Annual report 2023

Den Gule Banken
Sandnes Sparebank

3 CEO
5 Key figures
6 Organisation and management group
7 The Board of Directors
8 The management group
10 Sustainability and social responsibility
24 Corporate governance
29 Investor information
35 Board of Directors' Report
47 Annual financial statements
– Income statement
– Balance sheet
– Statement of changes in equity
– Cash flow statement
– Notes
149 Alternative performance measures (APMs)
152 Appendix to sustainability and social responsibility
158 Statement pursuant to section 5-5 of the Securities Trading Act
159 Auditor's report
165 Attestation of the Sustainability Report

The year **2023**

The Norwegian and global economies were again characterised by international unrest and war in 2023.

The EU saw weak economic growth, far weaker than that seen in the US. Norway's economic growth was fairly flat overall. Continued high inflation, rapidly rising interest rates, weaker private consumption and low housebuilding curbed growth, while commercial investments remain high and are helping to keep activity levels up. The bank's market area saw somewhat higher levels of activity than the rest of the country. Unemployment in Norway remained low in 2023, although it edged upwards over the course of the year. Unemployment in Rogaland was somewhat lower than the national average.

Norges Bank raised its policy rate six times in 2023 to 4.5% in order to bring down the high inflation rate, which has left its mark on the economies of both Norway and those of our trading partners over the past couple of years. Inflation ended the year at 4.8%, well above Norges Bank's inflation target of 2%.

The interest rate hikes have led to significantly lower growth in debt in both businesses and households. Figures from Statistics Norway show that the 12-month growth in consumer credit had fallen to 3.4% by the end of 2023. At the same time, Norges Bank's fourth quarter lending survey shows that demand for mortgages is falling.

Higher prices and higher interest rates have also curbed consumption and reduced household purchasing power, even after taking into account average annual wage growth of 5.3% in 2023.

In 2023, the Norwegian krone weakened against the euro and the US dollar, as it did in 2022. Export industries benefited from a weak Norwegian krone exchange rate, while other industries, such as building and construction, experienced significantly less activity as a result of less demand and higher prices. Increased investment in the energy sector led to increased and good levels of activity in several industries in Rogaland. Investments in energy also have positive ripple effects for other industries.

Den Gule Banken, Sandnes Sparebank saw high levels of activity in 2023. The bank can point to record high lending growth of 9%, despite low credit growth. The growth amounted to 8.6% for the retail market and 10.1% for the corporate market. This was significantly higher than for most other banks in Norway. It is particularly pleasing to be able to point to solid growth in the corporate market as well. The bank is growing and capturing significant market share in both segments. In addition, the bank carried out a comprehensive IT project and switched to a new IT system. A merger plan was also negotiated with Hjelmeland Sparebank.

The bank has good underlying operations and has delivered good results for 2023. The bank wants to distribute 75% of the profit of NOK 330 million. Of this, no less than NOK 89 million will be returned to the community of which we are part in the form of customer dividends and donations to good causes. The bank's equity certificate holders receive a dividend of NOK 7.50 per equity certificate, which corresponds to a direct return of 8.2% measured in terms of the quoted price as at 31.12.2023.

The bank's strategy is to be a relevant local bank that is present and visible, that is close to and understands its customers and the local market, that offers a personal adviser, and that is responsive and helps customers quickly. This strategy has proven to be successful. The bank is experiencing strong momentum in the market and an increasing number of customers are choosing Den Gule Banken, both in the retail and corporate markets. Customer satisfaction in the corporate market has never been higher.

The bank's brand remains strong in the market. Resources were also expended on maintaining and further developing our profile and strengthening our reputation in 2023. This will remain at least as important in the years to come.

Part of the bank's strategy is to build up its competence and corporate culture. We have and attract relevant expertise. The bank has good and relevant competence in customer facing roles, as well as roles within different disciplines. The latter will become increasingly important in the future since the regulatory requirements for operating banks are constantly being tightened. The bank has a good strong corporate culture in which employees stand together and are proud of Den Gule Banken and its unique profile. It will be important, including in what will come next, to spend sufficient time and resources on further developing our corporate culture and competence.

Switching to a new IT system has contributed to lower IT costs and more relevant solutions, both for customers and employees. For example, the bank's mobile bank for retail customers is now rated one of the best mobile banks in the market. The bank intends to capitalise more on the switch to a new IT system in the future. The bank is a proud Eika bank and benefits from economies of scale within, for example, joint purchasing and product companies, as well as technology development.

The merger plan between Sandnes Sparebank and Hjelmeland Sparebank was approved by the banks' boards of trustees on 15.01.2024. The plan is to complete the legal merger on 01.08.2024. On that date, the bank will take a new, important step into the future and become Rogaland Sparebank. The merger offers positive synergies on the cost side, although, most importantly, it will provide access to a new and exciting market area with good growth opportunities. We look forward to a rewarding growth journey together with the capable employees of Hjelmeland Sparebank.

The bank is in the last part of its current strategy period, which will end in 2024. The bank is well positioned and will develop a new strategy plan for 2025 to 2028 over the course of 2024.

Thank you for the past year. We look forward to working with customers and partners in 2024 as well.

Trine K Stangeland

Trine Karin Stangeland
CEO

Key figures as at 31.12.2023

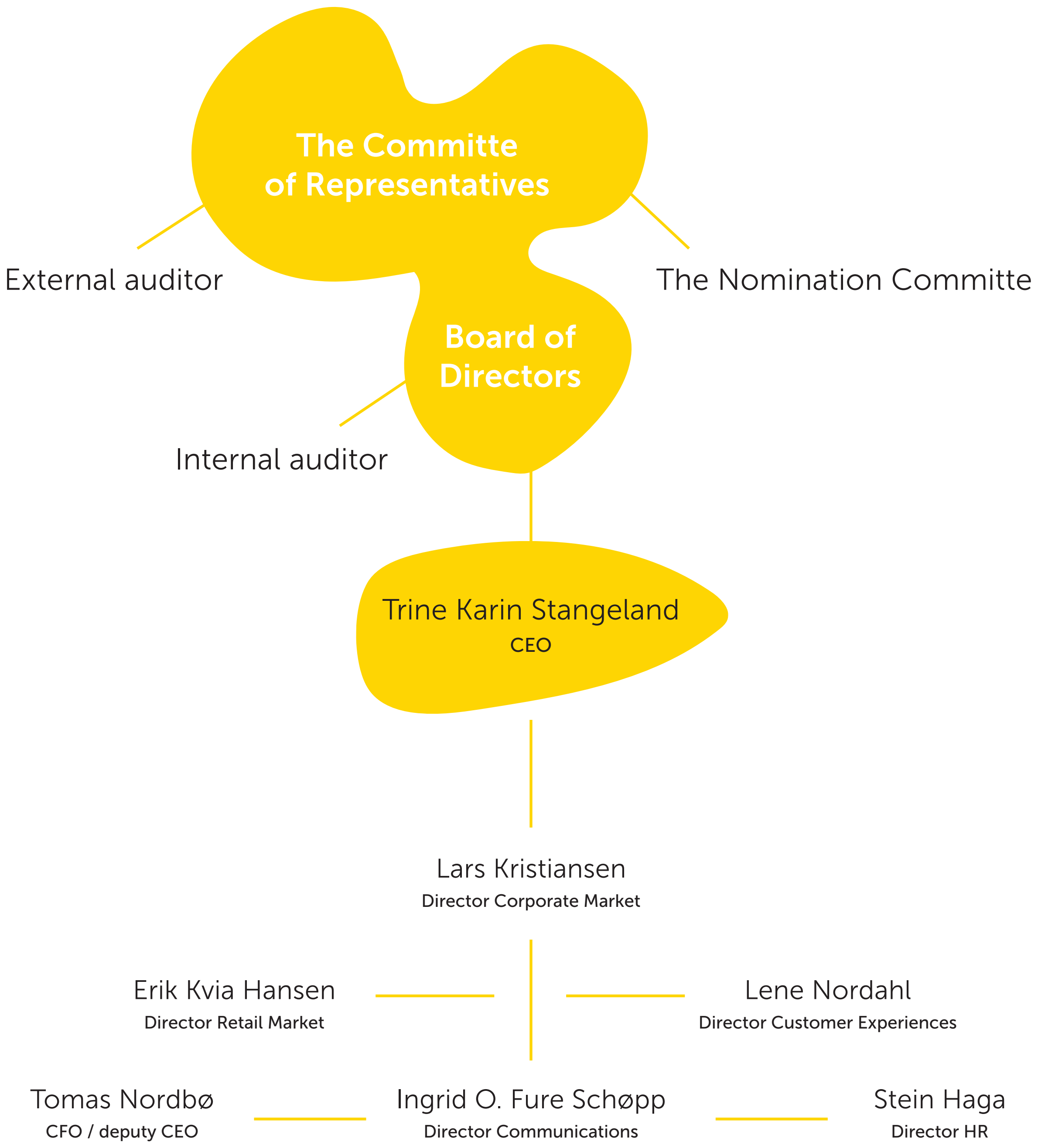
Group Full year 2023	Group Full year 2022	Profit summary (amounts in NOK thousands)	Parent Bank Full year 2023	Parent Bank Full year 2022
615 567	495 687	Net interest income	529 650	417 591
159 563	153 790	Other operating income	182 005	132 114
368 707	324 093	Other operating costs	321 947	284 363
10 634	11 345	Net loss/impairments	11 899	12 401
395 789	**314 040**	**Operating profit before tax**	**377 809**	**252 942**
65 899	47 874	Tax expense	50 333	34 155
329 890	**266 166**	**Operating profit after tax**	**327 476**	**218 786**
100 666	235 652	Other comprehensive income (OCI) (after tax)	100 821	235 888
430 556	**501 818**	**Comprehensive income**	**428 298**	**454 674**
431 457	501 333	Controlling interest's share of the profit		
-901	484	Non-controlling interest's share of the profit		

31.12.2023	31.12.2022	Excerpts from balance sheet (amounts in NOK millions)	31.12.2023	31.12.2022
34 415	32 221	Total assets	22 550	21 412
33 318	30 797	Average total assets	21 981	21 062
29 391	26 964	Loans to customers	15 389	15 053
14 562	13 365	Deposits from customers	14 775	13 367
3 481	3 633	Certificates and bonds	2 869	2 759
97	151	Financial derivatives	117	172
3 625	3 397	Equity	3 276	3 050

31.12.2023	31.12.2022	Key figures[1]	31.12.2023	31.12.2022
		Performance past 12 months		
6.8 %	9.7 %	- Asset management	5.3 %	3.4 %
9.0 %	6.2 %	- Lending	2.3 %	-3.3 %
9.0 %	4.1 %	- Deposits	10.5 %	4.0 %
49.5 %	49.6 %	Deposit-to-loan ratio	96.0 %	88.8 %
264.7 %	293.0 %	Liquidity coverage ratio (LCR)	233.4 %	235.8 %
		Profitability		
1.85 %	1.61 %	Net interest income as % of average total assets	2.41 %	1.98 %
47.6 %	49.9 %	Cost-to-income ratio	45.2 %	51.7 %
1.1 %	1.1 %	Total costs as % of average total assets	1.5 %	1.4 %
11.9 %	10.0 %	Return on equity before tax	12.7 %	9.0 %
9.9 %	8.5 %	Return on equity after tax	11.1 %	7.8 %
9.6 %	8.3 %	Return on equity after tax, interest on hybrid capital	10.7 %	7.6 %
		Financial strength [2]		
20.4 %	20.7 %	Capital adequacy ratio	22.8 %	23.3 %
18.5 %	18.4 %	Tier 1 capital ratio	20.3 %	20.3 %
17.8 %	17.8 %	CET1 capital ratio	19.5 %	19.4 %
17 410	16 638	Risk-weighted capital	12 421	12 002
		Human resources		
154	151	No. of full-time equivalents (FTEs) on balance sheet date	127	125
		Equity certificates		
91.4	93.8	Market price	91.4	93.8
63.6 %	63.5 %	Equity certificate percentage	63.6 %	63.5 %
10.0	8.1	Earnings per equity certificate	9.9	6.6
10.0	8.1	Diluted earnings per equity certificate	9.9	6.6
106.6	99.9	Book equity per equity certificate	96.1	89.4
0.86	0.94	Price/book equity (P/B)	0.95	1.05

1 The Group's financial strength key figures (capital adequacy) include the consolidated share of capital for owner institutions in a cooperating group.
2 Several of the bank's key figures are defined as alternative performance measures (APMs) and are defined in an appendix.

Organisation and management group



The board of directors


(1)


(2)


(3)


(4)


(5)


(6)


(7)


(8)

Harald Espedal (1)

Chair of the Board

Harald Espedal holds a Bachelor of Commerce/ Business Studies from NHH - Norwegian School of Economics, where he also took the higher auditor programme. He is the Chair of the Board of the investment firm Espedal & Co AS. Espedal has previously served as the CEO and Director of Investments in SKAGEN and has previous experience as the Director of Investments in Vesta, European Equities Manager in Skandia, Finance and Research Manager in SpareBank 1 SR-Bank and a manager in the consulting and auditing firm Arthur Andersen in Stavanger. Chair of the Board since 2015. *Espedal holds 886 861 equity certificates through his investment firm, Espedal & Co AS. Espedal also manages 680 000 equity certificates through the company Salt Value AS.*

Frode Svaboe (2)

Deputy Chair

Frode Svaboe holds a Bachelor of Commerce/ Business Studies from BI Norwegian Business School and took the higher auditor programme at NHH - Norwegian School of Economics. He is currently a partner/CEO of SVAL Rådgivning AS. Svaboe's previous experience includes being an auditor for KPMG and a partner/CEO in KPMG South/West. Member of the board since 2010. *Svaboe holds 10 200 equity certificates through the investment firm FS Invest AS.*

Sven Chr Ulvatne (3)

Board member

Sven Christian Ulvatne graduated in engineering from the Norwegian University of Science and Technology (NTNU) and is currently managing his own company, Ulvatne AS. Ulvatne has previous experience as a regional manager for Backe Prosjekt AS, CEO from companies such as Backe Entreprenør, Backe Bygg, NCC Construction, Sandnes Eiendom and AS Betong, in addition to leading positions with Block Watne and Aadnøy Entreprenør. He sits on the boards of various companies, including as Chair of the Board of his own investment company. Ulvatne also holds a number of elected offices in industry associations such as the Confederation of Norwegian Enterprise (NHO), the Federation of Norwegian Construction Industries (BNL), the Contractors Association - Building and Construction (EBA) and Standards Norway. *Ulvatne holds 2 701 equity certificates personally, plus 9 300 equity certificates via his investment firm Ulvatne AS.*

Bjørg Tomlin (4)

Board member

Bjørg Tomlin holds a Bachelor of Commerce/ Business Studies from Copenhagen Business School, Denmark. She also holds a Master of Telecommunications from BI Norwegian Business School. She is currently the CEO of the IT company Upheads AS. She has previous experience as the Director Corporate Market in Altibox/Lyse. She also has 15 years of experience from various management positions in Telenor, 5 years of which were spent as Regional Director South/West. Member of the board since 2019. *Tomlin holds no equity certificates.*

Astrid Rebekka Norheim (5)

Board member

Astrid Rebekka Norheim has been the EVP Customer & Market of Lyse AS since 2021. She holds a Bachelor of Business Administration from BI Norwegian Business School, supplemented with several management development programs from the same institution. She has 21 years of experience from various roles in SpareBank 1 SR-Bank, including Director of High Net Worth Individuals and Agriculture and Director of Savings, Investments and Pensions. Member of the board since 2020. *Norheim holds 6 394 equity certificates.*

Wenche Drønen Christenssen (6)

Board member

Wenche Drønen Christenssen holds a Bachelor of Banking/Finance and a Master of Organisational Psychology and Management from BI Norwegian Business School. She is currently HR Director at Kuehne + Nagel Norway. Christenssen has senior management experience from various companies, primarily within finance, insurance and accounting. In the past few years she has been the Executive Vice President Market & Organisation in Fremtind Forsikring AS, the CEO of SpareBank 1 Regnskapshuset AS and, prior to that, the Executive Vice President Organisation & HR in SpareBank 1 SR-Bank. Member of the board since 2021. *Christenssen holds 2 240 equity certificates..*

Ingunn Ruud (7)

Employee representative

Ruud holds a Bachelor of Business Administration from the University of Stavanger. She has six years of experience as an authorized financial advisor from Sparebanken 1 SR-bank. Employed by Den Gule Banken, Sandnes Sparebank since 2012 and currently works as RM adviser. Ingunn Ruud is head of Employee representatives in the bank, deputy chairman of Finansforbundet in Eika Gruppen and board member of Finansforbundet, Rogaland Region. Member of the board since 2020. *Ruud owns 1 410 equity certificates*

Joakim De Haas (8)

Employee representative

Joakim De Haas holds a Bachelor of Business Administration from BI Norwegian Business School. He joined Den Gule Banken, Sandnes Sparebank in 2011 and currently works as a corporate customer adviser. He has been the employee representative on the Board of Directors since spring 2021. *De Haas holds 2 627 equity certificates.*

The management group


(1)


(2)


(3)


(4)


(5)


(6)


(7)

Trine Karin Stangeland (1)

CEO

Trine Karin Stangeland holds a Bachelor of Economics and a Master of Strategic Management from BI Norwegian Business School. She has many years of management experience from the Lyse Group, from 2005 to 2016, most recently as CEO of Lyse Dialog. Prior to that she had several years of management experience in economics and finance from industry. Stangeland is the Deputy Chair of the Board of Directors of Eika Gruppen, a board member of Eika Banksamarbeid, Chair of the Board of Kjell Haver Regnskapsservice, a board member of Aktiv Eiendomsmegling Jæren and a board member of NHO Rogaland. She has been the CEO of Den Gule Banken, Sandnes Sparebank since February 2017.
Stangeland holds 31 392 equity certificates.

Tomas Nordbø (2)

CEO/Deputy CEO

Tomas Nordbø holds a Bachelor of Commerce/Business Studies, is an authorised financial analyst and holds an MBA in Finance from NHH - Norwegian School of Economics. He joined Den Gule Banken, Sandnes Sparebank after 7 years with SKAGEN Funds, where he spent 5 years as a portfolio manager and 2 years as a risk manager. Prior to that he spent 4 years as a senior consultant within financial services in Statoil. Nordbø took up his position as CFO in April 2017 and is also the Deputy CEO.
Nordbø holds 33 407 equity certificates.

Lars Kristiansen (3)

Director Corporate Market

Lars Kristiansen was educated at Harstad University College, BI Norwegian Business School and IMD in Switzerland. He joined Den Gule Banken, Sandnes Sparebank after 16 years as a manager in the Danske Bank Group. He spent the last 6 years of this period as Regional Director Corporate Market South/West and Regional Manager for Danske Bank in Stavanger. Prior to that he spent 4 years as a regional manager in Storebrand and he has also had several other management roles in business.
Kristiansen holds 4 455 equity certificates.

Ingrid O. Fure Schøpp (4)

Director Communications

Ingrid O. Fure Schøpp holds a Cand. Mag. degree from Hamar College of Education and the University of Stavanger. She has previously held the positions of marketing manager and information manager in the bank. Schøpp is the bank's media contact and is also responsible for the bank's overall market communication and brand building. *Schøpp holds 12 071 equity certificates.*

Erik Kvia Hansen (5)

Director Retail Market

Kvia Hansen has an Executive MBA from UiS School of Business and Law and graduated in marketing from BI Norwegian Business School. He spent 10 years in the retail market in Nordea in Rogaland, including as a customer adviser, branch manager and regional manager in the retail market with a primary focus on new sales. He also has 7 years of experience as a project manager within CRM and product department from the markets department in GE Money Bank.
Kvia holds 4 741 equity certificates.

Lene Nordahl (6)

Director Customer Experience

Lene Nordahl studied Economics and Informatics at the University of Stavanger. She has 11 years of experience from various roles in GE Money Bank and 6 years in Lyse Dialog AS, where she had was the Strategic Customer Service Manager.
Nordahl holds 5 808 equity certificates.

Stein Haga (7)

Director HR

Stein Haga holds a Bachelor of Commerce/Business Studies from the University of Oregon, USA, and a Master of Management from BI Norwegian Business School. His previous experience includes working as an HR and organisation consultant in Sandnes Municipality, HR manager in Marine Well Service and a manager in EgroBlueGarden. Haga has been the Director HR in Den Gule Banken, Sandnes Sparebank since 2004. *Haga holds 13 292 equity certificates.*

Corporate Social Responsibility

Corporate governance

Investor information

Sustainability and social responsibility

The bank's ethical and social responsibility principles and policies are available in full from our website www.sandnes-sparebank/samfunnsansvar.

The bank's social role presents us with opportunities to encourage our customers and other companies to make systematic improvements. Den Gule Banken, Sandnes Sparebank wants to be a contributor and driving force behind sustainable value creation in society by practising responsible banking.

The Board of Trustees is the bank's supreme body and supervises the Board of Directors' management of the bank. The Board of Trustees approves the bank's articles of association and financial statements, and also elects the bank's Board of Directors, Nomination Committee and external auditor. In addition, the Board of Trustees allocates the amounts that may be used for good causes pursuant to section 10-7 of the Financial Institutions Act and determines whether to raise subordinated loan capital.

Responsible business conduct is ensured by integrating sustainability and social responsibility into our business processes. All bank employees review **the bank's policies** in the area of sustainability and social responsibility every year. The policies are designed to ensure that the bank does not contribute to breaches of human and labour rights, corruption, serious environmental damage and other unethical acts, and that we contribute to the transition to a more sustainable society. Sustainability and social responsibility have been integrated into the bank's **key policies**, such as our credit policy, investment policy for asset managers, and risk assessment procedures.

The area of sustainability was elevated to one of the six cornerstones of the bank's **business strategy** for the current strategy period. As part of preparing the bank's sustainability strategy, the bank conducted a comprehensive survey of what employees thought the bank's sustainability priorities should be. Together with input from other stakeholders, this provided an important basis for implementing and further developing our sustainability initiatives in line with the bank's materiality analysis and impact analysis.

The bank's **strategic objective** is: "We shall contribute to a better and more sustainable future for our employees, our customers and our region." Material topics have been identified and goals set for various areas of our operations in order to achieve our overall objective.

In our continued development of the bank's sustainability strategy, the **UN Sustainable Development Goals** (SDGs) and the **Paris Agreement's** reduction targets have been used as useful frameworks for identifying where the bank can best have an impact. Den Gule Banken, Sandnes Sparebank has specific goals and priorities for six selected goals where we can really make a positive contribution and a difference. Please visit our website for a description of how we contribute to achieving the selected SGDs.

Climate change is expected to be one of the strongest drivers of global social developments in the next few decades. Massive investment in transitioning to renewable and more resource efficient operations is required to achieve the reduction targets and SDGs. The bank can have the biggest impact by contributing to the transition processes of our customers and local communities. We want to do our bit with respect to financing the transition our region faces and needs. The bank has therefore set targets for, and reports on, progress that contributes to allocating capital to sustainable transition.

Climate change poses a risk to society, enterprises and banks. The bank is primarily exposed to **climate-related risk** through our lending. Physical risk and restructuring risk affect credit risk and operational risk. For more detailed information about restructuring products and managing climate-related risk see the section on responsible lending, as well as notes 7 and 8 and the TCFD report on p. 152.

The **regulatory framework** for defining and reporting on sustainability is evolving rapidly. Regulations via the taxonomy and Corporate Sustainability Reporting Directive (CSRD) will ensure the SDGs are achieved, reduce greenwashing, ensure comparability and channel capital towards defined sustainable activities. The bank believes we are well-prepared for the increased reporting requirements that are expected given that we already comply with GRI recommendations and section 3-3 of the Accounting Act, as well as our continuous work on ensuring the recommendations of TCFD are operationalised (see the appendix on p. 152).Over the course of 2023, the banks in the Eika Alliance worked together on a joint project tasked with preparing the local banks for reporting in line with CSRD. The project was divided into different phases in the lead up to the financial year in which local banks will have a duty to start reporting. The first phase was completed in 2023. It mainly involved carrying out a double materiality analysis.

In Den Gule Banken, Sandnes Sparebank, ethics and sustainability are incorporated into policies and procedures. We comply with a number of internationally recognised principles and initiatives. These guide our actions when it comes to granting credit to our customers, internal conditions and decisions, as well as investments in our liquidity portfolio. An exhaustive list of the principles and initiatives the bank complies with is available in the bank's policies, which are available on our website: https://www.dengulebanken.no/samfunnsansvar.

Stakeholder engagement

Den Gule Banken, Sandnes Sparebank is committed to openness and engagement with our stakeholders, which allows us to get their input and take account of it in our operations.

