2	-	2	2	-	2
Tax on comprehensive income	-	-	-	-	-	-
Net other comprehensive income items	2	-	2	2	-	2
Total comprehensive income for the period	**191**	**79**	**270**	**191**		**207**

ALTERNATIVE PERFORMANCE MEASURES (APM)

In both the Board's report and accounting presentations, SpareBank 1 Helgeland uses alternative performance measures (APM) for the purpose of giving a true and fair view of the Bank's financial development and position to ensure that information is accurate. Key figures that are regulated in IFRS or other legislation are not defined as APM. The same applies to non-financial information. APMs that are presented as part of the accounting part of the reports are essentially exempt from the APM guidelines, but are included in the overview below insofar as they are not defined in the financial statements. The reason for presenting adjusted results is to bring out the underlying operation in a better way and is not intended to replace ordinary reporting.

DEFINITIONS OF KEY FIGURES:

1.) **Return on equity.** Reason for use: This key figure indicates the return on the Group's equity. The key figure reflects the Group's ability to convert the capital into profitable operations. Definition: Return on equity (comprehensive income after tax) is calculated by dividing the profit/loss for the period for the financial year by the average equity for the past year. In the case of information on return on equity for more than one period, the profit for the period is annualised.

2.) **Net interest.** Reason for use: Net interest income is a commonly used key figure within the banking/finance sector and reflects the Bank's net interest income as a percentage of average total assets. Definition: Net interest income is the difference between gross interest income and interest expenses – net interest income in the summary of financial results. Net interest income is annualised in the interim reports.

3.) **Expense ratio:** Reason for use: The expense ratio is a commonly used key figure in the banking/finance sector. The key figure reflects how effectively the Bank/Group is operating. Definition: The expense ratio reflects the ability of the Bank/Group to convert its operating costs into revenue generation. The expense ratio is calculated by dividing total operating costs by total income.

4.) **Gross lending, Group (including transfers to the mortgage company):** Reason for use: The Bank wholly owns Helgeland Boligkreditt and the key figure reflects the Bank's total lending volume. Definition: Lending volume including amount transferred from the mortgage company.

5.) **Deposit-to-loan ratio.** Reason for use: Deposit-to-loan ratio is a commonly used key figure in the banking/finance sector. The key figure indicates the proportion of the Bank's lending activities that are financed by deposits from customers. Definition: The deposit-to-loan ratio reflects the Bank's ability to finance lending to customers through deposits from customers. The deposit-to-loan ratio is calculated by dividing total deposits from customers by gross lending, excluding transfers to the Parent bank's credit companies but including transfers to the Group's credit companies.

6.) **Lending growth last 12 months.** Reason for use: Lending growth over the last 12 months is a normal key figure in banking/finance. The key figure reflects the activity and growth of the Bank's lending activities. The Group includes transfers from the mortgage company, growth in the parent bank excl. volume of the mortgage company. Definition: Lending growth is calculated from the corresponding period last year to this year. The Group includes the volume of the mortgage company, while the parent bank is excl. volume of the mortgage company.

7.) **Deposit growth, last 12 months.** Reason for use: Growth in deposits over the last 12 months is a commonly used key figure in the banking/finance sector. The key figure reflects the activity and growth of the Bank's deposit operations. Definition: Deposit growth over the last 12 months reflects the growth in deposits on the balance sheet from the corresponding period last year to the current year.

8.) **Total assets.** Reason for use: The key figure reflects the Bank's total assets. Definition: Total assets on the balance sheet.

9.) **Growth in total assets, last 12 months.** Reason for use: The key figure reflects the growth in the Bank's total assets, including transfers to the Group's credit companies and excluding volumes transferred to the Parent bank's credit companies. Definition: Growth in assets on the balance sheet are calculated from the corresponding period last year to the present year.

10.) **Average total assets.** Reason for use: Several key figures are calculated using average total assets. Definition: Weighted average of total assets throughout the year.

11.) **Equity excluding hybrid capital.** Reason for use: This key figure reflects a portion of the Bank's capital which belongs to the owners, excluding hybrid capital (subordinated bonds). Definition: The difference between the Bank's equity (retained earnings and paid-in equity) and the Bank's hybrid capital (subordinated bonds).

12.) **Loss ratio, loans.** Reason for use: This key figure reflects a loss recognised as a function of gross lending as of the balance sheet date. Definition: Loss provisions for loans and guarantees for the period divided by gross lending as a percentage. In the case of information concerning the loss ratio concerning loans for periods of less than a full financial year, the loss expense recognised in the income statement is annualised.

13.) **Defaulted commitments.** Reason for use: This key figure indicates the proportion of the Bank's gross lending which is in default. Definition: Defaulted commitments (over 90 days) on loans and guarantees during the period where the amount exceeds NOK. 1,000.