The bank has several points of contact with our stakeholders over the course of the year. An overview of the bank's engagement with stakeholders in 2023 is provided below:

STAKEHOLDERS	POINTS OF CONTACT	KEY TOPICS	ACTIONS
Customers	• Advice and dialogue via all of the bank's channels (including in-person visits, phone calls, email, letters, social media channels and text messages). • Regular customer surveys in the retail and corporate market segments. • Customer communication in the online and mobile banks, social media channels and the bank's website. • Customer events.	• Advice • Customer service experience. • Availability and response times. • Products and services. • Prices and terms and terms. • Responsible saving and responsible lending. • Green loan products.	• Continuous development and improvement of the bank's products and services. • Continuous coaching and guidance of employees. • Evaluation and improvement of customer processes
Employees	• Annual employee surveys. • Semi-annual employee performance and career development reviews • Cooperation and working environment committees • Regular meetings with unions • Management development, development of corporate culture • Yellow Days • Strategy meetings.	• Ensure committed, competent and result-oriented employees • Ensure good working environments • Co-determination • Organisational development • Materiality analyses, priorities for strategic plans.	• Development goals for employees • Ensure high attendance rates for employees • Training plan and course packages via the Eika Academy • Common monthly KPI reporting for all managers • Status reporting based on materiality analysis and strategic plan.
Equity certificate holders **Investors**	• Capital Market Days/webcasts. • Market announcements and quarterly reports • Meetings of the Board of Trustees • Ongoing contact with the largest owners and analysts.	• Results • ESG • Ensure transparency regarding financial statements and corporate governance • Predictable dividends over the long term.	• Update estimates and inform the market of extraordinary events.
Other Eika banks and the Eika Alliance	• In-person and online meetings. • Participation in specialist committees, including the specialist committee for sustainability and steering group for the CSRD project in Eika.	• Joint activities, including competence, system and product development • Strategy, policies and actions – sustainability.	• Follow-up of recommended actions. • Conduct of double materiality analysis.
Government	• Ongoing dialogue with the Financial Supervisory Authority of Norway, etc..	• Drift, sikkerhet, personvern. • Anti-money laundering • Capital situation.	• Tiltak som sikrer etterlevelse av lover og regler.
Special interest organisations and society in general	• Finance Norway, including its sustainability reference group • Hosting the Sandnes business community through cooperation with the Stavanger Chamber of Commerce • Norwegian Green Building Council, Klimaselskap SA, via Eika Gruppen • Landbrukets Klimaselskap SA, via Eika Gruppen • Various special interest organisations through the work of the Den Gule Banken, Sandnes Sparebank Gift Fund.	• Responsible investments, granting of credit, relationships with fund providers • Relevant topics within sustainable finance • Local business community, equal opportunities, sustainability • Contributing to a sustainable community with engaged and responsible people who promote well-being and solidarity within education, training, sports and culture.	• Active participation in reference groups • Continued development of internal policies, tools for ESG assessments • Input for politicians in public consultation processes • Presentations and contributions, including for the Stavanger Chamber of Commerce and the KÅKÅnomics Conference • Distribution of funds from the bank's profits to sustainable and good causes.

Materiality analysis

In winter 2019/2020, the bank conducted a comprehensive internal analysis aimed at identifying the goals and actions through which the bank can best have an impact. We updated this work in autumn 2023. Otherwise no material changes were identified during the year.

The materiality analysis also took into account input from our engagement with several external stakeholders, including Future in our Hands/Ethical Bank Guide, Finance Norway, the Financial Supervisory Authority of Norway and the Eika Alliance. The bank developed its sustainability strategy and its associated goals and priority actions based on the topics these stakeholders described as priorities. Please also refer to the GRI Content Index appended to the annual report, which specifies the GRI standards deemed essential for the bank's operations in line with our strategic priorities.

The summarised materiality matrix below provided the basis for the strategy, goals and priorities the bank has staked out for the strategy period 2021-2024. Going forward, the bank will evaluate and monitor progress and report on our status, goals and priority areas. Any need to modify our priorities and material topics will be assessed at least once a year.

SIGNIFICANCE WITH RESPECT TO THE ASSESSMENT AND DECISION MAKING OF OUR STAKEHOLDERS

- Social responsibility through sustainable transition via donations from the Gift Fund.
- Energy consumption and our reduction goals for greenhouse gas (GHG) emissions, waste, water and paper consumption.
- Good quality emission intensity reporting in the customer portfolio, and the associated quality of data capture.

- Contributing to customers' sustainable transition through advice, product development, and responsible lending.

- Responsible, balanced and open communication.
- Responsible employer that focuses on promoting diversity and equality.
- Responsible purchasing.

- Ensuring ESG risk exposure and management is in line with policy.
- Training, especially within sustainability and climate-related risk.
- Responsible operations and order in our own organisation.

Other subjects have been assessed and found to be less significant – and are not activities which we report according to GRI. Subjects that remain in the matrix are considered the most material and will be reported according to GRI.

SIGNIFICANCE FOR CLIMATE RELATED/ENVIRONMENTAL AND ETHICAL/SOCIAL VALUE

Eika Gruppen carried out a major impact analysis based on the recommendations in UNEP FI PRB in 2021. The impact analysis also covers all Eika banks. The impact analysis indicates that Eika Gruppen, and its product companies and the Alliance banks, should in particular prioritise measures aimed at improving resource efficiency, reducing waste and increasing circular economics, as well as contribute to reducing climate change by cutting emissions.

Den Gule Banken, Sandnes Sparebank prioritises goals and measures for our operations and corporate culture, for the bank's customers and for the bank's role as a socially responsible stakeholder. The following sections describe the status of our goals for 2023, as well as what we have done, and our priorities for 2024:

Responsible operations

The bank wants to reduce its climate and environmental footprint.

Den Gule Banken, Sandnes Sparebank is an environmentally conscious bank and causes little environmental pollution. The bank recognises that how financial institutions contribute to transition through responsible lending and responsible investment is of far greater importance. Nevertheless, the bank still wants to operate in as sustainable and resource efficient a manner as possible and is constantly seeking to reduce its own climate and environmental footprint.

What the bank has done:

The annual climate report has been a useful tool for measuring the bank's emissions. It has also helped increase internal awareness and ensure that the bank focuses on identifying and actively implementing resource-saving measures throughout the year. Both 2020 and 2021 were characterised by Covid-19 measures, with extensive working from home and abnormally few in-person meetings. It is therefore natural to compare the emission targets with 2019.

In 2023, for the first time, the bank published its report on due diligence in accordance with the Transparency Act. It is important to us that our suppliers take a conscious approach to human rights, labour rights, working conditions, environmental protection, anti-money laundering and tax.

- Eco-friendly transport - The greatest impact the bank can have in terms of reducing emissions from our operations is to cut our emissions from transport, i.e. commuting and other work-related travel. The bank participates in the HjemJobbHjem ("HomeWorkHome") public transport scheme. In the first half of 2023, the number of HomeWorkHome tickets purchased by bank employees increased by about 50%, adjusted for changes in the number of employees. In the second half of the year, Stavanger Municipality introduced free public transport, which means that the figures for the full year 2023 are not comparable with 2022. The bank owns two electric vehicles that can be used by employees for external customer meetings.

- Low energy consumption - Den Gule Banken, Sandnes Sparebank's headquarters is the first commercial building to achieve the passive house standard in Sandnes. The office building is BREEAM certified with an asset performance rating of 64.3% and a building management rating of 40.2%. The energy consumed is 100% renewable energy and supplied with guarantees of origin.

- Sustainable purchasing – The bank requires our suppliers to proactively comply with human rights, labour rights and working conditions, environmental protection and anti-money laundering regulations. The bank's purchasing policy describes the applicable principles for purchasing in more detail. The bank maintained a dialogue with several suppliers in 2023 to ensure that their business operations were as sustainable as possible. Eika Gruppen was Eco-Lighthouse certified in 2021 and carries out ESG assessments of suppliers in line with the certification criteria, as well as due diligence assessments in line with the Transparency Act. The assessments cover many of the bank's largest suppliers. Since the Transparency Act entered into force, the bank has reviewed it suppliers and conducted assessments of each supplier's impact with respect to the climate, environment, social conditions, ethics and responsible business conduct. Both new and existing suppliers have had to sign a self-declaration, and this is set out in the bank's purchasing policy.

In connection with the due diligence in 2023, the bank's 79 existing suppliers were surveyed. The survey showed that 12 suppliers had some, or an elevated, risk of having an adverse impact on environmental, social and business conditions.

In its assessment, the bank's greatest risk of having adverse impacts on fundamental human rights and decent working conditions is in relation to business partners and its supply chain. The bank's use of loan agents has been identified as one of the activities with the greatest inherent risk. In anticipation of a new Loan Intermediation Act, Den Gule Banken, Sandnes Sparebank has practised a conservative approach to loan agents and imposed strict documentation requirements for their operations to ensure that they comply with applicable laws and regulations, as well as the bank's internal policies. That being said, the institution's suppliers are mainly companies that are subject to Norwegian law, including the Working Environment Act and the Transparency Act.

In accordance with the bank's purchasing and outsourcing policy, Den Gule Banken carries out risk-based due diligence of suppliers and business partners before concluding new purchasing agreements, when revising existing agreements and at regular intervals in contractual relationships that are judged to require closer monitoring, for example due to a high contract sum or the supplier's geographical location and/or industry. As a general rule, suppliers have to sign a self-declaration based on the principles of the UN Global Compact for responsible business. Alternatively, contractual requirements must be stipulated for the supplier.

Den Gule Banken has not identified any actual adverse impacts or significant potential for adverse impacts on fundamental human rights and decent working conditions in the supply chain or at business partners. Suppliers assessed by the bank as having an elevated risk have been sent a new self-declaration form and have been asked to sign it. The bank has not terminated any contracts with suppliers based on ESG-related factors either.

- **Climate-neutral bank:** The bank's climate report is available in the appendix. Den Gule Banken, Sandnes Sparebank's own emissions were compensated for through carbon credits as at 31.12.2023. There was a marked increase in all emission categories. The increase in total emissions was mainly due to 2023's Scope 3 financed emissions from the mortgage portfolios, agriculture and commercial properties being reported in category 15, Investments.

Energy and climate statement, total emissions, Den Gule Banken, Sandnes Sparebank

Name	Unit	2023	2022	2021
Scope 1 emissions	tCO_2e	0	0	0
Scope 2 emissions	tCO_2e	10.7	10.6	10.1
Scope 3 emissions	tCO_2e	30.854.4	61.1	19
Total (S1+S2+S3)	**tCO_2e**	**30.865.2**	**71.0**	**29.1**

Key figures – Energy and climate indicators

Name	Unit	2023	2022	2021
tCO_2e/ sales		39.820,9	119,40	47,60
tCO_2e/ man-labor years		243.993,3	511,60	223,60
$kgCO_2e$/ sqm		8.419,3	19,5	7,9
Sales	NOK million	775,1	600,0	610,4
Man-labor years	Number	126,5	140	130

1 Emissions figures for 2023 include financed emissions in the loan portfolio. These are not included in the 2021/2022 figures.

The bank had no Scope 1 emissions in 2023. Scope 2 emissions include purchased electricity and the consumption of district heating and district cooling in the bank's own premises based on the market-based method. The bank buys guarantees of origin for its electricity consumption such that the consumption reported for 2023 is 0 tCO_2e.

The location-based method was used for Scope 3 reporting. Emissions in the following categories decreased:

Emissions from buying copy paper were 50% lower than in 2022. The waste reported in connection with recycled paper decreased by 326 kg from 2022, corresponding to a reduction of 21.5%. The emissions (tCO_2Ee) from the number of kilometres driven for business purposes during working hours decreased by 50% compared with 2022. Flights are Sandnes Sparebank's largest source of emissions after financed emissions. Some 123 430 passenger kilometres (pkm) were flown in 2023, which generated emissions of 33.3 tCO_2e. In comparison, 295 066 pkm were flown in 2022.

In the employee commuting category, emissions increased by 24% compared with 2022.

The bank's main source of emissions is financed emissions in the loan portfolio. Den Gule Banken, Sandnes Sparebank, used Finance Norway's "Guidelines for calculating financed emissions" to calculate these emissions. The guidelines are based on the method issued by the Partnership for Carbon Accounting Financials (PCAF) for calculating financed emissions from loan portfolios. The English version of the "Guidelines for calculating financed emissions" is available on Finance Norway's website: https://www.finansnorge.no/siteassets/dokumenter/maler-og-veiledere/guidance-for-calculating-financed-emissions.pdf

The inclusion of financed emissions in the bank's Scope 3 emissions explains the marked increase in emissions in 2023 compared with 2022 and 2021. The emissions from the loan portfolio were distributed as follows:

Residential mortgages: 2 753.6 tCO_2e (8.9% of total emissions)
Agricultural loans: 27 963 tCO_2e (90.6% of total emissions)
Commercial property mortgages: 92.8 tCO_2e (0.3% of total emissions)

Future priorities:
The bank will continue to facilitate eco-friendly transport provision for employees and reduce flights to a minimum. Significantly reduced travel and more digital meetings from 2020 to today had positive effects in the form of lower costs and GHG emissions, as well as more efficient time use. We continue to encourage the use of digital meetings where appropriate and the most eco-friendly transport possible

when travel is required. We are also working to ensure our suppliers are complying with environmental requirements, including by collecting signed self-declarations regarding supplier conduct in connection with purchasing and outsourcing. Regular engagement with key suppliers and annual internal due diligence in line with the Transparency Act's criteria help ensure that the bank has access to sustainable products and services.

Responsible employer

We are seen, heard and consulted. There is room for everyone in Den Gule Banken, Sandnes Sparebank, and that is how it should be! The bank always strives to ensure that the strategic goals for sustainability are integrated into all our business areas and corporate culture.

What the bank has achieved:

- Employees and co-determination: At the end of the year, the bank had 130 employees. Of these, seven (5%) work part-time. All of the part-time employees are women. We recruited four new permanent employees in 2023. Employee turnover in the bank amounted to 5.8%. The bank also uses some external consultants. In 2023, 6 339 hours were invoiced for external consultants, which is equivalent to 3.7 FTEs at 1 700 hours.

  Some 75 of the bank's employees are members of the Finance Sector Union of Norway and the bank is a member of the employer organisation Finance Norway. 88% of the employees are covered by collective bargaining agreements.

A quarter of the members of the bank's supreme body, the Board of Trustees, are employees. Additionally, two of the members of the bank's Board of Directors are elected from among the employees.

Age distribution in the bank

Age	Percentage of employees
20-29	8%
30-39	32%
40-49	29%
50-59	23%
60+	7%

It is important that each individual employee is seen and followed up by their manager in relation to job performance, motivation and satisfaction. Employees are offered, and are entitled to, at least one annual performance and career development review. All employees in a permanent position had a formal performance and career development review with their manager in 2023. Furthermore, a "senior interview" was conducted with employees who turned 60 in 2023. This is a key part of the bank's senior policy, where the aim is to motivate employees to work up until ordinary retirement age (70).

Diversity and equality are part of our HR strategy and are operational priorities in our personnel policy. The bank has set both goals and targets for our work in this area. The equality work is well embedded in the organisation and the bank is committed to working towards equality on a broad basis.

The bank is a signatory to "Women in Finance" where the purpose is to increase the proportion of women in management positions in the financial services industry.

The bank's CFO, the head of the department for advisers in the retail market and the HR Manager have a specific responsibility to follow up the work under the auspices of "Women in Finance". Based on this work, the bank has sharpened its goals and aims to achieve a full gender balance at management level and in specialist functions. This is not a goal that will be achieved overnight. However, the direction of travel is clear, and it is a visible ambition for the work on equality. Den Gule Banken, Sandnes Sparebank has set the following goals for diversity and equality:

- We want to achieve a 50/50 gender balance at all management levels
- We want to achieve a minimum 60/40 gender balance in the customer service department
- We want to have one candidate of each gender in all final recruitment processes
- We want to attract a variety of candidates when recruiting

- Training. Den Gule Banken, Sandnes Sparebank organises training that ensures the bank can provide good advice to customers and make a positive contribution to the green transition. Parts of the bank's training provision is delivered by the Eika Academy and here the average time spent on training per employee was 71 hours in 2023. Other training is provided via other platforms and in other contexts. All advisers undergo an annual professional refresher via FINAUT, and the financial services industry union Finansforbundet's webinar series "JustAddFinance" is available to, and recommended for, the bank's employees.

  Members of the Board of Directors hold management roles in various companies in the region, each of which has its own approach to sustainability. All credit cases discussed by the Board of Directors include a description of the associated sustainability risk. Sustainability was a specific agenda item at the Board's strategy meeting in September.

- **Zero tolerance of discrimination.** Den Gule Banken, Sandnes Sparebank fully respects the rights of our employees. We therefore practise zero tolerance of any form of discrimination. No instances of discrimination by or among employees were reported in the year just ended.

- **Gender and equal pay.** As at 31.12.2023, Den Gule Banken, Sandnes Sparebank had 126.5 FTEs. Female employees account for 64.7% of the bank's employees. The bank is of the opinion that this is not an optimal gender balance, and we are working to achieve a more even gender balance overall. Three of the seven members of the bank's management group are women, and the bank has a female CEO. 9 of the 20 managers with personnel responsibilities in the bank are women. Of the bank's Board of Directors, four members are women and four are men.

  To the extent possible, employee pay reflects current market rates and the individual's education, qualifications and responsibilities. The bank's female middle managers earn 101.2% of what male managers earn. The corresponding ratio is 116% in the bank's senior management group. Overall in the bank, women earn 84% of what men earn. The bank's calculations have been adjusted for fewer hours worked, but differences in position, seniority and other factors affect the ratio. The bank takes a conscious approach to equal pay and implements measures to ensure it. For example, equal pay forms part of the comprehensive assessment in pay negotiations. The CEO's total remuneration compared with the median total remuneration for other employees is 410%. The corresponding figure for 2022 was 456%. There is no direct connection between remuneration and results within sustainability.

  The majority of employees in Den Gule Banken, Sandnes Sparebank are permanent ones. The bank has 130 permanent employees and six temporary employees, of whom five are women. Of the temporary employees in the bank, all of them work in the bank's customer service centre. Of the bank's full-time employees, 48 are men and 82 are women. In total the bank has six employees in part-time positions, five of whom are women.

- **Employee satisfaction and health.** The annual employee survey shows that the bank's employees are very satisfied with working for Den Gule Banken, Sandnes Sparebank and that we have a good working environment.

  All of the bank's employees are covered by the bank's HSE management system with respect to their physical working conditions, psychosocial working environment and safety measures. The bank reported no work-related injuries or ill health in the year just ended.

  In 2023, eight of the bank's employees took parental leave. Four of these were men and four were women. On average, the women took 25.8 weeks of parental leave, while the corresponding number for the men was 15.8 weeks. All employees returned to work after their leave ended.

  In addition to their agreed salary and remuneration, the bank's employees enjoy a series of benefits. These are offered to both permanent and temporary employees. In addition, there are schemes for saving in equity certificates and loans on employee terms and conditions that are only offered to permanent employees.

- **Code of conduct for employees.** All of the bank's employees have to sign our code of conduct every year. This is designed to help ensure that a high degree of integrity and professionalism is exercised in all activities in Den Gule Banken, Sandnes Sparebank.

- **Reporting wrongdoing.** The bank has a specific whistleblowing procedure. Please refer to the bank's personnel manual for the detailed procedure. The Board of Directors did not receive or deal with any whistleblowing cases in 2023.

- **The bank's complaints procedure.** The bank's goal is to have satisfied customers. However, occasionally situations can arise that make our bank customers feel less than satisfied. The bank therefore has a complaints procedure that can be accessed via our website by customers, other people, companies and organisations that want to lodge a complaint. Complaints can concern customer services and other activities that the bank's stakeholders believe are having a negative impact on individuals or other parts of society.

- **Mechanisms for seeking advice and raising concerns.** The bank's personnel manual has a specific procedure for reporting unwanted incidents, bullying, harassment and sexual harassment.

  All employees and contract workers (including pupils/students and people under training and participants in labour market measures) therefore have a responsibility to register adverse events in the incident database.

  Adverse events mean:
  - Errors resulting in or that could have resulted in loss or extra cost
  - Breaches of mandates, procedures and policies
  - Incidents that have a negative impact on health, the environment or security
  - Breaches of instructions concerning security, maintenance and hygiene

Reports are forwarded to a compliance officer for further follow-up. Usually, a suitable person is assigned to the case who can decide on any follow-up and measures.

The bank has implemented a warning system to avoid adverse events in relation to the General Data Protection Regulation (GDPR). This involves the sender receiving a policy alert when external emails contain, for example, a national identification number. The bank has also conducted campaigns aimed at raising awareness, including highlighting alternative secure communication channels that should be used, such as online banking, encrypted lines (TLS) and email password protection.

- **Sustainability and the environment.** Sustainable operations and development are integral to all business areas and the bank's corporate culture. This has been clearly demonstrated in recent years through measures designed to streamline operations, product development and advice, and through the greater understanding of ESG risk, and particularly climate-related risk.

- **Evaluation of the performance of the Board of Directors.** The board evaluates its own performance every year. The process covers all subject areas, including sustainability. As far as social initiatives are concerned, the bank's grants from the Gift Fund are approved and reported to the Board on an ongoing basis, including with respect to the goal of at least 10% of the Gift Fund being allocated to local green initiatives.

Future priorities:

Den Gule Banken, Sandnes Sparebank will organise further training in sustainability and climate-related risk to ensure that customers receive good advice and to make a positive contribution to the green transition. Besides training through FinAut, Eika Gruppen will continue to focus on ensuring adequate sustainability training provision for various roles in the bank through a dedicated learning plan for sustainability in 2024.

The bank will continue to focus on how to further ensure diversity and equal pay. In early 2022, Den Gule Banken, Sandnes Sparebank signed up to the Women in Finance Charter and we want to strengthen our focus and help increase the proportion of women in senior positions and specialist roles in the financial services sector.

Responsible financing

Den Gule Banken, Sandnes Sparebank wants to help increase positive impacts and reduce negative impacts from our investment and funding activities.

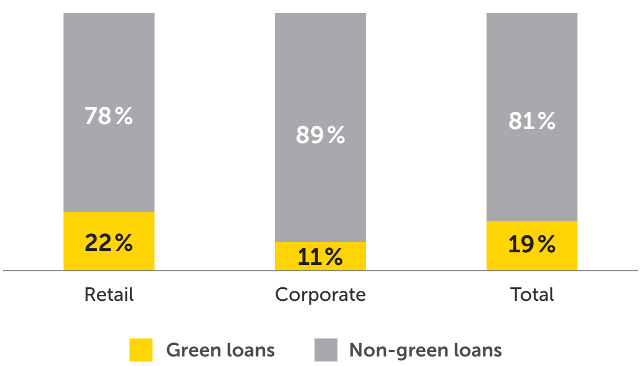
What the bank has done:

The bank's green framework was expanded in October 2022. This has enabled the bank to issue green senior bonds, as well as map the bank's loan portfolio in relation to the EU's taxonomy, and this has been an important contribution to providing a basis for reporting on the bank's green ratio. Since establishing the green framework, the bank has issued two green bonds. However, no senior bonds have been issued yet.

- **Green deposits.** By the end of the year, the bank had received NOK 55.8 million in green deposits via the deposit portal, Fixrate. The funds are earmarked for financing sustainable business and energy efficiency improving investments in the corporate market.

- **Green loans.** As at 31.12.2023, 19% of the bank's loans were green loans, ref. figure below. This includes loans defined as green in line with the bank's updated green framework from October 2022. In 2023, work was done on developing KPIs based on the volume of sustainable financing for the bank's various segments. This will be followed up in 2024 with scorecards for the various departments. This is expected to help increase the proportion of sustainable financing in the bank.

GREEN PROPORTION IN DEN GULE BANKEN, SANDNES SPAREBANK



- **The bank's investment strategy.** Our investment strategy provides clear guidelines regarding what the bank is allowed to own. As at 31.12.2023, the bank held a total of NOK 176 million in bonds defined as ESG bonds.

Future priorities:

The bank will continue the work we have started within contributing to positive environmental impact through our investment and financing activities. The green framework will be used to finance energy-efficient residential and commercial properties, building renovation, renewable energy, energy efficiency measures, sustainable agriculture and green transport.

Responsible lending

Den Gule Banken, Sandnes Sparebank is committed to contributing to a green and sustainable transition for customers. We want our customers to make good financial and sustainable choices in their everyday lives.

What the bank has done:

We do not lend money to just anybody! The bank sets additional requirements for companies that are a higher risk with respect to environmental, social and governance issues.

- **ESG assessments in credit granting processes.** The bank requires all of our corporate customers, regardless of sector, to comply with Norwegian laws, respect human rights and actively oppose discrimination, harassment and money laundering. Customers sign up to this via a customer declaration. The bank has assessed ESG factors and climate-related risk in credit granting processes for corporate customers since 2020 and has since 2021 used a tool developed by Eika Gruppen for this purpose. All advisers have undergone training in sustainability and climate-related risk.

- **Climate-related risk.** Periodic assessments are made of the bank's exposure to climate-related risk and its impact on our operations. Analysing and managing exposure to climate-related risk have been incorporated into the bank's strategy and governing documents, including our credit policy. For further details, see the reporting on the TCFD's recommendations in the appendix.

  Den Gule Banken, Sandnes Sparebank analyses the physical climate-related risk linked to financing real estate where the bank is the mortgagee. The physical risk is grouped into the following risk categories:

  - Rising sea level: 20-year flood scenario
  - Flood: 20-year flood, now scenario
  - Quick clay slide: moderate probability, now scenario
  - Avalanche and stone slide: inspected special caution zone, now scenario
  - Major rockslide: danger zone, now scenario

  The table below shows that 97.8% of the properties where the bank is the mortgagee are not exposed to physical climate-related risk and, therefore, that 2.2% are exposed to such risk. Rising sea level is the highest category with 46% of risk-exposed loans.

- **Green loans that reward the environmentally conscious.** Den Gule Banken, Sandnes Sparebank wants to reward customers who do something for a greener environment. Over the past few years, the bank has developed green products to offer customers great incentives to make sustainable choices. The bank offers green transition loans and green energy loans aimed at financing transition and sustainable investments. The bank also offers green agricultural loans to agricultural customers. As at 31.12.2023, green agriculture loans accounted for NOK 49.3 million of the loan portfolio. The bank also offers green mortgages for financing energy efficient homes. As at 31.12.2023, green mortgages accounted for NOK 134 million of the loan portfolio, while the bank's total loans to customers in both segments was NOK 29.4 billion. The bank is working on increasing the proportion of green loans in all segments, ref. the introduction of scorecards for green loans in the

Year	Retail customers	Corporate customers	Total lending	Share
Not exposed to risk	23 466	5 099	28 565	97.7 %
Exposed to risk:				
Rising sea level	214	85	299	1.0 %
Flooding	1	-	1	0.0 %
Quick clay landslide	26	-	26	0.1 %
Avalanche	68	74	143	0.5 %
Scree slide	147	12	159	0.5 %
Rockslide	21	2	23	0.1 %
Total exposed to risk	**278**	**173**	**651**	**2.2 %**
Total loans for property	**23 944**	**5 272**	**29 216**	**100 %**

section entitled *Responsible financing*. The bank offers green car loans to finance eco-friendly cars through Eika. As at 31.12.2023, green car loans accounted for NOK 20.8 million, or 50%, of the total volume of car loans for the bank's customers.

- **Responsible advice and loan products.** Den Gule Banken, Sandnes Sparebank must offer good responsible financial advice. The bank offers standard deposit and loan products to both corporate and retail customers, and also offers investment funds and insurance through Eika Kapital-forvaltning and Eika Forsikring.

  Buying your first home is challenging. Den Gule Banken, Sandnes Sparebank offers BSU saving and favourable mortgage schemes specifically designed for young people and young first-timer buyers in order to help them save and finance their first home. As at 31.12.2023, the bank lending to the young mortgage segment amounted to NOK 3.2 billion.

  Our Balansebank ("Balance Bank") is a special department in the bank that provides close, personal follow-up and bespoke solutions designed especially for those whose personal finances are strained for various reasons. The goal is to restore customers' financial health so they can become ordinary bank customers again.

Future priorities:

The bank will continue to prioritise product development and training in order to contribute to sustainable transition for customers. The bank's ambition is to increase the annual volume and scope of green loan products in the portfolio. By systematically working on identifying, understanding and managing risk in customer relationships, the bank manages the risk in our portfolio and helps customers improve their understanding of risk and make sustainable choices.

Responsible insurance

What the bank and Eika Forsikring has done.

By offering insurance we create predictability and security for the bank's customers and protect customers' assets. Eika Forsikring has prioritised measures in order to address sustainability considerations in three important areas:

- **Loss prevention.** Eika Forsikring takes a systematic approach to preventing losses through insurance terms and conditions and by providing customers with information and assistance. Efforts to prevent loss have been replicated in several cooperation agreements and projects, for example, in relation to Trygg Trafikk in order to prevent traffic accidents, sensor technology that prevents fires, and grants for inspec-tions of agricultural buildings. Communication technology has been introduced to alert customers exposed to extreme weather events.
- **Green claims settlement.** Eika Forsikring is proactively working on the role of claims settlement within sustainable transition. All suppliers with a partnership agreement, and where Eika Forsikring actively manages damage repair, are assessed on the basis of environmental management and social conditions criteria. In the case of all new and renegotiated agreements, the supplier is required to be certified according to Eco-Lighthouse, ISO14001 or an equivalent standard, or to start the process within 6 months, and complete it within 18 months, of signing the agreement. All suppliers are also required to provide fair pay conditions in the form of collective agreements. Efforts are also being made to promote the circular economy and reuse in the actual settlements of claims, as long as this does not impact quality and safety. Agreements with suppliers include minimum requirements for sustainability and quality that must be met.
- **Responsible management.** Eika Forsikring's customer funds and own liquidity is managed by Eika Kapitalforvaltning and are subject to the same ESG standards the company applies in its other management.

Future priorities

We will proactively continue to work on the role of claims settlement within sustainable transition. Priority will be given to the development of loss models for conducting good risk assessments of insurance products, and analysing the ongoing effects of, for example, extreme weather and changes in our exposure to climate-related risk. Assessments and reporting related to climate-related risk are carried out as a natural part of the company's risk management process, as well as a natural part of product monitoring. Pending standardised quantifi-cation methods for physical climate-related risk, this portfolio overview enables the company to classify individual risks' climate/natural hazard risk according to discrete hazard levels.

Responsible investment

- **Sustainable investment fund products.** *We do not invest in just anything*! All of the products offered by Den Gule Banken, Sandnes Sparebank must comply with our requirements regarding social responsibility, sustainability, good business conduct, ethics and openness. The bank offers management of investment fund products via Eika Kapitalforvaltning. A good cooperative relationship has been established with Eika Kapitalforvaltning to ensure that the bank does not contribute to breaches of human and labour rights, corruption, serious environmental damage and other unethical acts.

What the bank and Eika Kapitalforvaltning has done:

Eika Kapitalforvaltning has carried out negative screening of its investment universe prior to investing fund capital since 2010. The is done by excluding all companies from investment that are in sectors Eika Kapitalforvaltning does not want to invest in, or companies that sell products that are deemed unethical. In 2020, Eika Kapitalforvaltning expanded its methods to also include the positive screening of companies in its equity funds. This means that Eika Kapitalforvaltning also seeks to invest in those companies that are among the best within sustainability in their respective sectors. This twofold approach ensures that Eika Kapitalforvaltning's portfolios consist of sustainable companies, which is also reflected in the analysis agency Morningstar's ESG assessments of Eika's equity funds. The companies are improving and reducing their ESG risk, although given the rising oil prices oil companies now account for a larger proportion of the markets and index. Since these companies have higher ESG risk, the ESG risk in Eika Global has also increased by 5.7% since 2021.

In recent years, Eika Kapitalforvaltning has built up an extensive ESG database of almost 10 000 companies. The database contains detailed information about the companies' organisation, products and any historical controversies, as well as various sustainability evaluations. At the end of 2023, the ESG database covered 99% of the companies in which Eika's equity funds are invested. The work that has been done on ESG in the past few years has produced clear results and reduced the ESG risk in funds. More information is available on the websites of the bank and Eika Kapitalforvaltning.

Future priorities:

Eika Kapitalforvaltning's savings products let the bank's customers become investors in a large number of companies in different sectors and countries. Going forward, Eika Kapitalforvaltning will prioritise the work on policies, governance and excluding sectors and individual companies, which will ensure that the savings products Eika Kapitalforvaltning offers our customers meet comprehensive requirements regarding social responsibility, sustainability, ethics and transparency. In line with MiFID II, Eika and the bank will ensure that the requirements for surveying customers' sustainability preferences are met.

Social responsibility

Sandnes Sparebank is "Den Gule Banken" and our vision is to be the best in class when it comes to good, personal customer experiences. The bank's ambitious goal is to achieve profitable growth, highly satisfied customers and an excellent reputation. For us, social responsibility means that we focus on, among other things, sustainability.

It is natural for our work on sustainability to focus on local conditions. In our market area, we want to help both organisations and enterprises in the transition to more sustainable local communities.

What the bank has has done:

- **Responsible community dividends.** One important aspect of the bank's social responsibility is to give back part of the bank's profits for good causes. The bank distributes millions of Norwegian kroner every year for the benefit of projects large and small. As a minimum, Sandnes Sparebank's Gift Fund earmarks 10% of the funds for purposes designed to combat climate and environmental challenges.

- **Partnerships.** The bank recognises that in order to achieve the SDGs and help ensure that locally we are moving in the right direction fast enough, we need partnerships, to share expertise and to all help each other achieve success in the transition. Den Gule Banken, Sandnes Sparebank has played an active part in the financial services sector's sustainability reference group since 2019. The bank is also involved in local and regional network groups where the aim is to increase the focus on, and promote, sustainable development. The Eika Alliance is actively working on the CSRD project to ensure it is ready when this legislation enters into force. A double materiality analysis was conducted in 2023.

Future priorities:

Funds from Sandnes Sparebank's Gift Fund will continue to be earmarked for green purposes. Den Gule Banken, Sandnes Sparebank, and the Gift Fund want to particularly focus on purposes that contribute to SDG 13: Climate Action. The bank will also continue its work on ensuring cooperation with relevant stakeholders with the aim of achieving the greatest and fastest possible positive impact for the climate, environment and society.

Responsible communication and marketing

Properly informing the public about the bank's products and services and marketing them responsibly are crucial to the integrity of, and confidence in, the bank and the sector.

Den Gule Banken, Sandnes Sparebank, signed the greenwashing decree in 2020. The bank fully endorses the contents of the decree and wants to help implement genuine measures, avoid greenwashing and help speed up the green transition. The bank's supplier of merchandising gifts is ISO certified for environmental management and quality management. The bank sets stringent requirements concerning responsible and sustainable products.

We did not experience any unfortunate incidents concerning mislabelled products and services or breaches of the marketing rules in 2023.

Economic crime

Economic crime is a serious social problem and helping to protect the financial system's integrity and stability, and contributing to a law-abiding local business community, constitutes an important part of the bank's social responsibility. Den Gule Banken, Sandnes Sparebank actively works to detect and prevent economic crimes such as money laundering, terrorist financing, tax evasion and corruption.

The bank conducts an annual assessment of our risk of being exploited in relation to money laundering, terrorist financing and sanction busting. All of the bank's products, services, customer groups, transaction types, etc. are assessed and risk mitigation measures identified. This provides a basis for the bank's procedures for managing the assessed risk.

The bank's main tasks besides conducting risk assessments are to carry out customer checks and continuously monitor customer relationships, as well as to investigate and, if necessary, report suspicious transactions and customers to the National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim).

What the bank has done:

A series of measures has been implemented to reduce the risk of being exposed to, or misused for, economic crime, including:

- The improved organisation and clarification of roles and responsibilities within anti-money laundering. The setting up of an internal expert group for the work on anti-money laundering.
- Increasing the number of resources assigned to anti-money laundering work.
- Regular training measures that improve employees' professional competence. The bank has its own skills plan that specifies the competence required for different roles in the bank and how this must be addressed. The Board of Directors is included in this and receives regular training.
- New and revised procedures for implementing measures for preventing and detecting money laundering.
- Dedicated employees who focus on anti-money laundering in the retail and corporate markets, in addition to the anti-money laundering unit.
- Systemising and streamlining work processes and customer follow-up.
- More reporting to the management group and the Board of Directors, including on the status of anti-money laundering work to the Board.
- Specific targets for the area that are monitored on a monthly basis, including targets related to the advisers' bonus model.
- The customer portfolio is periodically reviewed, assessed and new documentation obtained if necessary

- Corruption. Den Gule Banken, Sandnes Sparebank practises zero tolerance for corruption. This includes internally and at the bank's customers, suppliers, companies the bank invests in and investment fund providers. The bank is not aware of any incidents involving corruption among the bank's employees, customers or suppliers in 2023.

- Financial sanctions: In November 2021, the bank was fined NOK 1 million because the Norwegian Police Security Service (PST) believes that the bank negligently breached the regulations concerning financial sanctions by not technically freezing funds in a customer account fast enough. The bank rejected the fine and the case was scheduled to be heard before the courts in October 2023. However, the hearing was postponed for a third time because the counsel for the plaintiff was unable to attend. The case is expected to be heard by the Court of Appeal in spring 2024.

- **Tax.** Den Gule Banken, Sandnes Sparebank will never facilitate or advise companies on tax evasion. Nor will the bank invest in companies or lend money to customers that organise their activities in so-called tax havens.

Future priorities:

Continuous assessments will be made of what measures must be implemented to prevent and combat money laundering and terrorist financing. These will be based on, for example, external threat assessments such as the National Risk Assessment (NRA) issued by the PST and the National Police Directorate.

Privacy

Privacy is high on Den Gule Banken, Sandnes Sparebank's agenda, and we further escalated and systemised our work following the introduction of the EU General Data Protection Regulation (GDPR) and the new Personal Data Act in June 2018.

What the bank has done:

Den Gule Banken, Sandnes Sparebank has its own data protection officer whose main job is to be a point of contact for customers, employees, the Norwegian Data Protection Authority and others who want access to personal data or have questions about how the bank processes it. In addition to a data protection officer, a data protection group has also been established that is tasked with addressing the various technical areas in the bank. Procedures and processes have been developed to ensure compliance with the GDPR, and all data processing agreements have been updated. No serious breaches of the GDPR were reported in 2023.

Over the course of 2023, all employees underwent digital training tailored to their role and level in the bank to ensure that they had the right skills. All the bank's employees also underwent digital training.

Future priorities:

Privacy management must form a natural part of working in Den Gule Banken, Sandnes Sparebank and must permeate our good advice work. Good, transparent privacy builds trust and is a prerequisite if we are to achieve our strategic goals.

IT security

Den Gule Banken, Sandnes Sparebank takes information security very seriously and good security is a prerequisite for maintaining confidence in the bank. It should be safe to be a customer of Den Gule Banken, Sandnes Sparebank and customers must be able to use both the online and mobile banks without worrying that personal data and customer data will go astray.

What the bank has done:

Den Gule Banken, Sandnes Sparebank has access to a large expert environment through Eika Gruppen, which expends a lot of resources on security solutions, monitoring and information. In addition to the training offered by Eika centrally, the bank has also chosen to provide its own training sessions organised by Xtramile.

The following training was provided in 2023:
- Mandatory security course for all employees
- National security month in October – course via Xtramile.
- Training in physical security

To complete the mandatory security course, employees must pass a knowledge test. All employees completed and passed the course in 2023.

The bank and Eika are regular targets of scams and phishing, although they experienced no serious downtime because of this in 2023.

Future priorities:

The bank will continue to conduct regular tests and provided training in information security.

Appendix related to sustainability reporting

TCFD-table – See appendix, page 152
GRI Index – See appendix, page 154
Climate statement – See appendix, page 157

Corporate governance

This chapter describes how Den Gule Banken, Sandnes Sparebank, is governed and how its operations are supervised. Good governance and management should ensure the effective and efficient use of the bank's resources and optimal value creation. The value created by Den Gule Banken should benefit the bank's owners, depositors, customers, employees and society as a whole. The bank's corporate governance must ensure prudent management and result. in greater confidence that the established objectives and strategies will be achieved and realised.

Implementation and reporting on corporate governance

The Board of Directors complies with the framework set out in the "Norwegian Code of Practice for Good Corporate Governance" ("Code of Practice"). In this chapter, the Board of Directors will, in so far as it is possible, provide detailed descriptions covering the points in the Code of Practice. The Code of Practice is primarily intended for limited companies. Den Gule Banken is organised as an equity certificate bank and has to take account of the requirements to which the bank is subject pursuant to the legislation on savings banks.

The Board of Directors is responsible for the management of the bank. The Board of Directors must ensure that the bank is properly organised and is responsible for establishing control systems and ensuring that the activities are carried out in accordance with applicable Acts, articles of association and Regulations.

The bank's code of conduct has been reviewed and approved by the Board of Directors. The code of conduct has been communicated to the employees of the bank and is available on the bank's intranet. All new employees have to sign the bank's code of conduct to confirm that they have read it, and their familiarity with the code of conduct is measured in connection with the annual employee survey.

Business

The bank's articles of association state that the institution's objective to promote saving by accepting deposits from an unlimited constituency of depositors. The assets the bank has under its management must be managed prudently and in accordance with the current legislation for savings banks. The bank can perform all normal banking transactions and banking services in compliance with the provisions of the Savings Banks Act.

Through its Gift Fund, Den Gule Banken is able to allocate some of its profits to customer dividends and good causes. The Gift Fund is used to promote inspiration, growth and development. Gifts are awarded based on the bank's vision and business concept and are distributed in a way that supports variety and diversity.

The Board of Directors constantly reviews and updates the bank's objectives and strategies. The Board of Directors receives regular risk reports, operations reports, financial statements and status reports in order to monitor that the bank is complying with current strategies and goal attainment.

Equity and dividends

The bank's equity certificate capital is NOK 230 149 020, comprised of 23 014 902 fully paid-up equity certificates, each with a face value of NOK 10. Of these, 2 002 950, corresponding to 8.7% of outstanding equity certificates, are treasury equity certificates. The bank repurchased 2 080 000 equity certificates in 2020 in order to reduce the bank's overcapitalisation. The equity certificates are owned by the bank and are not eligible for dividends.

External injections of equity capital take place through the issuance of equity certificates or other equity instruments that meet statutory requirements.

One of the most important objectives of the Board of Directors is to safeguard the interests of the bank, and thereby also the long-term interests of equity certificate holders, in all contexts and respects. The bank provides equity certificate holders with opportunities to express their views on the bank's activities and development by maintaining a continuous dialogue with them. The bank's profile must ensure credibility and predictability in the market. The bank must seek long-term and competitive returns.

The bank must provide the market with relevant and complete information in order to ensure balanced and correct valuations of its equity certificates. This is ensured through compliance with the Act and regulations that apply due to a listing on the Oslo Børs. For further details regarding equity certificates, please refer to the chapter "Investor information".

As a basis for assessing whether the bank's equity capital is appropriate for its current objectives, strategy and risk exposure, the Board of Directors conducts a thorough review of the bank's capital situation (Internal Capital Adequacy Assessment Process (ICAAP)) and receives updated risk reports on a quarterly basis. The bank's ICAAP and capital plan are reviewed by the Financial Supervisory Authority of Norway and as at 31.12.2023 the bank's regulatory requirement for CET1 capital was 15.2%. The bank has a CET1 capital ratio of 17.8% as at 31.12.2023. The bank's CET1 capital ratio target has been set as a minimum of 1.0% above the authorities' regulatory requirement.

The bank's dividend policy is as follows: The objective of Den Gule Banken, Sandnes Sparebank, is to manage our total resources in such a way as to provide our equity certificate holders with a good, stable and competitive return in the form of dividends and price appreciation. The profit for the year is divided between the equity certificate capital (equity certificate holders) and the primary capital in proportion to their share of the bank's equity capital.

Den Gule Banken assumes that between 50-75% of the equity certificate capital's share of the profit will be paid out as dividends, and correspondingly that between 50-75% of the primary capital's share of the profit will be paid out as gifts and customer dividends. In the assessment, weight will be given to ensuring that the equity certificate holders' share of total equity (equity certificate percentage) remains stable. When determining the overall level of distribution, account is taken of expected financial performance, external framework conditions and the Group's estimated requirement for Tier 1 capital.

Of the Group's profit, NOK 246.8 million (74.8%) will be allocated to dividends, customer dividends and the Gift Fund. These allocations do not materially alter the equity certificate percentage, which remains almost unchanged at 63.6%.

In addition, the Board of Directors has an authorisation from the Board of Trustees to increase equity capital by up to 10% of the outstanding equity certificate capital. The Board of Trustees has authorised the Board of Directors to increase the bank's registered equity certificate capital by up to NOK 230 million through one or more offerings. This authorisation is valid for 2 years and is contingent on the approval of the Financial Supervisory Authority of Norway.

Equal treatment of equity certificate holders and transactions with close associates

Den Gule Banken has one class of equity certificate. Equity certificate holders are ensured equal treatment and the same opportunities for influence within the bank. Den Gule Banken provides quarterly earnings presentations to which the bank's equity certificate holders are invited.

The bank's equity certificate percentage was 63.6% at the end of 2023, compared with 63.5% in 2022. The change was due to the buy-back of equity certificates. The bank's 20 biggest holders represent 65,9% of the equity certificate capital.

The instructions for the Board contain clear rules regarding ethics and competence. The bank's code of conduct applies to both elected representatives and employees, and provides guidance regarding hospitality, benefits/gifts and confidentiality. All transactions with close associates take place according to the arm's length principle.

The instructions for the Board include provisions underscoring the board members' duty of care with respect to ethical conduct, impartiality and integrity. Neither board members nor the CEO can take part in considering or deciding matters that are of particular significance for the person concerned, or any close associates, where the person concerned must be deemed to have a prominent personal or financial special interest in the matter.

For further information about transactions with related parties, please see note 44.

Equity certificates and negotiability

The articles of association contain no form of restrictions on negotiability.

Board of Trustees

The Board of Trustees is the bank's supreme body and supervises the Board of Directors' management of the bank. The Board of Trustees approves the bank's articles of association and financial statements, and also elects the bank's Board of Directors, Nomination Committee and external auditor.

In addition, the Board of Trustees allocates the amounts that may be used for good causes pursuant to section 10-7 of the Financial Institutions Act and determines whether to raise subordinated loan capital.

Meetings of the Board of Trustees must be convened by the bank with at least 21 days' notice, ref. section 8-3 of the Financial Institutions Act and section 5-11 of the Public Limited Companies Act. The Board of Trustees cannot pass resolutions on any other matters than those specifically listed in the notice of the meeting.

The Board of Trustees consists of 40 members and 11 deputy members with the following representation: equity certificate holders: 15 members and four deputy members; Sandnes Municipal Council: Five members and two deputy members. The depositors: 10 members and three deputy members; and employees: 10 members and three deputy members.

Minutes from meetings of the Board of Trustees are published on www.sandnes–sparebank.no/investor-relations.

Nomination committee

The bank's Nomination Committee was established in accordance with the articles of association as are the guidelines for how it should work. The Board of Trustees elects the members of the Nomination Committee from among its members. The Nomination Committee has four members. The equity certificate holders, depositors, publicly elected representatives and employees are represented by one member each. One personal deputy member is elected from each group. Members are elected for terms of 2 years at a time.

The Nomination Committee is tasked with preparing the election of the chair and deputy chair of the Board of Trustees, the chair and deputy chair of the Board of Directors, the other board members and deputy board members, with the exception of the employee representatives, as well as the chair, other members and deputy members of the Nomination Committee. A separate nomination committee has been appointed with responsibility for the election of the employee-elected members and deputy members of the Board of Directors and the Board of Trustees.

The Nomination Committee also prepares the election of members and deputy members of the Board of Trustees who represent the equity certificate holders and depositors. The Nomination Committee must work to ensure that the Board of Trustees, the Nomination Committee and the Board of Directors have the necessary competence, and that both genders are well represented.

Board of directors: composition and independence

The Board of Directors is elected by the Board of Trustees and normally consists of eight board members, of which two are board members elected by the employees. The CEO is not a member of the Board of Directors. The bank's Board of Directors is deemed to meet the requirement for independence and represents a wide range of backgrounds and competence. The legislation regarding the financial services sector provides a framework for the right of representation of various groups of stakeholders. Den Gule Banken, Sandnes Sparebank, strives to ensure the greatest possible independence between equity certificate holders, the Board of Directors and the management group. All board members are elected for 2-year terms. Members can be re-elected. For the sake of continuity, half of the board members are elected every second year. As at 31.12.2023, four of the Board of Director's members were women. Information about the bank's board members is presented in a separate chapter of the annual report.

The work of the Board of Directors

The Board of Directors determines the bank's objectives, strategies and plans. These are reviewed and revised at least annually, in line with a fixed meeting calendar.

The Board of Directors is responsible for the appointment and, if warranted, dismissal of the head of the internal audit function. The Board of Directors also bears sole responsibility for the employment and, if warranted, dismissal of the CEO. The Board of Directors supervises the day-to-day management of the bank.