14.) **Doubtful commitments.** Reason for use: This key figure indicates the proportion of the Bank's gross lending which is doubtful. Definition: Gross doubtful loans for the period (Loans with objective evidence of loss, but which are not in default).

15.) **Net defaulted and doubtful commitments as a percentage of gross lending.** Reason for use: This key figure indicates the Bank's net defaulted and doubtful commitments amount expressed as a proportion of gross lending. Definition: Net defaulted and doubtful commitments are gross non-performing and doubtful commitments, less write-downs on these loans, divided by gross lending.

16.) **Earnings per equity certificate.** Reason for use: This key figure provides information on earnings per equity certificate. Definition: The equity certificate holders' share of earnings is calculated as the net income before other income statement items relative to the average number of equity certificates during the period.

17.) **Book equity per equity certificate.** Reason for use: This key figure provides information on the value of the book equity per equity certificate. Definition: Equity certificate holders' share of equity divided by the number of equity certificates.

18.) **Equity certificate ratio. Reason for use: Basis for calculating dividends.** Definition: Equity certificate holders' share of equity, e.g. subordinated bonds

19.) **P/E.** Reason for use: This key figure provides information on earnings per equity certificate. Definition: Share price at end of period divided by profit (annualised) per equity certificate.

20.) **P/B.** Reason for use: The key figure provides information on price per equity certificate. Definition: Share price at end of period divided by book equity per equity certificate.

21.) **Capital adequacy**. Reason for use: Statutory requirement regarding capital adequacy. Includes cooperating group. Definition: Subordinated capital divided by weighted balance and off balance sheet items.

22.) **Unweighted tier 1 capital ratio.** Reason for use: Commonly used key figure in the banking/finance sector. Gives a more comparable figure for capital, regardless of the method used to calculate capital adequacy. Definition: Tier 1 capital divided by capitalised items and non-capitalised items calculated without risk weighting.

23.) **Operating costs, adjusted for non-recurring effects.** Reason for use: Provides information on operating expenses less costs which are not linked to normal operations and are essentially related to non-recurring events. Definition: Operating expenses minus non-recurring effects.

Elected representatives and key personnel

MEMBERS OF THE SUPERVISORY BOARD:

Chair: Hjorthen, Per Gunnar
Vice chair: Nicolaisen, Kristine Alstad

DEPOSITOR-ELECTED::

Juvik, Kjell Idar
Stanghelle, Helge
Solhaug, Sten Oddvar
Bjørkmo, Eirik
Breirem, Reidun
Jakobsen, Tone Helen
Ditlefsen, Roger
Skjæran, Hans Petter
Risøy, Torill Beate

ELECTED BY EQUITY CAPITAL CERTIFICATE HOLDERS:

Forbergskog, Brynjar
Sørensen, Lilliann
Krokstrand, Bjørn
Strøm, Inger Lise
Jakobsen, Anne Påsche
Lunde, Lars Martin
Skår, Åsmund
Andreassen, Arnt Åge

ELECTED BY EMPLOYEES:

Knutli, Nils
Eliassen, Einar
Kristensen, Karianne
Johansen, Steinar
Lisø, Sten Ove
Einvik, Bertil

BOARD MEMBERS:

Chair: Bjørn Andreas Krane
Vice chair: Bygdnes, Rolf Eigil

OTHER BOARD MEMBERS:

Berfjord, Jonny
Moxness, Siw
Steinmo, Marianne Terese
Baadstrand, Ann-Helen
Normann, Kenneth
Johansen, Solrun

PRINCIPAL ADMINISTRATION AND KEY PERSONS:

Nordgaard, Hanne CEO
Ekroll, Anne, CFO
Heimstad, Dag-Hugo, Retail Market Director
Brønlund, Bjørn-Tore, Corporate Market Director
Karlsen, Øyvind, Business Management Director

About SpareBank 1 Helgeland

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BOARD OF DIRECTORS OF SPARE-BANK 1 HELGELAND

Bjørn Krane, Chair
Rolf Eigil Bygdnes, Vice Chair
Marianne Terese Steinmo
Jonny Berfjord
Siw Moxness
Kenneth Normann
Solrun Johansen
Ann-Helen Baadstrand

MANAGEMENT

Hanne Nordgaard, Chief Executive Officer

INVESTOR RELATIONS

Anne Ekroll, Chief Finance Officer, Mob. 913 36 452

OTHER SOURCES OF INFORMATION

Annual reports
SpareBank 1 Helgeland's annual report is available at
www.sbh.no

QUARTERLY PUBLICATIONS

Quarterly reports and presentations are available at
www.sbh.no

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