The Board of Directors receives periodic reports on financial performance, market developments, management, personnel and organisational developments, as well as on the bank's risk exposure. The Board of Directors also regularly supervises the bank's impact on the environment and society.

The bank's financial reporting and sustainability reporting is reviewed and approved by the Board of Directors. The Board reviews and approves the bank's credit policy every year. The policy includes the bank's risk limits for customers' credit and sustainability. All credit cases over a certain amount must be reviewed and approved annually by the Board.

Board members are defined as primary insiders and must comply with the bank's rules regarding acquisition of its equity certificates. The same applies to the purchase of shares in certain companies that are customers of the bank. The Board of Directors' procedures are regulated by special instructions for the Board of Directors. The Board of Directors conducts an annual self-evaluation of its works methods, administrative procedures, meeting structure, and prioritisation of tasks. The Board of Directors normally meets nine times a year.

The Board of Directors has established its own audit committee tasked with ensuring that the bank is subject to sound corporate governance, that it is well and appropriately organised and that is has effective control systems. The Audit Committee consists of three board members, at least one of whom must possess relevant accounting or auditing expertise. The objectives, tasks and functions of the Audit Committee have been established in line with the legislative amendments that followed from implementation of the EU's Audit Regulation and its recommendations.

Among other things, the Audit Committee reviews the bank's financial reporting. In connection with this, the management group presents material issues related to the bank's quarterly financial statements, as well as issues that are subject to individual assessment. As part of its review, the committee consults with managers, the bank's management group and the external auditor.

Besides monitoring the financial reporting process, the Audit Committee is also responsible for ensuring that the Group is subject to independent and effective internal and external auditing, and that the risk management systems are effective. The committee meets with the external and internal auditors at least once a year, separately, without anyone from the management group being present.

The Risk Committee is tasked with ensuring that the quality of risk management and control in Den Gule Banken, Sandnes Sparebank, is sufficient to achieve the Group's strategic objectives through prudent management of the Group's assets. The committee consists of four board members.

Of the management group, the Head of Risk Management has a duty to attend meetings, while the CEO and CFO have the right to attend meetings. The committee must meet at least once a year. The bank also has a special remuneration committee consisting of four board members. The committee is responsible for the preparatory work in all matters related to remuneration schemes that must be decided by the Board of Directors.

Risk management and internal control

Risk management

Effective risk management is a prerequisite if the bank is to achieve our strategic objectives. Risk management is an integral part of the management group's decision-making processes. The bank has established a separate risk management function that reports directly to the CEO. The bank's risk exposure relative to the set limits and objectives is reported to the Board of Directors on a quarterly basis.

Responsibility for incorporating climate-related risk into risk management lies with the Director Risk Management, in cooperation with the Sustainability Manager, both of whom report to the CFO. Resources and expertise are also drawn on from Corporate Market and the Eika Alliance. Risk appetites and mandates for risk taking, including credit, market, operational and sustainability risk, are adopted by the Board of Directors and managed by the Director Risk Management. The bank's risk management function also coordinates the continuous process that assesses the bank's financial strength relative to its risk exposure. The bank's risk exposure and capital requirements are summarised on an annual basis. This is in turn reviewed by Board of Directors and reported to the Financial Supervisory Authority of Norway.

Accountability

Accountability is ensured through the clear communication of strategic initiatives and goals set for the employees. This is operationalised through clearly defined roles, responsibilities and expectations where the managers of the business areas are held responsible for goal attainment within their areas of responsibility. The development of the risk picture is periodically reported to the CEO and the Board of Directors.

Compliance with laws, rules and ethical standards

Den Gule Banken has drawn up a code of conduct. A special procedure for whistleblowing has also been produced. The purpose of this is to make it easier for the bank's employees to report issues of an ethical nature and adverse events.

Internal guidelines have been drawn up for trading on one's own account and handling inside information. The guide lines describe the laws and rules that apply to all employees, temps and other representatives. The code of conduct is clearly communicated in the organisation and published on the bank's intranet.

A separate database has been established for adverse events. This database is managed by the Director Risk Management. The bank has organised all compliance activities into a separate function that reports directly to the CEO. The purpose of this function is to check that both the bank and the investment firm operate in line with the applicable regulations.

Internal audit
Den Gule Banken, Sandnes Sparebank, has established an internal audit function. The bank has used KPMG as our internal auditor since 2019. The services provided cover the parent bank, subsidiaries subject to the Internal Control Regulations and other significant subsidiaries.

The internal audit function's main task is to evaluate whether internal controls are working as intended. The internal audit function is also tasked with improving the bank's risk management and internal controls.

An annual internal audit plan is prepared based on the internal audit function's risk assessment and discussions with the management group, external auditors and the Audit Committee/ Board of Directors. The internal audit function's annual plan and budget are approved by the Board of Directors. Audit reports containing proposed improvements are written for each internal audit project and presented to the responsible manager and the Group's management group. A summary of the reports, including high priority recommendations, is presented to the Audit Committee. All of the reports are available to the Board of Directors and the Audit Committee. The status of previous recommendations is monitored by the management group and included in the regular reporting to the Audit Committee and the Board of Directors.

The internal audit function does not perform financial audits.

Remuneration of the Board of Directors

Board members receive an annual remuneration set by the bank's Board of Trustees. Information about remuneration and loans to board members is provided in the notes to the annual financial statements.

Remuneration of executive personnel

The CEO's remuneration is set by the Board of Directors. The CEO and the Board of Directors jointly draw up guidelines for the remuneration of other executive persons in the bank. The bank's bonus and remuneration schemes comply with the requirements of the Regulation on Remuneration Schemes in Financial Institutions. No options schemes or similar schemes have been established. The principles for the remuneration of executive employees, as well as information about the actual remuneration of, and loans to, such employees, are set out in a specific remuneration report that is published on the bank's website, as well as in the notes to the annual financial statements.

Information and communications

Den Gule Banken strives to provide identical, timely and relevant information to all stakeholders. Financial results are published via the Oslo Børs and presented to investors, analysts and the media on a quarterly basis. The information is also published on the bank's website. Regular presentations are also provided to international partners and lenders. All quarterly reports, press releases and presentations are published on the bank's website on www.sandnes-sparebank.no/investor-relations.

Takeovers

As a self-owning institution, current legislation does not allow Den Gule Banken to be the object of a direct takeover. As far as acquisitions by the bank are concerned, we give a high priority to safeguarding all stakeholders as best as possible, including through the equal treatment of equity certificate holders/owners. The bank will strive to ensure that any takeovers will have the least possible negative impact on the bank's day-to-day activities.

Auditor

The job of the external auditor is to assess whether or not the information provided in the annual report concerning the annual financial statements, the bank's accounting policies, risk management, the going concern assumption, and the proposed allocation of the profit or coverage of a loss comply with Acts and Regulations. The external auditor is also tasked with assessing whether or not the bank's asset management is satisfactorily organised and properly supervised. The external auditor is elected by the Board of Trustees. The external auditor submits a report to the Board of Trustees on these matters.

Investor information

The equity certificate

Return and dividend policy

The objective of Den Gule Banken, Sandnes Sparebank, is to manage our total resources in such a way as to provide our equity certificate holders with a good, stable and competitive return in the form of dividends and price appreciation. The profit for the year is divided between the equity certificate capital (equity certificate holders) and the primary capital in proportion to their share of the bank's equity capital. Den Gule Banken assumes that between 50-75% of the equity certificate capital's share of the profit will be paid out as dividends, and correspondingly that between 50-75% of the primary capital's share of the profit will be paid out as gifts and customer dividends. In the assessment, weight will be given to ensuring that the equity certificate holders' share of total equity (equity certificate percentage) remains stable. When determining the overall level of distribution, account is taken of expected financial performance, external framework conditions and the Group's estimated requirement for Tier 1 capital.

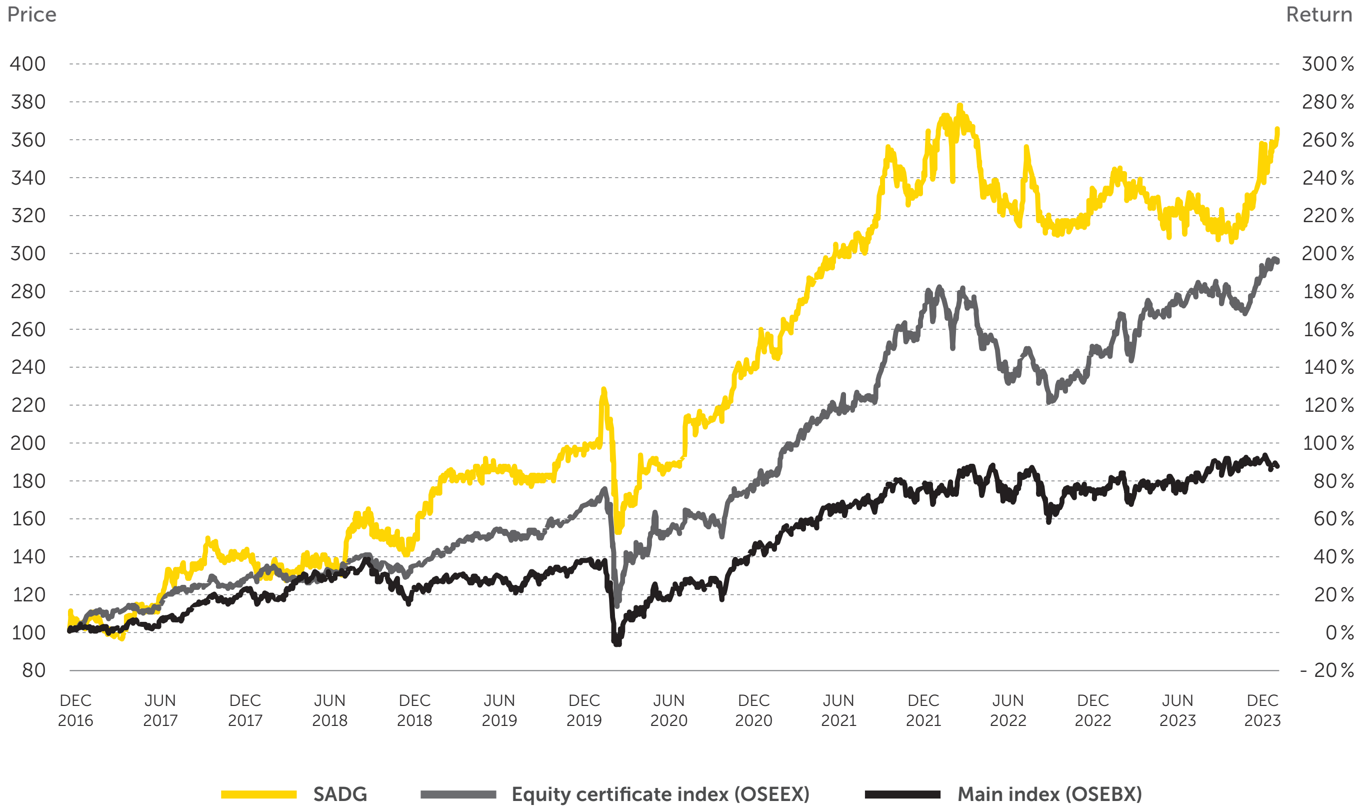
Historical development of the equity certificate capital since the stock exchange listing in 1995

Year	Type of change	Subscription price	Number	Face value	Equity certificate capital (NOK '000)
1995	Primary capital issue (stock exchange listing)	110.00	1 300 000	100	130 000
1997	Rights issue (holders)	130.00	1 300 000	100	260 000
2001	Private placement (employees)	102.13	50 000	100	265 000
2001	Rights issue (holders)	110.00	1 250 000	100	390 000
2003	Rights issue (holders)	125.00	1 300 000	100	520 000
2007	Rights issue (holders)	166.00	1 500 000	100	670 000
2008	Dividend issue	115.00	405 811	100	710 581
2016	Change of nominal value		7 105 811	10	71 058
2016	Rights issue	22.00	15 909 091	10	230 149

SADG price performance in 2023

As at 31.12.2023, SADG was priced at NOK 91.4 (last traded price on Oslo Børs). Compared with the traded price as at 31.12.2022, Den Gule Banken, Sandnes Sparebank, has provided a return of 3.9% including the dividend. The equity certificate performed weaker than Oslo Børs's equity certificate index (OSEEX), which saw a positive performance of 17.2% over the course of 2023.

SADG versus OSEEX



Den Gule Banken, Sandnes Sparebank, has 23 014 902 outstanding equity certificates. At the end of 2023, there were 3 111 registered holders of the bank's equity certificate.

On the same date, the 20 largest holders (inclusive of the bank's treasury equity certificates) controlled 65.9% of the equity certificate capital.

The 20 largest holders of equity certificates as at 31.12.2023

		No. of equity certificates	**Share in %**
1.	Sparebank 1 SR-Bank ASA	3 485 009	15.14
2.	Sandnes Sparebank (own holding)	2 002 950	8.70
3.	Holmen Spesialfond	1 883 101	8.18
4.	AS Clipper	1 248 389	5.42
5.	VPF EIKA Egenkapitalbevis	1 138 909	4.95
6.	Espedal & Co AS	886 861	3.85
7.	Salt Value AS	680 000	2.95
8.	Wenaasgruppen AS	625 000	2.72
9.	Spesialfondet Borea Utbytte	506 283	2.20
10.	Skagenkaien Investering AS	500 000	2.17
11.	Sparebanken Vest	370 659	1.61
12.	Innovemus AS	318 542	1.38
13.	Kommunal Landspensjonskasse Gjensidige	304 311	1.32
14.	Hausta Investor AS	260 000	1.13
15.	Corneliussen Invest AS	205 574	0.89
16.	Nordhaug Invest AS	184 374	0.80
17.	Tirna Holding AS	156 255	0.68
18.	Kristian Falnes AS	150 000	0.65
19.	Meteva AS	131 881	0.57
20.	Catilina Invest AS	124 000	0.54
=	**20 largest holders**	**15 162 098**	**65.88**
+	**Other holders**	**7 852 804**	**34.12**
=	**Total equity certificates**	**23 014 902**	**100.00**

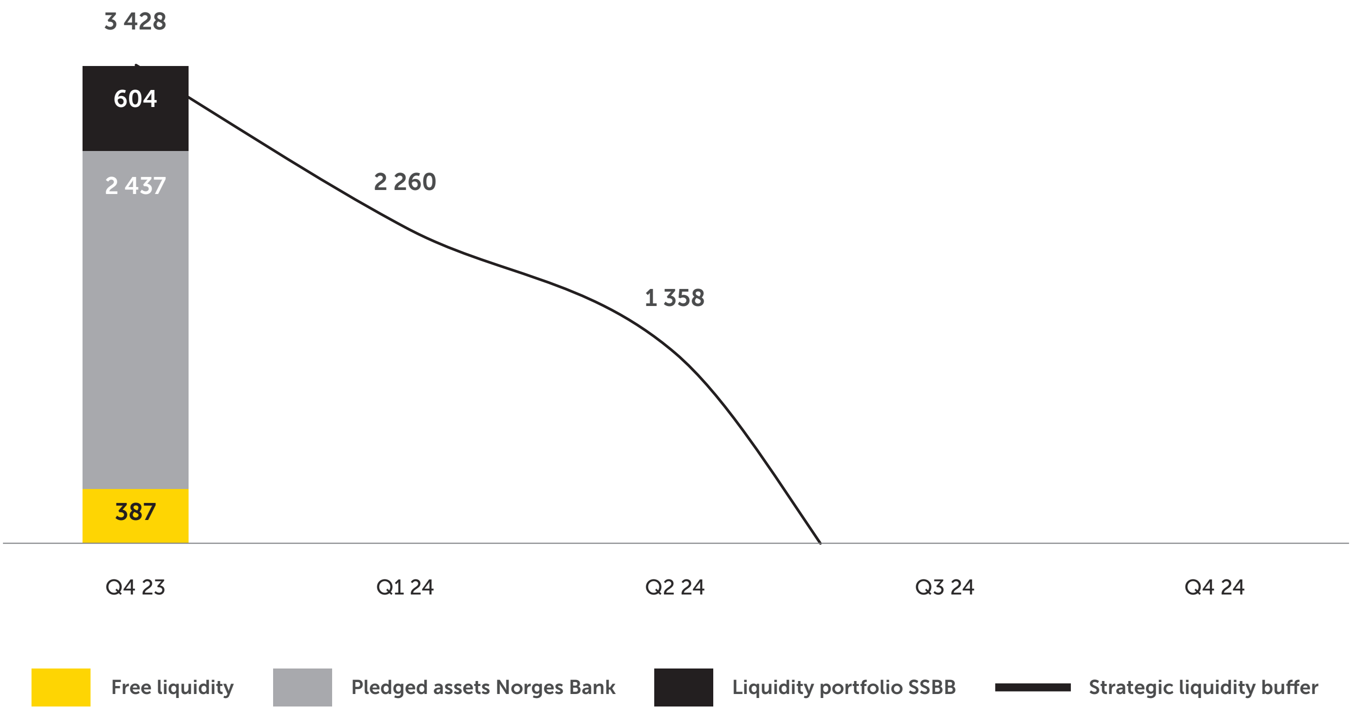
The total of 23 014 902 equity certificates includes 2 002 950 treasury equity certificates as at 31.12.2023. The Board of Directors is proposing to the Board of Trustees that a dividend of NOK 7.50 per equity certificate be paid for 2023, which corresponds to 74.8% of the Group's earnings per equity certificate. Of the dividend allocated to the primary capital totalling NOK 89.2 million, the Board of Directors is proposing to pay out NOK 12.0 million to the Gift Fund and NOK 77.2 million as customer dividends.

Liquidity

The bank's liquidity situation is considered satisfactory. The bank had a liquidity portfolio (exclusive of cash) of NOK 3.5 (3.6) billion at the end of the year. The bank's goal is to maintain a low liquidity risk and the bank is considered well diversified both in terms of funding sources and time to maturities. The establishment of SSB Boligkreditt AS has enabled the Group Den Gule Banken, Sandnes Sparebank, to issue covered bonds and thereby reduce the Group's liquidity risk. Covered bonds issued by SSB Boligkreditt AS have an AAA rating from Scope Ratings. AAA is the best achievable credit rating Scope can issue.

The net loans in SSB Boligkreditt amounted to a volume of NOK 14.0 billion as at 31.12.2023, which is an increase of NOK 2.1 billion in the past 12 months. As at 31.12.2023, SBB Boligkreditt AS had outstanding covered bonds worth NOK 11.7 (10.6) billion. In the Group's liquidity strategy, the Board of Directors has set limits that specify that the Group must at all times have a holding of strategic liquid assets that enable operations for at least 3 months without the supply of new liquidity. The available liquidity as at 31.12.2023 ensures operations for more than 8 months without the supply of new liquidity.

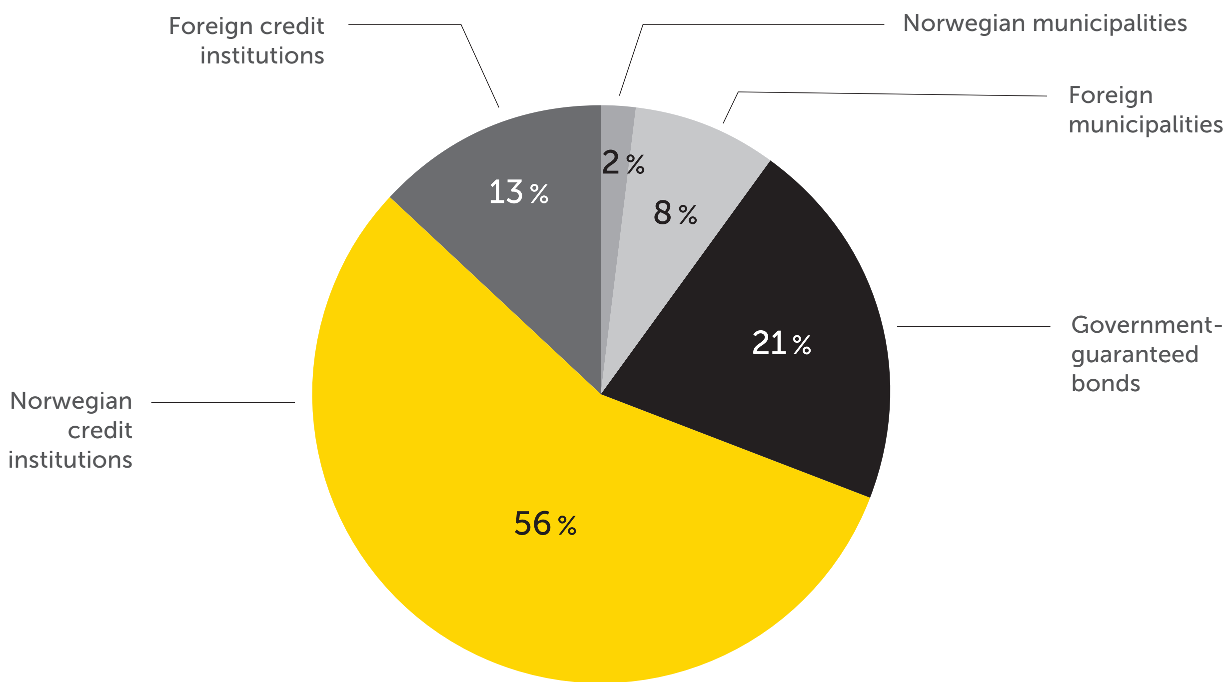
Refinancing requirements



Bond portfolio

The bank classifies approximately 80% of the liquidity portfolio at fair value with changes in value through profit or loss, while the remainder of the portfolio is classified as hold-to-maturity. The portfolio is primarily used as a liquidity placement.

Composition of the liquidity portfolio



Information for the market

The bank wants to practise an open information policy with the purpose of simultaneously providing equity certificate holders and the securities market with correct and relevant information about the bank's financial performance. The bank prepares quarterly interim reports.

All stock exchange announcements are available on the bank's website, www.sandnes-sparebank.no/investor-relations.

Alternatively, information concerning capital matters can be found on the Oslo Børs's website, www.ose.no. The equity certificate's ticker code on Oslo Børs is SADG.

The bank holds earnings presentations following publication of quarterly financial reports.

Financial calendar 2024

Quarterly Report Q1 2024	08.05.2024
Half-Yearly Report 2024	14.08.2024
Quarterly Report Q3 2024	07.11.2024

Board of directors' report

Board of directors' report 2023

Nature of the business

The bank's legal name is Sandnes Sparebank, hereinafter referred to as "Den Gule Banken, Sandnes Sparebank", or "Den Gule Banken". Den Gule Banken, Sandnes Sparebank, is an independent savings bank and a member of the Eika Alliance. Our head office is in the centre of Sandnes Municipality. The bank offers a broad range of banking and investment products in the retail and corporate markets. The Group also offers real estate brokerage services through our subsidiary Aktiv Eiendomsmegling Jæren AS.

The Group's activities consist of the parent bank and our wholly owned subsidiary SSB Boligkreditt AS. We own a 60% stake in Aktiv Eiendomsmegling Jæren AS. The accounts of the aforementioned companies are fully consolidated into Den Gule Banken's consolidated financial statements.

The Board of Directors considers the bank's financial strength and liquidity to be satisfactory. In accordance with section 3-3a of the Accounting Act, we hereby confirm that the conditions for considering the institution a going concern exist and that the presentation of the financial statements has been prepared on this basis. Den Gule Banken prepares both consolidated financial statements and financial statements for the parent bank in line with the International Financial Reporting Standards (IFRS) approved by the EU. The accounting policies applied are described in note 2 to the annual financial statements.

Market conditions

Local conditions – Rogaland

In spite of the international macro challenges, the economy in Rogaland fared well during the period and the region saw positive growth. A large proportion of energy related industry in the region resulted in higher activity than in the rest of the country.

The unemployment rate in Rogaland was 1.7% at the start of the year, compared with 1.9% on a national basis. More than 2 500 positions were advertised in the region, covering most occupational groups. Some sectors are struggling to attract qualified labour, especially medical, nursing and care services. There were no signs of less activity in the region during the quarter, despite a steadily rising policy rate.

The price of oil at the end of the quarter was USD 77. North Sea oil prices remained relatively stable throughout the year. On the other hand, electricity and natural gas prices have fallen. Both gas and electricity prices are higher than what they have historically been, which reflects the security situation in parts of Europe. Energy prices are an important economic factor in Rogaland's economy. The high prices for energy mean a higher level of activity than normal for many companies involved in the oil and gas sector. At the same time, higher prices for energy, including electricity, present challenges for other industries.

The southwest region remains optimistic about future economic developments. This local optimism can probably be attributed to the increased activity in the energy sector, which accounts for a large proportion of the business sector in this region.

The housing market in Rogaland has developed positively in the last couple of years after several years of stable property prices. In the past year, prices rose by 5.3%, compared with 0.5% on a national basis. The average time it takes to sell a home in the region is 34 days, compared with 62 on a national basis. In the past 10 years, it has normally taken longer to sell in the Stavanger region than it has on a national basis.

The local market for commercial property is stable. High interest rates are a challenge for the sector and profitability has fallen on a national basis. Rogaland is running a bit against the national trend. Vacant commercial floorspace is decreasing and rental prices are increasing. At the same time, prices for commercial property did not rise as high as they did in other parts of the country since the region underwent a correction within commercial property in connection with the downturn in oil in 2015-2017. Little has been added to the commercial building stock in the period since 2014. This is also underpinning the balance in the market. Higher levels of activity in energy-related industries are contributing to higher demand.

Financial performance

Figures in brackets concern the corresponding period in 2022. Unless otherwise specified, the figures refer to the Group.

Profit after tax was NOK 329.9 million for 2023. This represents an increase of NOK 63.7 million compared with 2022. The increase was mainly attributable to significantly higher net interest income, higher net commission income and a higher return on financial investments during the period. The improvement in performance was partially counteracted by higher costs, lower dividends and an increased tax expense.

The bank successfully switched to a new core banking system in 2023. A total of NOK 25.8 million was charged in extraordinary conversion costs in connection with the switch in 2023, compared with NOK 11.8 million for the corresponding period last year.

Profit before tax for the year was NOK 395.8 million, compared with NOK 314.0 million for 2022.

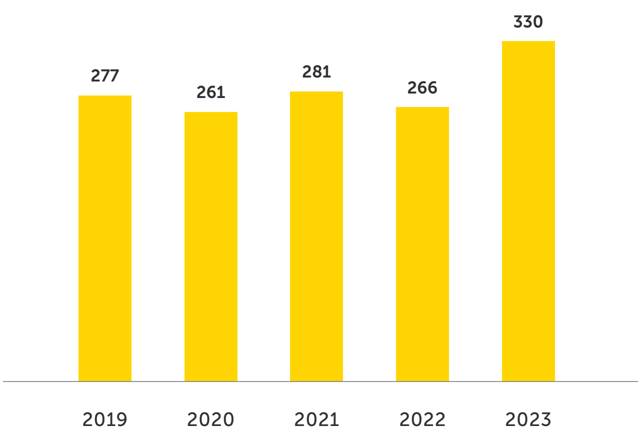
Comprehensive income for the year amounted to NOK 430.6 million, compared with NOK 501.8 million for 2022. The reduction in comprehensive income was mainly due to a change in value in the bank's investment in Eika Gruppen AS, which resulted in total income recognition through OCI of NOK 100.6 million in 2023, compared with NOK 235.6 million in 2022. The value of the bank's stake in Eika Gruppen AS as at 31.12.2023 was based on the pricing in the planned merger between Eika Forsikring AS and Fremtind Forsikring AS. The merger is expected to take place in 2024.

The return on equity after tax for 2023 was 9.9%, compared with 8.5% in 2022. The return on equity after tax, exclusive of extraordinary conversion costs, was 10.5% (8.7%) for 2023.

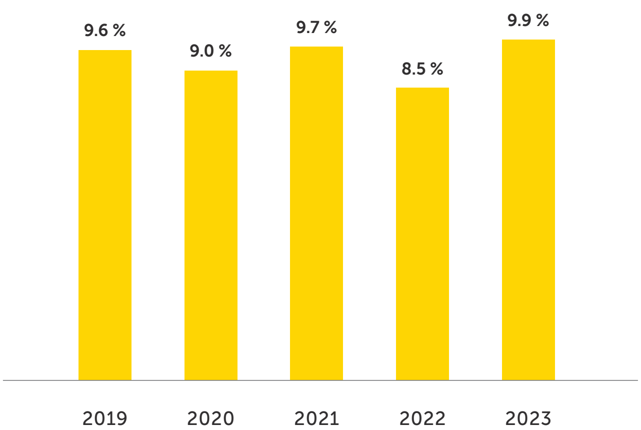
The return on equity after tax, inclusive of interest income on hybrid capital, was 9.6% (8.3%) for 2023.

ANNUAL DEVELOPMENT IN PROFIT AFTER TAX AND RETURN ON EQUITY

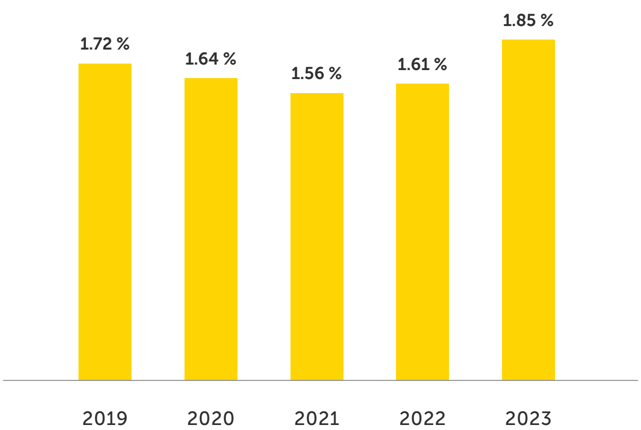
PROFIT AFTER TAXES, LAST 5 YEARS



RETURN ON EQUITY AFTER TAXES, LAST 5 YEARS



NET INTEREST INCOME IN % OF AVERAGE TOTAL ASSETS, LAST 5 YEARS



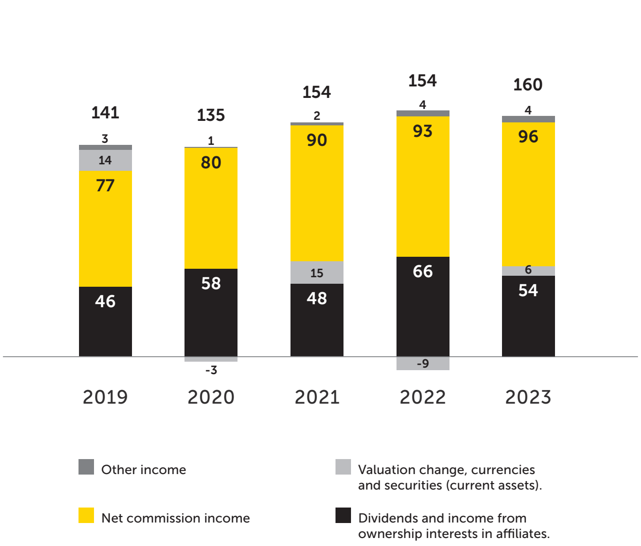
Net interest income

The Group's net interest income was NOK 615.6 (495.7) million for 2023. The interest margin was 1.85% for 2023, compared with 1.61% for 2022.

The bank managed to maintain good underlying net interest income in 2023. The deposit margin is making a positive contribution, while the lending margin remains under some pressure in the retail market due to the period between Norges Bank increasing its policy rate until the interest rate increase comes into effect for customers. The increased lending volume in the period had a positive effect on net interest income. In the past few years, the bank has slightly reduced our risk profile in the corporate market, which has resulted in a somewhat lower interest margin for the segment.

During the course of the year, the Norwegian policy rate rose from 2.75% to 4.50% due to a number of interest rate decisions. The policy rate forecast has been adjusted somewhat from previous estimates, although the latest forecast indicates that the policy rate will remain at its current level until autumn 2024, before gradually being decreased. The rate hikes were also reflected in the bank's borrowing costs (NIBOR rates) which also rose significantly in the past year. The bank chose to mirror developments in the policy rate by raising its rates correspondingly for most loan and deposit products. The Group's interest margin increased compared with the year before, and the bank expects relatively stable interest margins for the coming quarters – assuming a relatively stable interest rate market going forward.

OTHER INCOME, LAST 5 YEARS



Other operating income

Other operating income amounted to NOK 159.6 million for 2023. This represents an increase of NOK 5.8 million compared with 2022. This was primarily attributable to higher returns on financial investments and higher net commission income, which were partly counteracted by lower dividends.

Net commission income amounted to NOK 95.6 million in 2023, an increase of NOK 2.2 million compared with the same period in 2022.

Commission income from banking services, including commission income from sales of insurance services and savings products, increased compared with last year. Similarly, income from the Group's real estate brokerage activities also increased. This was partly counteracted by lower guarantee commission income and net commission income from money transfer services.

The net return on financial investments was NOK 6.2 million for 2023, the return for 2022 was NOK -9.4 million. The returns for both the equity and fixed income portfolios improved during the year. However, some uncertainty remains in the equity and interest rate markets, meaning that the bank is expecting some volatility in returns going forward.

The dividends and income from ownership interests amounted to NOK 53.8 million in 2023, compared with NOK 65.5 million in 2022. The reduction was mainly due to lower dividends from Eika Gruppen AS, which amounted to NOK 44.8 million, compared with NOK 54.1 million for the corresponding period in 2022.

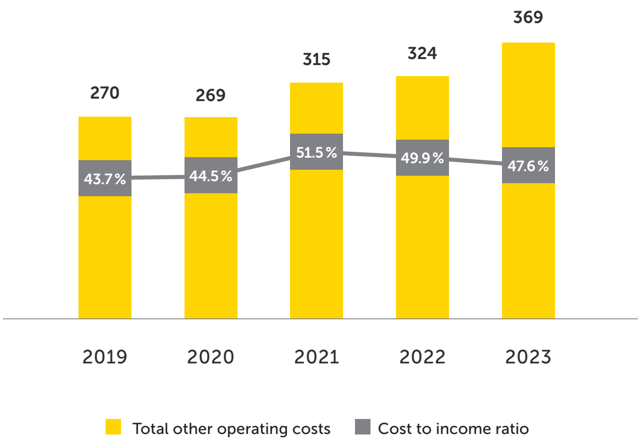
Operating costs

The Group's operating costs amounted to NOK 368.7 million for 2023. This represents an increase of NOK 44.6 million compared with 2022. NOK 25.8 (11.8) million in conversion costs was charged in 2023.

The bank has previously estimated and communicated that the total costs associated with conversion to a new core banking system will amount to NOK 50-60 million. During the project period from 2021 to 2023, a total of NOK 66.7 million has been charged in extraordinary conversion costs. The final project costs were settled in 2023 and the conversion project has been fully completed. The project ended up costing somewhat more than expected as a result of the higher than expected inflation and negative development of the NOK/DKK exchange rate after the agreement was signed in 2020. The full cost of the project has been recognised through profit or loss. To sum up, the project was delivered on schedule, with the right quality and in line with the expected budget.

Besides this, the bank's general level of costs increased in the past year due to high inflation and higher prices for purchased services, as well as cost effects resulting from a higher level of activity and loan portfolio growth. Other operating costs, adjusted for conversion costs, increased by NOK 4.3 million compared with 2022. The increase in costs was largely due to increases in cost in the Eika Alliance, higher hiring costs,

OTHER OPERATING INCOME, LAST 5 YEARS



higher costs from losses in fraud cases and higher capital tax. Legal and financial advice costs of about NOK 3 million were also charged in 2023 in connection with the planned merger with Hjelmeland Sparebank. Technical and legal merger costs will be charged in 2024.

The Group also saw higher personnel costs due to general pay adjustments and higher pay-related and social costs. Additionally, the conversion process resulted in increased personnel costs for the bank. Besides this, there were also increased personnel costs from Aktiv Eiendomsmegling, primarily due to higher brokerage commissions.

Costs measured as a percentage of income amounted to 47.6% for the Group in 2023. This is a reduction from 49.9% in 2022. The Group's cost income ratio, excluding conversion costs, was 44.2% (48.1%) in 2023.

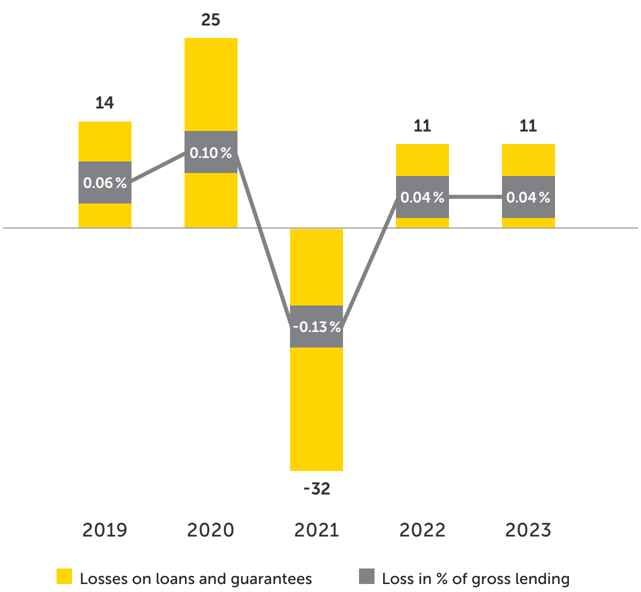
Losses and defaults

NOK 10.6 (11.3) million were charged in losses and impairments on loans and guarantees in 2023.

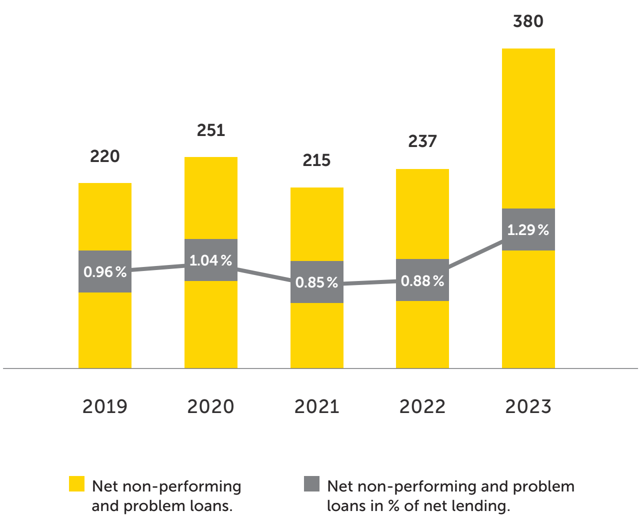
The Group's net loss costs were marginally lower compared with last year, despite increased defaults in the portfolio which, in isolation, led to increased provisions for losses and increased loss costs, although this was largely counteracted by reversals of previous provisions for losses for one specific corporate loan.

The bank continues to experience relatively stable local market conditions, despite turbulent macroeconomic situations, both

LOSSES ON LOANS AND GUARANTEES, LAST 5 YEAR



NET NON-PERFORMING AND PROBLEM LOANS, LAST 5 YEARS



domestically and for trading partners. In 2023, the bank updated its method for calculating macro factors in its loss model. The loss model now takes greater account of local conditions. This change resulted in increased provisions for losses in the corporate market segment, primarily related to exposures in property management. For the retail market segment, the change led to a reduction in provisions for losses. For more information, see note 8.

At the end of 2023, total provisions for losses on loans and guarantees amounted to NOK 100.1 (95.6) million. Of this, provisions for losses in the retail market amounted to NOK 42.1 (30.5) million and in the corporate market NOK 58.0 (64.6) million.

Net defaulted and impaired loans and advances, with individual impairments, amounted to NOK 379.7 (237.1) million as at 31.12.2023, corresponding to 1.29% (0.88%) of the Group's net loans. Net defaulted and impaired loans and advances were distributed as follows: NOK 247.5 (163.9) million in the retail market and NOK 132.2 (73.2) million in the corporate market.

Loans with payments more than 90 days past due amounted to NOK 258.9 million as at 31.12.2023, compared with NOK 103.2 million as at 31.12.2022.

Balance sheet performance

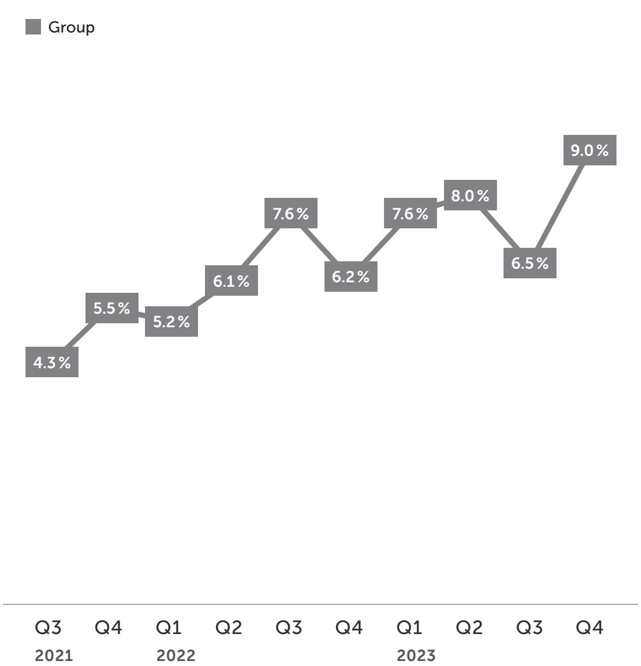
The Group's total assets were NOK 34.4 (32.2) billion at the end of 2023. This corresponds to an increase of 6.8% compared with the end of 2022 and was primarily due to lending growth in the period.

At the end of 2023, gross loans to customers amounted to NOK 29.5 (27.1) billion. In the past 12 months, the Group has seen gross loans grow by 9.0%, where lending growth in the retail market amounted to 8.6% and lending growth in the corporate market amounted to 10.1%.

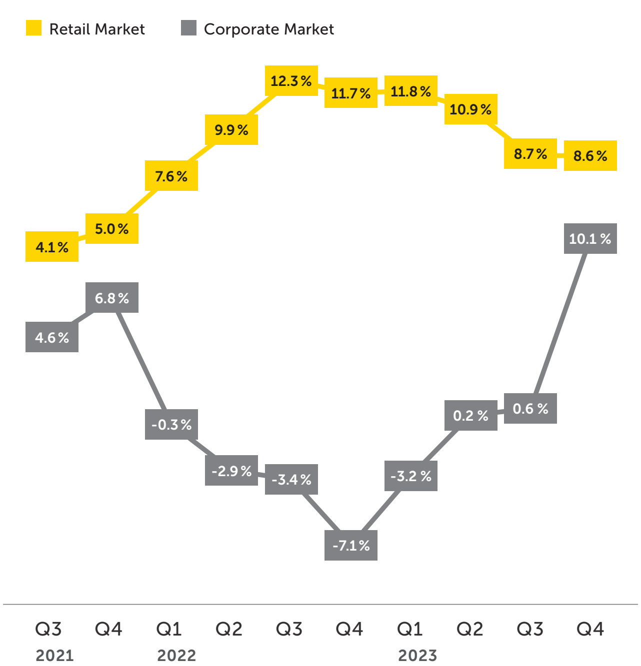
In 2023, as in recent years, the bank experienced positive lending growth and took market shares in the retail market segment. Over the past year, the bank also experienced positive and rising lending growth in the corporate market segment. The bank remains focused on diversification in various sectors. The bank has little direct exposure to the retail trade, tourism and oil-related activities. The commercial property market is generally better in Rogaland than in the rest of the country due to high levels of activity in the energy sector and the correction that resulted from the oil down-turn in 2015-2017.

Some 74% (75%) of the loans were to the retail market in 2023.

GROSS GROUP LENDING GROWTH (12 MO)



GROSS SEGMENT LENDING GROWTH (12 MO)



At the end of 2023, the volume of deposits amounted to NOK 14.6 (13.4) billion. The bank's volume of deposits has increased by 9.0% in the past 12 months. The growth in deposits in the retail market was 9.5% while the corporate market saw negative growth of 10.8%. Other deposits in the Group increased by 2.0% in the same period. The Group's deposit-to-loan ratio at the end of 2023 was 49.5% (49.6%).

Financial strength

The Group's capital adequacy at the end of the year was above the regulatory capital requirements and the internal minimum target for CET1 capital. The system risk buffer requirement rose from 3.0% to 4.5% with effect from 31.12.2023. The Group's current regulatory minimum CET1 capital ratio requirement is 15.2% and the internal capital target is at least 16.2%.

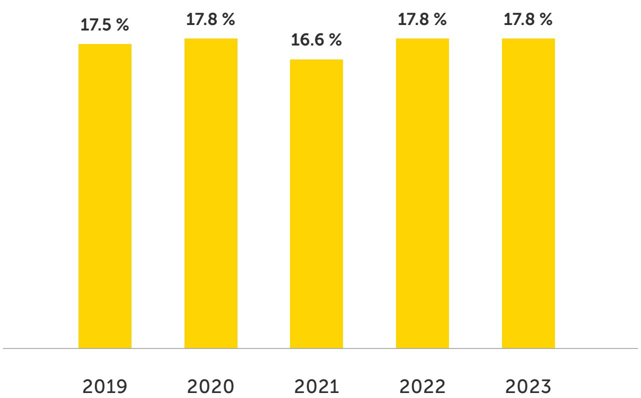
As at 31.12.2023, the Group had a CET1 capital ratio (including the consolidated share of the cooperating group) of 17.8%, which is unchanged compared with the figure as at 31.12.2022. Increased equity due to higher numbers from the investment in Eika Gruppen AS and retained earnings increased the capital adequacy ratio for 2023, although this was counteracted to some extent by lending growth over the course of the year.

Due to the positive change in value of the bank's investment in Eika Gruppen AS, the Group's book equity increased by NOK 100.6 million in 2023, and the transaction (after eliminations) resulted in an increase in the Group's CET1 capital ratio of around 0.3%

The Group's leverage ratio amounted to 9.0% as at 31.12.2023, compared with 9.0% as at 31.12.2022.

CORE TIER-1 CAPITAL RATIO, LAST 5 YEARS

Core Tier-1 capital ratio includes consolidation of a cooperating group.

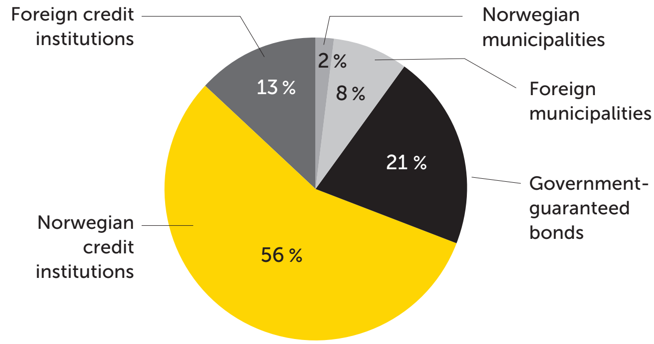


Liquidity and funding

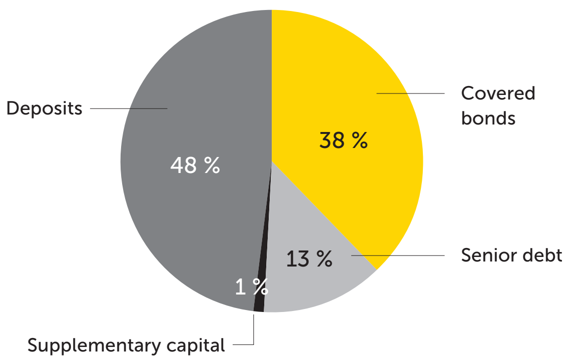
The Group's liquidity situation is regarded as satisfactory. The Group had a liquidity portfolio (exclusive of cash and fixed income funds) of NOK 3.5 (3.6) billion at the end of the year. The bank's goal is to keep the liquidity risk at a low level.

The net loans in SSB Boligkreditt amounted to a volume of NOK 14.0 billion as at 31.12.2023, which is an increase of NOK 2.1 billion in the past 12 months. As at 31.12.2023, SSB Boligkreditt AS had outstanding covered bonds worth NOK 11.7 (10.6) billion. The bank is considered well diversified, both in terms of funding sources and time to maturity.

COMPOSITION OF THE LIQUIDITY PORTFOLIO



FUNDING SOURCES



Subsidiaries

The total profit after tax for the bank's subsidiaries – before intragroup eliminations – was NOK 53.0 (48.6) million for 2023.

SSB Boligkreditt AS was established as part of the Group's long-term funding strategy and the mortgage credit institution's main objective is to issue covered bonds in the market. The company's profit after tax was NOK 55.2 (47.4) million for 2023.

Aktiv Eiendomsmegling Jæren AS offers services within real estate brokerage for both real customers and the business community. The company's loss after tax was NOK -2.3 (1.2) million for 2023.

Risk management

Den Gule Banken, Sandnes Sparebank's business involves exposure to a number of different forms of risk. The key risks include credit risk, liquidity risk, sustainability risk and market risk. It is important to take a conscious approach to these and have a corporate structure and culture that promote a high awareness of risk. This is achieved through, for example, the division of responsibilities, management and control schemes and having a clear and accessible set of procedures. Good risk management is strategically important for the Group's value creation and must support our strategic development and goal attainment.

The goal of Den Gule Banken, Sandnes Sparebank, is to maintain a low to moderate risk profile. The preferred risk profile is assessed on the basis of the bank's internal financial strength and return targets. The purpose of continuous risk monitoring is to reduce the likelihood of individual events seriously harming the bank financially. Therefore, ongoing risk monitoring, measurement and reporting are important elements of risk management. The management team reports the status of all significant risks to the Board of Directors at least quarterly. This includes reporting risk in relation to approved risk targets. The Board bears overall responsibility for risk management. And the Board of Directors has, based on an overarching governance and risk management policy, established an extensive framework for the individual types of risk. All risk management documents are reviewed and updated by the Board each year. The management team issues an annual confirmation statement concerning the internal control and assessment of overall risk.

Credit risk

The Group has a moderate credit risk profile. The credit risk associated with current ordinary loans is primarily classed as low or moderate (please see note 8). Individual impairments have been conducted based on specific assessments for those loans where there are indications of a loss.

The Group uses models for calculating credit risk developed by and for the Eika banks. The main elements are the models for probability of default (PD) and loss given default (LGD). The parameters are included as integral components of the credit process. At the same time, these parameters are monitored on an ongoing basis by the bank's management, and they are included in the reporting to the bank's Board of Directors. The models are tested annually, both by Eika for all the banks in Eika together and by Den Gule Banken, Sandnes Sparebank separately. These tests show that the models largely manage to distinguish the bank's high risk customers from low risk customers and estimate losses at an accurate but conservative level. In the opinion of the Board of Directors, the assessments in the models are of satisfactory quality and reflect the risk picture in the bank.

Some 74% of the Group's lending is to the retail market. The portfolio mainly consists of mortgages with collateral in homes in the bank's home municipality and neighbouring municipalities. The loans are well collateralised with the vast majority of customers having very good debt servicing capacity and thereby a low probability of default. Given the changes in external framework conditions in the form of price increases and higher interest rates that occurred over the course of the year, the increase in defaults in the ordinary retail market portfolio was minor. This can probably be attributed to the continued high level of activity in the energy sector in the bank's market area, combined with a good stable property market.

The bank increased its lending to corporate customers in 2023. This portfolio still accounts for a small proportion of the bank's overall portfolio, thereby contributing to the bank's low credit risk overall. Geographically, the bank's corporate customers are concentrated in and around Rogaland. Although the bank has no direct oil-related loans in the portfolio, activity in the energy sector is having a positive impact on the general business sector in the region, and thus the bank's customers. This has positive effects for the supply industry and further ripple effects in most sectors. Therefore, the bank experienced no major negative effects on the portfolio and default and losses in the corporate market portfolio remain very low. Overall, the Board of Directors considers the risk in the credit portfolio to be low.

The bank also assumes some credit risk through its investment of surplus liquidity. The bank's risk tolerance in connection with this is low and, for liquidity purposes, it only holds interest-bearing papers with low credit risk.

Liquidity risk

The Group has continued to follow the conservative liquidity strategy of the last few years.

The liquidity management is governed by, among other things, internal and regulatory requirements for the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The stress scenarios also set limits for liquidity measured in terms of a banking crisis, a market crisis and a combination of the two. The bank must have sufficient liquidity to cope without additional liquidity for a minimum of 3 months in a combination crisis.

The Group's deposit-to-loan ratio was stable throughout 2023. Besides deposits, the Group uses SSB Boligkreditt as a tool for liquidity management. SSB Boligkreditt takes over well-collateralised residential mortgages from the bank and issues covered bonds as funding, which increases the Group's funding diversification on more favourable terms and conditions. The Board of Directors regards the Group's liquidity as low.

Market risk

The Group has no trading portfolio of equity instruments, currencies, bonds or certificates. The Group's holding of bonds and certificates are included in the liquidity holdings. The Group sets credit rating requirements, with the main principle being that the securities must be eligible for access to loans in Norges Bank. The liquidity holdings are assessed at fair value in the accounts and are thus exposed to market risk.

The Group's market risk also consists of currency risk and interest rate risk. Trading in currency and interest rates takes place within the approved framework and authorisations. Currency risk mainly stems from accrued interest on customers' currency loans, currency derivatives and cash holdings. Den Gule Banken, Sandnes Sparebank has strict guidelines for granting instruments that result in currency risk for customers and the bank. The Board of Directors considers the exposure to be low. The Group also has guidelines for hedging currency risk. The currency risk is assessed as moderate to low.

Interest rate risk stems from holdings of interest-bearing securities, fixed rate loans and fixed rate deposits. The Board of Directors has set a limit of NOK 21 million for total interest rate risk on and off the Group's balance sheet. This is measured by the effect on profit of an interest rate change of 2%. The interest rate risk is therefore considered low.

Sustainability risk

Sustainability risk includes all risk related to environmental, social and governance factors. For Den Gule Banken, Sandnes Sparebank, this involves both direct risks due to the bank's own internal actions and also indirect risks due to the impact of the actions of customers and suppliers. It is important to view sustainability in the context of the bank's other risks, while simultaneously documenting sustainability risk separately so we can make informed choices. How customers perform in relation to corporate governance will clearly have an impact on the bank's credit risk via their future debt servicing capacity. The same is true for the effect of climate-related risk, potentially both on debt servicing capacity and on any loss given default.

As far as the environmental and climate factors are concerned, it is the combination of both the direct physical risk and the risk related to transitioning to a greener society that define the total risk. The bank's access to new and better data on energy classification, energy consumption, and physical risk in relation to collateral objects is constantly improving.

The bank has little exposure to the industries and sectors normally considered to have the highest emission intensity, although the bank is exposed to other sectors that may face different or smaller sustainability challenges. The bank has introduced a number of green loan products in order to contribute to the transition and sustainable investments. Overall, this risk is considered low.

Operational risk

Operational risk includes all possible sources of loss linked to the ongoing operation of the Group's activities. Failures in procedures, failures in computer systems, mistakes by subcontractors and breaches of trust by employees and customers are all examples of incidents that are defined as operational risk and that can make it harder for the Group to achieve our goals.

The bank focuses on those areas deemed to represent the greatest threats at any given time, and monitors incidents that affect, or may affect, the Group's reputation, profitability or customers via a dedicated reporting system. Employees use this to report incidents that have occurred and their line manager, the Compliance Manager and the Director Risk Management receives the reports and can propose measures, and follow up proposed measures, to reduce the possibility of the incident reoccurring. This helps the bank analyse operational incidents so we can make changes to internal processes that are intended to reduce the likelihood of recurrence.

It is important that the bank focus on measures for preventing and reducing operational risk. Good internal control is an important aid when it comes to prevention, identification and follow-up. Risk assessments are carried out in all business areas. The main risks, together with action plans for reducing these to an acceptable level, are reported to the bank's Board of Directors.

The bank's established internal control is an important element in identifying, following up and, thereby, establishing measures designed to mitigate operational risk. The bank's compliance officer reports completed checks and findings to the Board on a quarterly basis.

In the opinion of the Board, the bank's overall operational risk is reasonable given its size and complexity.

Organisation, employees and environment

The average number of permanent FTEs in the Group was 155 in 2023. The Group employed 154 FTEs at the end of the year, an increase of three FTEs from December 2022. Aktiv Eiendom had 27 FTEs at the end of the year. The bank employed 127 FTEs at the end of the year.

One of the bank's strategic focus areas is to develop competent, committed and performance-oriented employees. To achieve these goals, the bank has facilitated the development of a corporate culture that promotes performance and ensures the optimal utilisation of resources. One effective way of building a good performance culture has been to clarify what the individual unit needs to contribute to achieve the targets, following this up by visualising and sharing results, and appreciating and highlighting good performances.

The average and median ages of employees in the bank were 44.

The bank is focused on diversity and gender equality. This work is also included as an important part of the bank's obligations related to sustainability and sustainability reporting.

We aim for gender neutral recruitment processes with an emphasis on achieving a balanced proportion of female managers. We focus on equal pay in annual pay negotiations and equal pay is a defined goal.

Three of the seven members of the bank's management group are women, and the bank has a female CEO. Nine of the 20 managers with personnel responsibilities in the bank are women. Of the bank's Board of Directors, four members are women and four are men. The bank's female middle managers earn 95% of what male managers earn. Other female employees of the bank earn 84% of what their male colleagues earn. The bank's calculations were adjusted for fewer hours worked, although differences in position, seniority and other factors were not taken into account. Women are overrepresented in lower paid position levels in the bank.

It is a fundamental principle of the bank's HR policy that men and women should have equal opportunities to qualify for all types of work and have the same career opportunities. Furthermore, everyone must have the same opportunities regardless of ethnicity, national origin, heritage, skin colour, language, religion, life stance or disability. The working environment surveys in the bank show that the employees are very satisfied with their workplace and that the working environment is good. To the extent possible, employee pay reflects current market rates and the individual's qualifications and responsibilities.

The bank's work on promoting equal opportunities and preventing discrimination is proactive, deliberate and planned. The duty to take action and report on this area is a statutory one pursuant to the Equality and Anti-Discrimination Act. The bank publishes a separate report in line with this legislation on the bank's website. The bank's advisers in the retail market are authorised pursuant to the authorisation schemes for financial advisers (AFR), non-life insurance, personal insurance and credit.

Den Gule Banken, Sandnes Sparebank, has highly competent advisers, in both Retail Market and Corporate Market, who ensure good customer experiences and high-quality customer processes.

The bank causes little pollution to the external environment. No serious incidents or accidents occurred or were reported during the year.

The average sick leave rate in the bank was 3.7% in 2023, which is on a par with 2022.

The bank has directors' and officers' liability insurance in common with the other banks in the Eika Alliance. The insurance sum amounts to NOK 250 million per insurance claim.

The bank's equity certificate (SADG)

As at 31.12.2023, the market price for SADG was NOK 91.40, compared with NOK 93.80 as at 31.12.2022. A dividend of NOK 6.05 per equity certificate was paid in the period.

At the end of 2023, there were 3 111 registered holders of the bank's equity certificate. On the same date, the 20 largest holders (inclusive of the bank's treasury equity certificates) controlled 65.88% of the equity certificate capital.

The bank's dividend policy is as follows;
"The objective of Den Gule Banken, Sandnes Sparebank, is to manage our total resources in such a way as to ensure a good, stable and competitive return in the form of dividends and price appreciation. The profit for the year is divided between the equity certificate capital (equity certificate holders) and the primary capital in proportion to their share of the bank's equity capital. Sandnes Sparebank assumes that between 50-75% of the equity certificate capital's share of the profit will be paid out as dividends, and correspondingly that between 50-75% of the primary capital's share of the profit will be paid out as gifts and customer dividends. In the assessment, weight will be given to ensuring that the equity certificate holders' share of total equity (equity certificate percentage) remains stable. When determining the overall level of distribution, account is taken of expected financial performance, external framework conditions and the Group's estimated requirement for Tier 1 capital.".

Allocation of the profit for 2023

In line with the bank's dividend policy, weight is given to various factors when assessing the dividend. The main emphasis is on financial strength and a stronger Tier 1 capital ratio. The Board of Directors is proposing to the Board of Trustees that a dividend of NOK 7.50 per equity certificate be paid for 2023, which corresponds to 74.8% of the Group's earnings per equity certificate. Of the dividend allocated to the primary capital totalling NOK 89.2 million, the Board of Directors is proposing to pay out NOK 12.0 million to the Gift Fund and NOK 77.2 million as customer dividends.

The Board of Directors proposes the following allocation:	Amount (NOK millions)
For allocation	**327.5**
To cash dividends for equity certificates	157.6
To the dividend equalisation fund	43.5
To the Savings Bank's Fund	24.6
To the Gift Fund/customer dividends	89.2
To the hybrid capital owners	9.7
To the fund for valuation differences	0.5
To the fund for unrealised gains	2.4
Total proposed allocation	**327.5**

The profit is allocated between the equity certificate capital and the Savings' Bank Fund relative to their share of the equity, such that equity certificate holders receive 63.9% of the allocated profit. As a result of the allocation, the equity certificate percentage will be reduced from 63.9% to 63.6%.

Events after the balance sheet date

Merger of Den Gule Banken, Sandnes Sparebank and Hjelmeland Sparebank
On 15.01.2024, the boards of trustees of Den Gule Banken, Sandnes Sparebank and Hjelmeland Sparebank approved a plan to merge the banks and establish Rogaland Sparebank. The merger will be carried out by transferring Hjelmeland Sparebank's assets, rights and liabilities to Den Gule Banken, Sandnes Sparebank.

The merger is still contingent on approvals from the authorities with acceptable terms and conditions. The plan is to complete the merger on 01.08.2024.

Otherwise, no events of material significance for the prepared annual financial statements have taken place after the balance sheet date.

Outlook for 2024

Macro conditions in the region have been improving, although there are some challenges in relation to the availability of labour, inflation and higher rates. As at the end of December, the situation for most of the bank's customers was stable. In general, low house prices have resulted in less household debt than in other major cities. This means that the interest rate increases have had less impact on personal finances than is the case for people in other cities. Norges Bank increased its policy rate to 4.5% in December and reported stable interest rates "for quite some time to come". This is a signal that Norges Bank wants to see lower inflation before lowering interest rates. The bank is well-positioned in the market and expects increased growth in lending going forward.

The bank has solid expertise, satisfied customers, a competitive cost base, good earnings and good financial strength. The bank is well-equipped for profitable growth, and has, among other things, intensified its focus in order to take a stronger position in the local market.

Hjelmeland Sparebank and Den Gule Banken, Sandnes Sparebank have decided to merge in 2024 under the name Rogaland Sparebank. The merger has been approved by both banks and is only awaiting the approval of the authorities. The merger will strengthen the bank and expand its market area to also include Ryfylke. Ryfylke is an exciting growth region and represents a natural expansion of Sandnes Sparebank's existing market area. Hjelmeland Sparebank has 25 employees and total assets of NOK 4.2 billion, which will become part of Rogaland Sparebank.

The Group's regulatory minimum CET1 capital ratio requirement is 15.2%. The bank's Board of Directors has approved an internal capital target of 1.0% above the regulatory capital requirement, which means the bank has a minimum internal CET1 capital ratio target of 16.2%. The Group's CET1 capital ratio was 17.8% at the end of the year and it is well-capitalised.

The bank is well-prepared for the future with respect to operations, growth, profitability, liquidity and financial strength. Nevertheless, the Board of Directors would like to stress that all future estimates contain an element of uncertainty.

March 22, 2024 | The Board of Directors of Den Gule Banken, Sandnes Sparebank

Harald Espedal
Chairman
of the Board

Frode Svaboe
Deputy
Chairman

Bjørg Tomlin
Director

Sven Chr Ulvatne
Director

Astrid Rebekka Norheim
Director

Wenche Drønen Christenssen
Director

Ingunn Ruud
Employee
representative

Joakim De Haas
Employee
representative

Trine Karin Stangeland
CEO

Annual financial statements

Income statement

Group				Parent Bank	
Full year 2023	**Full year 2022**	Amounts in NOK thousands	Noter	**Full year 2023**	**Full year 2022**
1 514 154	878 506	Interest income measured using the effective interest method	17	965 988	607 241
215 573	111 210	Interest income measured at fair value	17	182 603	95 369
1 114 159	494 029	Interest expenses	17	618 941	285 019
615 567	**495 687**	**Net interest income**		**529 650**	**417 591**
107 210	104 405	Commission income	18	76 793	76 371
-11 619	-11 053	Commission costs	18	-11 619	-11 053
53 769	65 540	Dividends and income from ownership interests in associates	19	104 369	66 740
6 152	-9 355	Net gain/loss on financial instruments	19	7 879	-4 675
4 051	4 253	Other operating income	20	4 583	4 731
159 563	**153 790**	**Total other operating income**		**182 005**	**132 114**
204 264	179 795	Personnel costs	21,22,23	170 936	150 612
146 251	127 913	Other operating costs	21	134 000	118 545
18 192	16 385	Depreciation/impairments	21,31,32,33	17 011	15 206
368 707	**324 093**	**Total operating costs**		**321 947**	**284 363**
406 423	**325 384**	**Operating profit before write-downs and tax**		**389 708**	**265 342**
10 634	11 345	Impairments and losses on loans and guarantees	11	11 899	12 401
395 789	**314 040**	**Operating profit before tax**		**377 809**	**252 942**
65 899	47 874	Tax expense	24	50 333	34 155
329 890	**266 166**	**Operating profit after tax**		**327 476**	**218 786**
		Statement of other comprehensive income			
		Items that will not be reclassified to the income statement			
100 555	235 602	Change in value of equities measured at fair value through OCI	34	100 555	235 602
148	66	Actuarial gains and losses, defined benefit pension plan	23	148	66
37	17	Tax		37	17
100 666	235 652	Total		100 666	235 652
		Items that may be reclassified to the income statement later			
		Change in value of loans measured at fair value through OCI		155	236
		Total		155	236
100 666	235 652	Other comprehensive income (OCI) (after tax)		100 821	235 888
430 556	**501 818**	**Comprehensive income**		**428 298**	**454 674**
431 457	501 333	Controlling interest's share of the profit			
-901	484	Non-controlling interest's share of the profit			
10.0	8.1	Earnings per equity certificate	44	9.9	6.6
10.0	8.1	Diluted earnings per equity certificate		9.9	6.6

Balance sheet

Group 31.12.2023	Group 31.12.2022	Amounts in NOK thousands	Noter	Parent Bank 31.12.2023	Parent Bank 31.12.2022
355 887	387 987	Cash and receivables from central banks	25,26	355 887	387 987
106 667	114 207	Loans to and claims on credit institutions	11,25,26,27	106 113	113 940
28 059 792	25 676 548	Loans to customers at amortised cost	8-11,25,26	11 275 784	11 535 594
1 331 050	1 287 238	Loans to customers at fair value	8-11,25,26	4 113 230	3 517 115
3 481 357	3 633 205	Certificates and bonds	25,26,28,35	2 869 314	2 759 106
175 236	228 722	Equities	25,26,30	175 236	228 722
97 434	151 265	Financial derivatives	15,25,26	117 208	171 620
34 855	34 359	Ownership interests in associates	29	34 855	34 359
		Ownership interests in subsidiaries	29	674 328	674 328
4 553	4 558	Intangible assets	31		5
9 532	16 241	Deferred tax asset	24	8 198	15 215
3 233	3 360	Fixed assets	32	2 818	2 996
59 509	70 758	Right-of-use assets, leases	33	58 302	68 543
15 986	22 523	Other assets	29,42	2 078 655	1 319 188
11 048	21 441	Prepaid costs and accrued income	25,26	11 048	14 602
668 908	568 353	Financial instruments with change in value through OCI	25,26,34	668 908	568 353
34 415 046	**32 220 764**	**Total assets**		**22 549 883**	**21 411 672**
51 234	104 380	Liabilities to credit institutions	25,26,35	51 234	291 685
14 562 382	13 365 278	Deposits from customers	25,26,36	14 775 095	13 366 538
15 435 958	14 563 582	Securities issued	25,26,37	3 781 530	3 983 403
117 530	146 741	Financial derivatives	15,25,26	73 489	104 078
113 567	71 033	Other liabilities	25,26,39	104 748	64 890
61 485	49 463	Tax payable	24,25,26	45 621	34 757
162	152	Deferred tax	24,25,26		
36 991	52 536	Accrued costs and received not accrued income	25,26	32 482	48 015
10 908	13 616	Provisions	11,23,38	10 840	13 503
78 019	87 690	Lease liabilities	33	76 678	85 295
322 007	369 413	Subordinated loan capital	25,26,40	322 007	369 413
30 790 244	**28 823 883**	**Total liabilities**		**19 273 725**	**18 361 577**
230 149	230 149	Equity certificate capital	41,45,46	230 149	230 149
-20 030	-20 694	Treasury equity certificates	41	-20 030	-20 694
987 313	987 313	Share premium	41	987 313	987 313
-127 180	-132 390	Other paid-in equity	41	-127 180	-132 390
535 453	491 885	Dividend equalisation fund	41	535 453	491 885
895 350	870 700	The Savings Bank's Fund	41	895 350	870 700
102 326	85 045	Gift Fund/customer dividends	41	102 326	85 045
411 157	308 224	Fund for unrealised gains	41	411 157	308 224
5 443	4 947	Fund for valuation differences	41	5 443	4 947
100 000	100 000	Hybrid capital	40,41	100 000	100 000
501 923	467 504	Other equity	41	156 175	124 916
2 897	4 198	Non-controlling interests			
3 624 803	**3 396 882**	**Total equity**		**3 276 157**	**3 050 094**
34 415 046	**32 220 764**	**Total equity and liabilities**		**22 549 883**	**21 411 672**

March 22 2024 | The Board of Directors of Den Gule Banken, Sandnes Sparebank

Harald Espedal Chairman of the Board	**Frode Svaboe** Deputy Chairman	**Bjørg Tomlin** Director	**Sven Chr Ulvatne** Director	**Astrid Rebekka Norheim** Director	**Wenche Drønen Christenssen** Director	**Ingunn Ruud** Employee representative	**Joakim De Haas** Employee representative	**Trine Karin Stangeland** CEO

Statement of changes in equity

Group	Equity certificate capital	Holding of treasury equity certifi-cates	Share premium	Other paid-in equity	Dividend equali-sation fund	The Savings Bank's Fund	Gift Fund/ customer dividends	Fund for un-realised gains	Fund for valuation diffe-rences	Hybrid capital	Other equity	Total	Non-con-trolling interests	Total equity
Equity as at 01.01.2022	230 149	-20 952	987 313	-134 516	485 723	867 200	77 121	67 753	4 926	100 000	405 727	3 070 445	4 514	3 074 960
Dividends paid											-112 000	-112 000	-800	-112 800
Gifts paid and customer dividends							-64 040					-64 040		-64 040
Actuarial gains and losses, defined benefit pension plan (after tax)					32	18						50		50
Fund for unrealised gains								4 868				4 868		4 868
Fund for valuation differences									21			21		21
Change in value of equities measured at fair value through OCI								235 602				235 602		235 602
Change in holding of treasury equity certificates		258		2 126								2 384		2 384
Unpaid interest/costs on hybrid capital											-5 440	-5 440		-5 440
Annual profit allocated to equity capital fund					6 130	3 481						9 612		9 612
Annual profit allocated to dividends											126 720	126 720		126 720
Annual profit allocated to Gift Fund/customer dividends							71 963					71 963		71 963
Annual profits allocated to hybrid capital holders											5 602	5 602		5 602
Annual profit rest of the Group (unallocated)											46 896	46 896	484	47 380
Equity as at 31.12.2022	230 149	-20 694	987 313	-132 390	491 885	870 700	85 045	308 224	4 947	100 000	467 504	3 392 683	4 198	3 396 882

Group	Equity certificate capital	Holding of treasury equity certifi-cates	Share premium	Other paid-in equity	Dividend equali-sation fund	The Savings Bank's Fund	Gift Fund/ customer dividends	Fund for un-realised gains	Fund for valuation diffe-rences	Hybrid capital	Other equity	Total	Non-con-trolling interests	Total equity
Equity as at 01.01.2023	230 149	-20 694	987 313	-132 390	491 885	870 700	85 045	308 224	4 947	100 000	467 504	3 392 683	4 198	3 396 882
Dividends paid											-126 881	-126 881	-400	-127 281
Gifts paid and customer dividends							-71 883					-71 883		-71 883
Actuarial gains and losses, defined benefit pension plan (after tax)					71	40						111		111
Fund for unrealised gains								2 379				2 379		2 379
Fund for valuation differences									496			496		496
Change in value of equities measured at fair value through OCI								100 555				100 555		100 555
Change in holding of treasury equity certificates		664		5 210								5 874		5 874
Issuance of new hybrid capital										100 000		100 000		100 000
Redemption of new hybrid capital										-100 000		-100 000		-100 000
Unpaid interest/costs on hybrid capital											-9 345	-9 345		-9 345
Annual profit allocated to equity capital fund					43 496	24 610						68 107		68 107
Annual profit allocated to dividends											157 590	157 590		157 590
Annual profit allocated to Gift Fund/customer dividends							89 165					89 165		89 165
Annual profits allocated to hybrid capital holders											9 741	9 741		9 741
Annual profit rest of the Group											3 314	3 314	-901	2 413
Equity as at 31.12.2023	230 149	-20 030	987 313	-127 180	535 453	895 350	102 326	411 157	5 443	100 000	501 923	3 621 905	2 897	3 624 803

Statement of changes in equity

Parent Bank

	Equity certificate capital	Holding of treasury equity certifi-cates	Share premium	Other paid-in equity	Dividend equali-sation fund	The Savings Bank's Fund	Gift Fund/ customer dividends	Fund for un-realised gains	Fund for valuation diffe-rences	Hybrid capital	Other equity	Total equity
Equity as at 01.01.2022	230 149	-20 952	987 313	-134 516	485 723	867 200	77 121	67 753	4 926	100 000	109 797	2 774 516
Dividends paid											-112 000	-112 000
Gifts paid and customer dividends							-64 040					-64 040
Actuarial gains and losses, defined benefit pension plan (after tax)					32	18						50
Change in value of loans measured at fair value through OCI											236	236
Fund for unrealised gains								4 868				4 868
Fund for valuation differences									21			21
Change in value of equities measured at fair value through OCI								235 602				235 602
Change in holding of treasury equity certificates		258		2 126								2 384
Unpaid interest/costs on hybrid capital											-5 440	-5 440
Annual profit allocated to equity capital fund					6 130	3 481						9 612
Annual profit allocated to dividends											126 720	126 720
Annual profit allocated to Gift Fund/ customer dividends							71 963					71 963
Annual profit allocated to hybrid capital holders											5 602	5 602
Equity as at 31.12.2022	230 149	-20 694	987 313	-132 390	491 885	870 700	85 045	308 224	4 947	100 000	124 916	3 050 094

	Equity certificate capital	Holding of treasury equity certifi-cates	Share premium	Other paid-in equity	Dividend equali-sation fund	The Savings Bank's Fund	Gift Fund/ customer dividends	Fund for un-realised gains	Fund for valuation diffe-rences	Hybrid capital	Other equity	Total equity
Equity as at 01.01.2023	230 149	-20 694	987 313	-132 390	491 885	870 700	85 045	308 224	4 947	100 000	124 916	3 050 094
Dividends paid											-126 881	-126 881
Gifts paid and customer dividends							-71 883					-71 883
Actuarial gains and losses, defined benefit pension plan (after tax)					71	40						111
Change in value of loans measured at fair value through OCI											155	155
Fund for unrealised gains								2 379				2 379
Fund for valuation differences									496			496
Change in value of equities measured at fair value through OCI								100 555				100 555
Change in holding of treasury equity certificates		664		5 210								5 874
Issuance of new hybrid capital										100 000		100 000
Redemption of new hybrid capital										-100 000		-100 000
Unpaid interest/costs on hybrid capital											-9 345	-9 345
Annual profit allocated to equity capital fund					43 496	24 610						68 107
Annual profit allocated to dividends											157 590	157 590
Annual profit allocated to Gift Fund/customer dividends							89 165					89 165
Annual profit allocated to hybrid capital holders											9 741	9 741
Equity as at 31.12.2023	230 149	-20 030	987 313	-127 180	535 453	895 350	102 326	411 157	5 443	100 000	156 175	3 276 157

Cash flow statement

Group			Parent Bank	
Full year 2023	**Full year 2022**	Amounts in NOK thousands	**Full year 2023**	**Full year 2022**
		Cash flow from operating activities		
-2 327 141	-1 650 927	Net receipts/payments of instalment loans, lines of credit	-1 001 984	544 047
1 463 924	909 718	Receipts of interest, commission income and fees from customers	920 934	650 439
1 191 205	517 501	Net receipts of deposits	1 401 693	517 501
-402 708	-149 355	Payment of interest to customers	-402 708	-149 355
112 478	-849 884	Net receipts/payments from trading interest-bearing securities	-149 578	-534 393
148 876	79 180	Receipts of interest on securities	115 907	63 338
24 796	109 446	Net receipts/payments from trading of other financial assets	13 797	79 719
-29 998	5 326	Net deposits/loans from credit institutions	-240 485	75 254
-273 944	-268 295	Payments for operations	-273 582	-263 032
-46 531	-53 869	Tax	-32 452	-36 289
-139 042	**-1 351 158**	**Net cash flow from operating activities**	**351 541**	**947 230**
		Cash flow from investing activities		
-759	318	Net investment in property, plant and equipment	-759	318
65 839	-126 632	Net investment in equities and other units	65 839	-446 632
53 273	65 519	Receipts of dividends from long-term investments in equities	103 873	66 719
118 353	**-60 795**	**Net cash flow from investing activities**	**168 953**	**-379 595**
		Cash flow from financing activities		
2 550 000	3 780 000	Raising of certificates and bond debt	550 000	680 000
-1 728 620	-1 924 181	Repayment of certificates and bond debt	-767 757	-1 022 115
200 000	220 000	Raising of subordinated loan capital and hybrid Tier 1 securities	200 000	220 000
-247 000	-53 000	Repayment of subordinated loan capital and hybrid Tier 1 securities	-247 000	-53 000
-127 281	-112 800	Payout of dividends	-126 881	-112 000
-71 883	-64 040	Gifts and customer dividends paid from profits	-71 883	-64 040
5 874	2 384	Net payment for buy-back of treasury equity certificates	5 874	2 384
-15 574	-14 190	Lease payments on capitalised lease liabilities	-14 444	-12 946
-584 467	-359 958	Net interest payments on financing activities	-88 328	-151 711
-18 951	**1 474 215**	**Net cash flow from financing activities**	**-560 419**	**-513 429**
-39 640	62 262	Net cash flow for the period	-39 926	54 207
502 195	439 933	Cash and cash equivalents at the start of the period	501 926	447 720
462 554	502 195	Cash and cash equivalents at the end of the period	462 001	501 926

Notes

Contents

		PAGE:
1	General disclosures	54
2	Accounting policies	54
3	Critical estimates and assessments regarding the application of accounting policies	61
4	Acquisitions, sales, liquidations and company establishments	62
5	Segments	63
6	Capital management and capital adequacy	66
7	Risk management	69
8	Credit risk	71
9	Loans and advances by customer group and geographic area	79
10	Loans and impairments by sector	81
11	Losses on loans and guarantees and defaulted/impaired loans	83
12	Interest rate risk	94
13	Currency risk	97
14	Price risk	98
15	Financial derivatives and hedge accounting	99
16	Liquidity risk	102
17	Net interest income	104
18	Net commission income	105
19	Net gain/loss on financial instruments and dividends/income from ownership interests	106
20	Other operating income	107
21	Other operating costs	108
22	Remuneration	110
23	Pensions	113

		PAGE:
24	Tax	115
25	Classification of financial instruments	117
26	Fair value of financial instruments	120
27	Loans to and receivables from credit institutions	126
28	Certificates and bonds	127
29	Ownership interests in subsidiaries and associates	128
30	Equities	130
31	Intangible assets	131
32	Non-current assets	132
33	Leases	133
34	Financial instruments with change in value through OCI	136
35	Liabilities to credit institutions	137
36	Deposits from customers	138
37	Securities issued	139
38	Provisions for other liabilities	142
39	Other liabilities	142
40	Subordinated loan capital	143
41	Equity	144
42	Contingent liabilities	145
43	Events after the balance sheet date	145
44	Transactions with related parties	146
45	Earnings per equity certificate and calculation of equity certificate percentage	147
46	Equity certificate capital and equity certificate holders	148

1 General disclosures

Den Gule Banken, Sandnes Sparebank, is an equity certificate bank listed on Oslo Børs. The bank's head office is in Sandnes Municipality and its registered business address is Rådhusgata 3, 4306 Sandnes.

The consolidated financial statements and the financial statements for the parent bank for 2023 were approved by the Board of Directors on 22.03.2024, and by the Board of Trustees on 10.04.2024.

2 Accounting policies

CONTENTS

1. Basis for the preparation of the accounts
2. New standards and interpretations adopted from and including the financial year 2023
3. Consolidation
4. Associate enterprise
5. Presentation currency
6. Income recognition
7. Financial instruments
8. Intangible assets
9. Fixed assets
10. Leases
11. Pensions
12. Income tax
13. Dividends and profit per equity certificate
14. Equity
15. Cash flow analysis
16. Segment information
17. Approved standards and interpretations with future effective date

1. Basis for the preparation of the accounts

The consolidated financial statements for Den Gule Banken, Sandnes Sparebank have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU. The same applies to the parent bank's accounts. The financial statements are prepared based on IFRS standards and interpretations mandatory for financial statements prepared as at 31.12.2023. Furthermore, the requirements for additional information in applicable laws and regulations for banks are met.

For the consolidated financial statements, the principles discussed herein are applied consistently for all reported periods. The same applies to the parent company, with clarifications as specified for relevant records. The accounts are presented in NOK, and all figures are shown in thousands, unless specifically stated otherwise.

2. New standards and interpretations adopted from and including the 2023 financial year

IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements

Clarification of which accounting policies should be presented in the annual financial statements. Assessments of which information about accounting policies is material must be made in the same way as other assessments of what is material. This has also been clarified through amendments to IFRS Practice Statement 2.

2 Accounting principles

The amendments are intended to help those preparing accounting information determine which accounting policies an institution must disclose in its annual financial statements. The current requirement is that information on material accounting policies must be disclosed, whereas before this applied to significant accounting policies. Explanations of how institutions can identify material accounting policies have been added. An accounting policy may be material if the user of the financial statements requires information about the accounting policy to understand other material information in the annual financial statements. The amendment stresses that if non-material accounting policies appear in the notes, they must not influence the user's perception of the material accounting policies. Therefore, the material accounting policies must be stated clearly and be readily understood by the user.

No other changes to standards and/or interpretations relevant to the institution/the Group were made in 2023.

3. Consolidation

The consolidated financial statements include the parent bank and its subsidiaries as shown in Note 29. Subsidiaries are consolidated from the time the bank has taken control, and it is exempted the moment the bank gives up control. Control exists when the investor has power over the investment object, is exposed to or is entitled to variable returns, and has the ability to use force to manage the activities of the investment object that significantly affect the return. Potential voting rights, options, convertible debt and other factors are included in the assessment.

The accounting principles are applied consistently when incorporating ownership interests and reporting is based on the same accounting periods as the parent company.

Intercompany transactions and balances between the consolidated companies have been eliminated. Unrealised losses are eliminated unless the loss is due to decrease in value. The minority's share of the Group's profit and loss is presented on a separate line in the income statement. In the equity, the minority's share is shown as a separate item.

Subsidiaries
Subsidiaries are defined as companies where Den Gule Banken, Sandnes Sparebank, has control directly or indirectly, ownership interests or other relations. Normally, the bank is assumed to be in control when the ownership interests in another company amount to more than 50%.

The following applies for acquisitions and transfers:
During an acquisition of a company, the takeover method is used. All identifiable acquired assets and liabilities are recognised as fair value. For each acquisition, non-controlling ownership interests will be valued either at fair value or as a proportionate share of the acquired company's identifiable assets. Transaction costs are expensed.

If control is achieved through incremental acquisitions, any difference between the fair value at the time of the takeover and the book value of the share of the company already booked will be recognised in the income statement.

Any contingent share of the acquisition price will be valued at fair value at the time of the acquisition.

Goodwill is initially measured as the difference between the sum of the purchase consideration and the value of non-controlling ownership interests, and the net fair value of identifiable assets and liabilities taken over. If the difference is negative, it is registered in the profit and loss account.

4. Associate enterprise

The definition of associated company is regulated in IAS 28. Associated enterprise mean that the bank has considerable influence, but not control of the company. Normally, there is considerable influence when the bank has an ownership interest of 20 per cent or more, unless it can clearly be established that this is not the case. Treatment as affiliated enterprises occurs from the time considerable influence is established and until it ceases. The investment is initially recognised as acquisition cost and is then adjusted for the change in the bank's share of the net ownership of the associated enterprise. Associated enterprises are recognised according to the equity method both in the parent bank and in the group.

5. Presentation currency

The presentation currency is NOK, which is also functional currency for all the companies in the Group. Foreign currency transactions are converted to functional currency at the exchange rates at the time of the transaction. Currency losses and gains arising from such transactions, as well as on the conversion of monetary items in foreign currency as of 31.12, are recorded in the income statement.

6. Income recognition

Interest income and costs are posted to the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of loans and deposits, as well as distributing interest income or interest costs within the expected maturity. The effective interest rate is determined by discounting contractual cash flows within the expected maturity. The method involves the ongoing income recognition of nominal interest rates with the addition of amortisation of establishment fees. If a loan has been impaired as a result of loss of value (included in Stage 3), interest income is recognised as an effective interest rate, calculated on impaired expected cash flows. Fees associated with interest-bearing instruments are included in the calculation of effective interest rates and recorded in the income statement accordingly.

Commission income and costs are generally accrued as a service is ongoing and classified as "Commission Income" and "Commission Costs", respectively.

Fees and charges for the sale or brokering of financial instruments, real estate or other investment objects that do not generate balance sheet entries in the bank's or the Group's accounts, are recognised when the transaction is completed.

2 Accounting principles

Income from customer contracts is treated in accordance with IFRS 15. The income is recognised in an amount that reflects the remuneration the organisation expects to exchange for the transfer of a good or service to a customer. Income is recognised when a customer achieves control over a good or service, and also has the opportunity to directly utilise it. The Group has the following income flows that are treated in line with this principle:

- Transaction charges
- Product charges
- Annual charges
- Commission sales of insurance, savings, funds and credit card
- Broker commission
- Fees earned via third parties (interbank, VISA)
- Other charges in relation to the price list

The bank has revenues, to a very small extent, that contain significant elements of separate delivery obligations.

Lease income related to real estate primarily applies to lease income that is invoiced and recognised on an ongoing basis in accordance with the sublet contract in accordance with IFRS 16.

Dividends from shares and equity certificates are recognised in income at the time the dividend is approved by the general meeting.

7. Financial instruments

Classification of financial instruments

Classification of financial instruments is carried out on the basis of the purpose of the acquisition and the characteristics of the instrument.

Financial assets are classified as:

- Financial instruments valued at amortised cost (AC)
- Financial instruments valued at fair value with change in value through profit or loss (FVTPL)
- Financial instruments at fair value with change in value through OCI (FVOCI)

Financial debt is classified as:

- Financial liabilities at fair value with changes in value through the income statement
- Other financial liabilities measured at amortised cost

The definition of a financial instrument is regulated in IAS 32, while the classification and measurement of financial instruments is regulated in IFRS 9. When determining the measurement category, IFRS 9 distinguishes between ordinary debt instruments and equity instruments, including derivatives. Ordinary debt instruments mean interest instruments where returns constitute compensation for the time value of money, credit risk and other relevant risks resulting from ordinary debt instruments.

Derivatives and investments in equity instruments

Equity instruments fall into the fair value through profit and loss category (FVTPL). For equity instruments that are not derivatives and are not held for trading purposes, it is possible to choose to bring these to fair value through other OCI (FVOCI).

All derivatives in the Group are measured at fair value with a change in the profit value, but derivatives designated as hedging instruments shall be recognised in accordance with the principles for hedge accounting.

Financial assets that are debt instruments

For ordinary debt instruments, the measurement category is determined according to the purpose of the investment. Debt instruments included in a portfolio for the purpose of receiving contractual cash flows through interest and instalments shall be measured at amortised cost.

Debt instruments included in a portfolio with the aim of both receiving cash flows and making sales shall be measured at fair value through other OCI (FVOCI), with interest income, currency conversion effects and impairments presented through ordinary profit.

Instruments that are initially to be measured at amortised cost or at fair value with changes in value through other OCI (FVOCI) can be designated for measurement at fair value with changes in value through the result if this eliminates or significantly reduces an accounting mismatch (Fair Value Option/FVO).

Fixed income instruments in other business models shall be measured at fair value through profit and loss.

Financial liabilities

For financial obligations that have been determined to be recognised in the financial statements at fair value through ordinary profit or loss, changes in the value due to the company's own credit risk is incorporated into other OCI, unless the calculation in other OCI creates or amplifies an accounting mismatch. The Group has a limited scope of liabilities determined at fair value and the effect on the Group is therefore considered immaterial.

Hedge accounting

The Group uses hedge accounting for fair value hedging of some fixed rate funding (bond loans). Derivatives related to these deposits are earmarked for hedging purposes. IFRS 9 requires that there should be a financial relationship between the hedging instrument and the hedging object, and that credit risk should not dominate the value changes of the hedging instrument. A prospective (forward-looking) efficiency test and the preparation of hedging documentation are also required.

Measurement

First posting

All financial instruments are measured at fair value on the trading day at the time it is first posted in the accounts. Transaction costs that are directly attributable to the establishment of the asset/liability are included in the cost price of all financial instruments that are not classified at fair value with changes in value through ordinary profits.

Subsequent measurement

Measuring at fair value

For all financial instruments traded in an active market, the listed price obtained from either a stock exchange, broker or pricing agency is used. Financial instruments that are not traded in an active market are valued

2 Accounting principles

according to various valuation techniques, which have been carried out in part by professional agencies. All changes in fair value are incorporated directly in the income statement unless the asset is classified as financial instruments at fair value with a change in value through other OCI (FVOCI).

The bank has assessed the fair value of floating-rate loans to match nominal value, adjusted with the corresponding expected credit loss (ECL) of the loan. This is justified by the fact that such loans are reprised almost continuously, and that any deviation from the nominal value in an arm's length transaction between informed and willing parties is considered immaterial.

Measurement at amortised cost

Financial instruments that are not measured at fair value are valued at amortised cost and revenues/costs are calculated according to the effective interest method. The effective interest rate is determined by discounting contractual cash flows within the expected maturity. Amortised cost is the present value of the cash flows discounted at the effective interest rate.

Hedge accounting

The hedging effectiveness is evaluated and documented both upon initial classification and upon each closing of accounts. In the case of fair value hedging, the hedging instrument is recognised at fair value and the value of the hedging object is adjusted for the change in value related to the hedging risk. Changes in these values from the opening balance are recognised in the income statement. This method ensures that the presentation of these instruments in the financial statements complies with the Group's policies for managing interest rates and actual economic developments. If the hedging ratio is interrupted or sufficient hedging efficiency cannot be verified, a change in value associated with the hedging object is amortised throughout the remaining term.

Impairment of financial assets

Through IFRS 9, loss provisions shall be recognised based on expected credit losses (ECL). The general model for impairments of financial assets includes financial assets that are measured at amortised cost or at fair value with changes in value through other OCI. In addition, loan receivables, financial guarantee contracts that are not measured at fair value through profit, and receivables on leases are also included.

The measurement of provisions for expected losses in the general model depends on whether the credit risk has increased significantly since the initial balancing. Credit deterioration is measured by developments in probability of default (PD).

Upon initial capitalisation and when credit risk has not increased significantly after initial capitalisation, the 12-month expected loss is recognised. The 12-month expected loss is the loss expected to occur over the lifetime of the instrument, but which can be linked to default events occurring in the first 12 months. If credit risk has increased significantly after initial recognition, the provision shall correspond to expected losses over the lifetime.

In line with IFRS 9, the bank separates its loans into three stages;

STAGE 1:

This is the starting point for all financial assets covered by the general loss model. All assets that do not have significantly higher credit risk than on initial recognition are calculated a loss cost equal to 12 months' expected loss.

STAGE 2:

Stage 2 of the loss model are assets that have had a significant increase in credit risk since the initial recognition, but where no credit loss has occurred on the balance sheet date. A provision equal to expected losses over its lifetime is calculated for these assets. This group includes accounts with a significant degree of credit deterioration, but which on the balance sheet date belong to customers without any objective loss event. When it comes to delimitation towards stage 1, the bank defines a significant degree of credit deterioration by checking if an engagement's estimated probability of default (PD) has increased significantly or the customer has been granted payment reliefs. For further description of loss model please refer to Note 8.

STAGE 3:

Stage 3 contains assets which have had a significant increase in credit risk since granting and where there is an objective loss event on the balance sheet date. The bank creates an individual loss provision for these assets. On each balance sheet date, an assessment is made of whether objective evidence exists that the value of individually assessed loans has decreased. The fall in value must be the result of one or more events occurring after initial balancing (a loss event) and the result of the loss event (or events) must also be reliably measured. Examples of such incidents are significant financial problems with the debtor, payment default or other breach of contract. If there is objective evidence that a reduction in value has occurred, the size of the loss is calculated. For loans recognised at amortised cost, the loss is calculated as the difference between the value recognised in the balance sheet and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The period's changes in the assessed value of loans are recognised in the income statement under "impairments and losses on loans and guarantees".

Definition of defaulted/impaired loans and advances in Stage 3

Engagements are considered defaulted if there is payment default or default due to manual default marking ("unlikeliness to pay"). Loans in default are included in Stage 3.

A failure to pay is defined as a material credit obligation that is more than 90 days past due. Threshold values for material credit obligations are set in the CRR/CRD IV regulations.

Default due to manual default marking due to an unlikeliness to pay is based to a greater extent on technical credit assessments. Events included in this category are provisions for losses on the customer, bankruptcy/debt arrangement, or other indications that there may be significant doubts as to whether the customer will fulfil their liabilities. Loans and other engagements that are not payment default, but where the customer's financial situation makes it likely that the bank will suffer losses, are classified as impaired loans and advances.

2 Accounting principles

The definition of default includes a waiting period that dictates that customers are categorised as defaulted a period after the default has been settled. The waiting period is 3 months or 12 months depending on the underlying cause of the breach.

Confirmed loss

Losses are regarded as confirmed in the event of debt settlement or bankruptcy, when distraint has not been successful, following legally enforceable judgment, or when the Group has waived all or part of the loan, or when the loan is considered lost by the Group. The bank waives the loan in the balance sheet when it is confirmed lost. Confirmed losses covered by previously made provisions are recognised against the provisions. Recognised losses without coverage in the provisions as well as over- or under-absorption in relation to previous provisions are recognised in the income statement. See note 11 for further information relating to the total outstanding amount recognised/derecognised on the balance sheet.

Impairments on shares in subsidiaries

In the parent company, shares in subsidiaries are assessed at acquisition cost reduced for impairments in accordance with IAS 36. The need for impairments is assessed annually in the same manner as for other long-term assets.

More about other financial instruments

Loans and receivables

Loans and receivables are financial assets that are not listed on the market. Floating-rate loans are valued at amortised cost according to the effective interest method. Fixed-rate loans are posted at fair value with a change in value through ordinary profit as the bank uses Fair-Value Option (FVO) for these loans. The change in the fair value of these loans is recognised in the income statement in the item "net profit/loss on financial instruments". The interest rate risk in fixed-rate loans is controlled by interest rate swaps that are posted at fair value. It is the Group's understanding that the assessment of fixed-rate loans at fair value provides more relevant information about the values in the balance sheet. Interest rates from the interest rate swaps are entered in the income statement in the item "Interest income measured at fair value".

Loans that can be transferred to SSB Boligkreditt AS by the parent bank are classified at fair value with change in value through OCI (FVOCI) in the parent bank's accounts, as the business model dictates that the parent bank intends to recover contractual cash flows, but may also sell/transfer the loans to SSB Boligkreditt AS. In the consolidated financial statements, the loans are assessed at amortised cost as the Group does not intend to sell the loans.

Stocks, certificates and bonds

Shares and units are measured at fair value with changes in value through profit or loss (FVTPL), with the exception of the bank's investment in Eika Gruppen AS, which is classified as a financial instrument with changes in value through OCI (FVOCI) since it is considered a strategic investment for the bank.

The bank's liquidity portfolio of certificates and bonds is assessed at fair value through profit or loss (FVTPL) in line with the business model that governs asset management of the liquidity portfolio in accordance with IFRS 9. The business model gives a required rate of return for the liquidity portfolio and purchases and sales are made in order to maximise profits. The bank also has a "keep until maturity" portfolio of bonds that are valued at amortised cost as the bank intends to keep these fixed income securities until maturity. This portfolio is kept separate from the bank's other liquidity portfolio.

Financial derivatives

Derivatives are valued at fair value with changes in value through ordinary profit (FVTPL). Fair value is assessed on the basis of listed market prices in an active market, including recent market transactions as well as various valuation techniques. Derivatives are posted as assets if the fair value is positive, and as liabilities if the fair value is negative (gross recording in the balance sheet)..

Deposits and other financial liabilities

Fixed rate deposits from customers are valued at fair value with changes in value through ordinary profit.

Securities issued with floating interest are measured at amortised cost. For fixed-rate securities issued, hedge accounting is used where changes in the value of the hedged part of the securities are recognised over ordinary profit and loss.

Issued subordinated loans are prioritised after all other debts and recognised and measured in the same way as other securities issued.

Other financial debts are measured at amortised cost where differences between the amount received minus transaction costs and redemption value are distributed over the loan period using the effective interest method.

Calculation and derecognition of financial assets and liabilities

Financial assets and liabilities are recognised on the trade date, i.e. the time the bank becomes a party to the contractual terms and conditions of the instruments.

Financial assets are deducted when the contractual rights to the cash flows from the financial assets have expired, or when the rights to the cash flows from the assets have been transferred in such a way that risk and return related to ownership have been transferred.

Financial liabilities are waived when the contractual conditions have been met, expired or cancelled.

Buy-back of securities issued

Any premium or discount in the event of a buy-back of own bonds is recognised in the income statement as interest costs. Any purchase premium on buy-back of securities before maturity is regarded as a loss/profit and is presented and recognised in the income statement under the item "net gain/loss on financial instruments". Interest from other financial liabilities is recognised as "interest costs" in the income statement.

2 Accounting principles

Modified assets and liabilities

If modifications or other changes are made to the terms of an existing financial asset or obligation, the instrument shall be treated as a new financial asset or obligation if the renegotiated terms have been significantly changed from the old terms. If the conditions for material change are met, the old asset or liability is waived, and a new asset or obligation is recognised.

If the modified instrument is not considered to have been significantly changed from the existing instrument, the instrument shall be considered to be a continuation of the existing instrument. In such cases, the new cash flows are discounted at the instrument's original effective interest rate and any difference to the existing capitalised amount will be recognised as ordinary profit in the income statement.

8. Intangible assets

Goodwill

Goodwill is initially measured as the difference between the sum of the purchase consideration and the value of non-controlling ownership interests, and the net fair value of identifiable assets and liabilities taken over. Goodwill in the purchase of subsidiaries is recognised as intangible assets. The individual goodwill items and intangible assets in the Group's balance sheet are allocated to assessment units according to which businesses benefit from the purchased asset. The choice of assessment unit is made based on where cash flows related to the business can be identified and separated. Goodwill is tested annually for impairments and posted at cost price reduced for accumulated impairments. The assessment is based on historical results as well as approved budgets and management forecasts. The required rate of return is based on an assessment of the market's required rate of return for the type of business included in the assessment unit, thus reflecting the risk in the business.

9. Fixed assets

Fixed assets include buildings and operating equipment. Buildings and operating equipment are recognised at acquisition cost minus accumulated depreciation and impairments. Cost price includes all directly attributable costs associated with the purchase of the asset. Linear depreciation has been used to allocate costs minus any residual value over the estimated service life of the assets. Buildings, facilities, and equipment that are depreciated are subject to an impairment test in accordance with IAS 36 when circumstances indicate it.

10. Leases

IFRS 16 sets out a common model that must be used for all leases, with some exceptions, where the right to use a specific asset is transferred from the lessor to the lessee for a specific period.

In order to determine whether an agreement contains a lease, one must assess whether the agreement transfers the right to control the use of an identified asset. For the Group, the standard has mainly affected leases related to office premises, which means that lease costs are recognised as depreciation of the right-of-use asset and interest expenses on the associated lease liabilities in the income statement. The bank's IT agreements are not considered to fall under IFRS 16, because they are based on purchases of capacity that are not physically separated and thus not identifiable. Low value leases (total value of less than USD 5000) and leases with a lease period of 12 months or less will not be recognised in the balance sheet. Leases under these exemptions are recognised on an ongoing basis as other operating costs.

The lease period is calculated based on the duration of the agreement imposed on any option periods if there is reasonable certainty these will be exercised. Calculating the present value of the lease liabilities includes elements such as fixed rent adjusted for index regulations in the leases. Any options in the lease and/or expenses associated with buy-out clauses before the final contract expiration are not included in the lease liability unless it is reasonably certain that the option or clause will be exercised. Joint costs and other variable lease payments. will not be included in the lease liabilities for the leases and will be posted as operating costs.

The discount rate for leases is determined by applying the lessor's marginal loan rate, i.e. the interest rate a lessee in a similar economic environment would have to pay to finance the loan, for a corresponding period and with equal security, the funds required for an asset of similar value to the right-of-use asset. The interest rate takes into account both risk-free interest rates, credit risk, and rent-specific premiums, including collateral/guarantees in the lease. The interest rate will be adapted to the duration of the actual lease and the type of asset.

The bank has included its lease liabilities at the present value of the remaining lease payments discounted by a marginal loan rate at the time of initial application, as well as the corresponding right-of-use to an amount reflecting the value of the asset as if the standard were in force from the time the lease was entered into.

Right-of-use is presented in the balance sheet as "Right-of-use assets, leases", while the lease liabilities are presented as "Lease liabilities" in the balance sheet.

Right-of-use assets that are depreciated are subject to an impairment test in accordance with IAS 36 when circumstances indicate it.

11. Pensions

The Group's companies have different pension schemes. The pension schemes are mainly financed through payments to insurance companies.

Defined contribution scheme

The Group has a defined contribution scheme for employees, as well as a performance-based operating pension linked to the former CEO. A defined contribution scheme is a pension scheme in which the Group pays fixed contributions to a legal entity that invests the funds on behalf of the members of the scheme. When they are due, the deposits are recognised as labour costs.

2 Accounting principles

Defined benefit scheme

A defined benefit scheme is a pension scheme that defines a pension payment that an employee will receive upon retirement. The pension payment normally depends on one or more factors such as age, number of years in the company, and salary. The capitalised liabilities related to defined benefit pension schemes is the present value of the defined benefits on the balance sheet date minus the fair value of the pension funds. The pension liabilities are calculated annually by an independent actuary using a linear earning method. The discount rate is an estimated market rate on covered bonds. Other parameters such as salary regulations, inflation, and pension increases, are determined on the basis of expected long-term developments in the parameters. Changes in the pension plan benefits are recognised as costs or posted in the income statement on an ongoing basis.

Estimate variances are posted over OCI in the period in which they occur and are included in the comprehensive income.

The net pension cost of the period is included in wages and social costs and consists of the pension earnings, interest expense on the calculated pension obligation and accrued employer's National Insurance contributions for the period. The pension cost is based on assumptions stipulated at the beginning of the period.

Contractual early retirement pensions

The old AFP scheme was discontinued in February 2010. As a replacement for the old AFP scheme, a new AFP scheme that provides a lifelong supplement to the ordinary pension has been established. The new AFP scheme is a defined-benefit multi-enterprise pension scheme and is funded through premiums that are determined as a percentage of wages. There is currently no reliable measurement and allocation of obligations and funds in the scheme. In accounting terms, the scheme is thus treated as a defined-contribution pension scheme where premium remunerations are routinely recognised as costs, and no provisions are made in the financial statements.

12. Income tax

The tax expense of the year consists of tax payable and changes in deferred tax on temporary differences. Tax payable is calculated tax on taxable income for the year. Deferred tax is recognised in accordance with the debt method in accordance with IAS 12. Liabilities or assets are calculated for deferred tax on temporary differences, which is the difference between the carrying amount and the tax value of assets and liabilities. However, no liability or asset is calculated for deferred tax on goodwill that does not result in tax deductions, nor on first-time recognised items that do not affect either accounting or taxable income. An asset is calculated for deferred tax on enforceable tax deficits. Deferred tax assets are recognised in the balance sheet to the extent it is likely that they can be used against future taxable income. When calculating deferred tax, tax rates and tax rules are used that apply on the balance sheet date or that will most likely be adopted.

As of 31.12.2023, the tax rate on ordinary income in Norway was 22%, and the tax rate remains unchanged in the previous year. Exceptions have been made for financial institutions which are thus continued at the 2016 level (25 % tax rate).

Wealth tax is not considered tax according to IAS 12 and is recognised as operating costs.

Tax management for equity transactions

If the source of the distribution is previous results (earned capital), the tax consequences of the distribution are presented as tax expense in the income statement when the distribution is decided. This applies, among other things, to payments of customer dividends and interest payments on hybrid Tier 1 securities.

13. Dividends and profit per equity certificate

Dividends on equity certificates are posted as equity until it is approved by the bank's Board of Trustees. Profit per equity certificate is calculated by dividing the profit accruing to the owners of the equity certificates by the number of outstanding equity certificates, taking into account the bank's holdings of treasury equity certificates.

14. Equity

Equity certificate owners' share of the equity consists of equity certificate capital, share premium, other invested equity, and dividend equalisation funds. The dividend equalisation fund is an accumulated profit that can be used for future cash dividends or fund issues.

The nominal share of treasury equity certificates is presented as a reduction in equity certificate capital. Purchase price beyond face value is posted against other invested equity. Gains or losses on transactions with treasury equity certificates are posted directly against other invested equity.

Other equity consists of the bank's funds, gift funds/customer dividends, funds for unrealised gains, funds for valuation differences, other equity, and non-controlling interests. Other equity includes provisions for dividends.

The profit for the year is allocated to equity certificate holders and the primary capital in proportion to their share of the bank's equity capital.

Issued hybrid Tier 1 securities are bonds with face value interest, but the bank is not liable to pay interest for a period when no dividends are paid, nor is the investor later entitled to interest that has not been paid, i.e. the interest does not accumulate. Hybrid Tier 1 securities do not satisfy the definition of financial liability in accordance with IAS 32 and are consequently classified as equity/hybrid capital in the bank's balance sheet. The hybrid Tier 1 securities are perpetual, and the bank has a unilateral right not to pay interest to investors under certain conditions. Interest is thus presented not as an interest expense in the income statement, but as a reduction in other equity.

2 Accounting principles

15. Cash flow analysis

The cash flow analysis is prepared according to the direct method and indicates the cash flows grouped by sources and areas of application. Liquids include cash and receivables from Norges Bank, as well as loans to and receivables from credit institutions.

16. Segment information

Segment reporting is based on internal management reporting. The income statement and balance sheet for the segments are based on an assembly of internal financial reporting for departments, in accordance with the Group's management model. See also Note 5 regarding assumptions and allocation principles.

17. Approved standards and interpretations with future effective date

Only standards and interpretations that are considered relevant to the Group have been included.

Annual improvement projects
In connection with annual improvement projects, the IASB has made minor changes to several standards. The changes are considered not to have a material impact on the Group.

3 Critical estimates and assessments regarding the application of accounting policies

Critical estimates

The preparation of financial statements in compliance with generally accepted accounting policies in some cases requires the management to make assumptions and to rely on estimates and discretionary assessments. Estimates and discretionary assessments are evaluated on an ongoing basis and are based on past experience and assumptions about future events that appear likely on the balance sheet date. Some uncertainty is associated with the assumptions and expectations that are used in estimates and discretionary assessments. Actual results may differ from the estimates and the assumptions.

Impairments of loans and guarantees

In the case of individually assessed loans and groups of loans that have been identified as problem loans, a calculation is made to determine the value of the loan or group of loans. This calculation requires the use of magnitudes that are based on judgements, and these affect the quality of the calculated value. Impairment assessments are conducted each quarter.

Stage 3 impairments (individual impairments)
If objective evidence exists of the impairment of a loan measured at amortised cost, the impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted by the loan's original effective interest rate. Future cash flows are estimated based on experience and discretionary assessments of likely outcomes of, for example, market developments and specific factors regarding each loan, including empirical data regarding the debtor's ability to manage a pressured financial situation. Measuring loan impairment includes an element of uncertainty in relation to identifying loans that have suffered an impairment loss, estimating the timing and amounts of future cash flows, and measuring collateral.

Stage 1 and 2 impairments (statistical impairments)
Loans that are not subject to individual impairment are included in the calculation of statistical impairment (IFRS 9 impairment) for loans and guarantees. The impairment is calculated based on developments in the customers' risk classification, loss experience for the respective customer groups (PD and LGD) and the cyclical and market developments (macro conditions). For more information, please see note 8.

The statistical model for calculating expected credit losses (ECL) on loans is based on several critical assumptions, including probability of default, loss given default, expected lifetime of loans and macro developments. Due to significant estimate uncertainty, sensitivity analyses are required to present the effects of specific changes in various parameter. These are provided in note 11.

3 Critical estimates and assessments regarding the application of accounting policies

The statistical model for calculating expected credit losses (ECL) on loans is based on several critical assumptions, including probability of default, loss given default, expected lifetime of loans and macro developments. Due to significant estimate uncertainty, sensitivity analyses are required to present the effects of specific changes in various parameter. These are provided in note 11.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using various measurement techniques. Wherever possible, the Group strives to base such measurements on market conditions on the balance sheet date. If no empirical market data is available, assumptions are made concerning how the market would price the instrument, for example based on the pricing of similar instruments. Such measurements require the extensive application of judgement, including when measuring credit risk, liquidity risk and volatility. A change in one or more of these factors may affect the value set for the instrument. The fair value of financial instruments is presented in note 26.

Fixed rate loans:
According to IFRS, measurements must be based on an assessment of what an external investor would base a decision on when investing in a similar loan. There is no well-functioning market for the purchase and sale of fixed rate loans between market participants. The value of fixed rate loans is estimated by discounting the cash flows by a risk-adjusted discount rate that must take into account the preferences of market participants. The discount rate is calculated based on an observable swap rate plus a margin requirement.

Observable market interest rates for similar loans are taken into account when estimating the margin requirement. The margin requirement of market participants is not directly observable and must be estimated based on the difference between the observable market rates and the swap rate over a period of time. As the margin requirement is not directly observable, some uncertainty is associated with calculating the fair value of fixed rate loans.

Application of accounting policies

Customer dividends

Each year, the bank's Board of Trustees decides whether or not customer dividends should be paid out, and if so, how much. A resolution was passed at a meeting of the Board of Trustees on 28.03.2023, and the bank paid out a total of NOK 58.9 million in customer dividends to the bank's loan and deposit customers in 2023.

Customers will receive an amount based on the bank's profit for the year and the size of the customer's deposits and loans with the bank.

- Dividends are paid to private individuals and enterprises.
- Customer can receive customer dividends for a maximum of NOK 2 million in loans from the bank.
- Co-debtors (people with joint loans) can receive customer dividends for a maximum of NOK 4 million.
- Customers can receive customer dividends for a maximum of NOK 2 million in deposits in the bank.
- Customer dividends apply from the first krone up to NOK 2 million.
- Eligibility for customer dividends is based on daily balances.

The Ministry of Finance has granted permission to use primary capital for customer dividends. The distribution of customer dividends is regulated by section 10-17(4) of the Financial Institutions Act, which classifies customer dividends as a disposal of profit for the year. The bank has used this classification in its accounting treatment and has thus treated the payment as an equity transaction. The customer dividends payment resulted in a tax deduction of NOK 14.7 million for the financial year 2023. The tax deduction is recognised through profit or loss as a reduction in the tax expense for 2023. Please note that there is some uncertainty related to the allocation of the tax deduction from customer dividends between the different holder classes.

4 Acquisitions, sales, liquidations and company establishments

There were no significant changes to the group structure as at 31.12.2023.

5 Segments

The Group has three segments: Retail Market (RM), Corporate Market (CM) and Real Estate. RM and CM represents the banking operations split into two main customer groups. They also include general investment advice for the bank's customers.

The Real Estate segment involves real estate brokerage activities. This segment consists of the subsidiary, Aktiv Eiendomsmegling Jæren AS.

The accounting policies applied in the preparation of segment information are the same as the policies described in note 2. The Group does not allocate tax or non-recurring gains or losses by segment. The Group recognises inter-company transactions according to the arm's length principle. Funding costs are allocated according to capital requirements of RM and CM, respectively. Net commission income is allocated according to sales volume, and overheads according to a cost distribution formula.

The Group only operates in Norway and all of our income is earned in Norway.

Group 31.12.2023

Reporting per segment	RM	CM	Real Estate	Other	Total
Net external interest income	329 564	285 835			615 399
Net internal interest income				168	168
Net interest income	329 564	285 835		168	615 567
Net commission income	30 559	25 106	42 533	(2 609)	95 590
Income from securities	(1 727)			61 648	59 921
Other operating income				4 051	4 051
Total other operating income	28 832	25 106	42 533	63 091	159 563
Personnel costs	107 451	63 529	33 284		204 264
Other operating costs	95 463	40 870	10 449	(531)	146 251
Depreciation/write-downs	12 296	4 715	1 181		18 192
Profit before losses	143 186	201 828	(2 381)	63 791	406 423
Impairments and losses on loans and guarantees	11 847	(750)		(462)	10 634
Segment profit before tax	**131 339**	**202 578**	**(2 381)**	**64 253**	**395 789**
Net loans to customers	21 836 139	7 554 703			29 390 842
Other assets			24 481	4 999 723	5 024 204
Total assets	**21 836 139**	**7 554 703**	**24 481**	**4 999 723**	**34 415 046**
Deposits from customers	8 043 691	4 791 994		1 726 697	14 562 382
Other liabilities			14 608	16 213 254	16 227 861
Total liabilities	**8 043 691**	**4 791 994**	**14 608**	**17 939 951**	**30 790 244**

5 Segments

Group 31.12.2022

Reporting per segment	RM	CM	Real Estate	Other	Total
Net external interest income	250 749	244 788			495 536
Net internal interest income				150	150
Net interest income	250 749	244 788		150	495 687
Net commission income	32 963	25 964	40 079	(5 653)	93 352
Income from securities	(4 680)			60 865	56 185
Other operating income	56	10		4 188	4 253
Total other operating income	28 338	25 974	40 079	59 400	153 790
Personnel costs	87 201	53 127	29 142	10 325	179 795
Other operating costs	83 528	34 739	8 360	1 285	127 913
Depreciation/write-downs	10 476	4 396	1 179	333	16 385
Profit before losses	97 881	178 499	1 398	47 606	325 384
Impairments and losses on loans and guarantees	1 237	10 108			11 345
Segment profit before tax	**96 644**	**168 391**	**1 398**	**47 606**	**314 040**
Net loans to customers	20 111 849	6 851 938			26 963 787
Other assets			25 811	5 231 167	5 256 978
Total assets	**20 111 849**	**6 851 938**	**25 811**	**5 231 167**	**32 220 764**
Deposits from customers	7 346 860	4 326 362		1 692 056	13 365 278
Other liabilities			13 018	15 445 587	15 458 605
Total liabilities	**7 346 860**	**4 326 362**	**13 018**	**17 137 644**	**28 823 883**

Parent Bank 31.12.2023

Reporting per segment	RM	CM	Other	Total
Net interest income	243 815	285 835		529 650
Net commission income	30 559	25 106	9 508	65 174
Income from securities			112 248	112 248
Other operating income			4 583	4 583
Total other operating income	30 559	25 106	126 339	182 005
Personnel costs	107 407	63 529		170 936
Other operating costs	93 130	40 870		134 000
Depreciation/write-downs	12 296	4 715		17 011
Profit before losses	61 541	201 828	126 339	389 708
Impairments and losses on loans and guarantees	13 111	(750)	(462)	11 899
Segment profit before tax	**48 430**	**202 578**	**126 801**	**377 809**
Net loans to customers	7 834 013	7 555 001		15 389 014
Other assets			7 160 869	7 160 869
Total assets	**7 834 013**	**7 555 001**	**7 160 869**	**22 549 883**
Deposits from customers	8 043 691	4 794 220	1 937 184	14 775 095
Other liabilities			4 498 630	4 498 630
Total liabilities	**8 043 691**	**4 794 220**	**6 435 814**	**19 273 725**

5 Segments

Parent Bank 31.12.2022

Reporting per segment	RM	CM	Other	Total
Net interest income	172 803	244 788		417 591
Net commission income	45 007	25 964	(5 653)	65 318
Income from securities			62 065	62 065
Other operating income	56	10	4 666	4 731
Total other operating income	45 063	25 974	61 078	132 114
Personnel costs	87 159	53 127	10 325	150 612
Other operating costs	82 042	34 739	1 763	118 545
Depreciation/write-downs	10 476	4 396	333	15 206
Profit before losses	38 188	178 499	48 656	265 342
Impairments and losses on loans and guarantees	2 293	10 108		12 401
Segment profit before tax	**35 894**	**168 391**	**48 656**	**252 942**
Net loans to customers	8 200 771	6 851 938		15 052 709
Other assets	50 081	21 463	6 287 419	6 358 963
Total assets	**8 250 852**	**6 873 401**	**6 287 419**	**21 411 672**
Deposits from customers	7 346 860	4 328 277	1 691 401	13 366 538
Other liabilities			4 995 039	4 995 039
Total liabilities	**7 346 860**	**4 328 277**	**6 686 440**	**18 361 577**

6 Capital management and capital adequacy

Den Gule Banken, Sandnes Sparebank uses the standard method for credit risk and the basic method for operational risk. As at 31.12.2023, the conservation buffer requirement was 2.5%, the systemic risk buffer requirement was 4.5% and the countercyclical buffer requirement was 2.5%. These requirements are additional to the CET1 capital requirement of 4.5%, such that the total minimum CET1 capital requirement is 14.0%. The Financial Supervisory Authority of Norway has also established a Pillar 2 requirement for Sandnes Sparebank of 2.1%. 56.25% of this Pillar 2 requirement must be met with CET1 capital.

Therefore, the regulatory minimum requirement for CET1 capital, inclusive of the Pillar 2 requirement, is 15.2%.

The Group's target for the CET1 capital ratio is a minimum of 16.2% as at 31.12.2023.

The approved capitalisation policy is designed to help ensure that the Group has enough equity to allow us to use the equity effectively in relation to our scope and risk profile. The bank must have sufficient equity to enable it to achieve a competitive return on equity, as well as competitive terms and conditions in the various credit markets. Access to liquidity must be the main consideration with respect to the goal of achieving competitive returns on equity. The equity must also ensure that the Group has sufficient capital buffers to withstand periods of negative results.

The Group manages capital with a view to fluctuations in the economic situation. This involves the bank holding regular balance sheet management meetings to review the capital situation. At these meetings, new volume figures and forecasts are reviewed in relation to the development in risk-weighted assets and the bank's performance in relation to our capital goals. The status of approved measures and any need for further measures are also reviewed.

As at 31.12.2023, the Group's total assets amounted to NOK 34.4 billion. This is an increase of NOK 2.2 billion or 6.8% compared with 31.12.2022. The increase was mainly due to lending growth in the period.

During the same period, the Group's risk-weighted assets increased by approximately NOK 0.8 billion, of which the increase in credit risk for loans with collateral in real estate accounted for the largest change. In 2023, the bank reviewed the portfolio of loans with collateral in agricultural property subject to licensing and made adjustments where the bank has calculated parts of this as having a weight of 35% based on the housing value of the agricultural property. All agricultural properties are now weighted as corporate loans, where the majority are small loans for less than NOK 10 million and are considered part of the mass market portfolio. The effect of the reclassification is an increase in the parent bank and the group's risk-weighted assets of approximately NOK 60 million.

As at 31.12.2023, the Group had a CET1 capital ratio (including the consolidated share of the cooperating group) of 17.8%, which is unchanged compared with the figure as at 31.12.2022. Increased equity due to higher numbers from the investment in Eika Gruppen AS and retained earnings increased the capital adequacy ratio for 2023, although this was counteracted to some extent by lending growth and the growth in risk-weighted assets over the course of the year.

As part of the bank's capital plan, and in line with the bank's assessment of future capital requirements, the bank increased its subordinated loans in January 2024. This means that own funds will be above the Board of Directors' adopted target for own funds at the time dividends are actually paid, even though, when the allocated dividends are taken into account, the capital adequacy reported at the end of the year was slightly below the bank's own guide target. All capital requirement targets have always been above the regulatory requirements.

The Group's leverage ratio was 9.0% as at 31.12.2023, unchanged from the end of 2022. The leverage ratio is well above the authorities' minimum requirement of 5%.

Reporting of capital for owner institutions in a cooperating group as at 31.12.2023:

Companies participating in a cooperating group must proportionally consolidate holdings in financial institutions responsible for the business covered by the cooperative arrangement, ref. section 17-13(2) of the Financial Institutions Act and supplementary provisions in the CRR/CRD regulations, sections 16(3) and 32(4).

Den Gule Banken, Sandnes Sparebank, takes part in a cooperating group with Eika Gruppen AS, where the bank owned 8.8% of the shares as at 31.12.2023. Consequently, this percentage of Eika Gruppen is consolidated into the capital adequacy ratio.

Proportional consolidation

	31.12.2023	31.12.2022
OWN FUNDS		
CET1 capital	3 106 728	2 956 132
Tier 1 capital	3 215 568	3 064 974
Own funds	3 547 502	3 443 025
Risk-weighted assets	17 410 039	16 638 484
CAPITAL ADEQUACY RATIO		
CET1 capital ratio	17.8 %	17.8 %
Tier 1 capital ratio	18.5 %	18.4 %
Capital adequacy ratio	20.4 %	20.7 %

6 Capital management and capital adequacy

Group 31.12.2023	Group 31.12.2022		Parent Bank 31.12.2023	Parent Bank 31.12.2022
		OWN FUNDS		
230 149	230 149	Equity certificate capital	230 149	230 149
-20 030	-20 694	Holding of own equity certificates	-20 030	-20 694
895 350	870 700	The Savings Bank's Fund	895 350	870 700
2 112 106	1 986 463	Other equity	1 835 933	1 683 256
157 590	126 720	Provisions for dividends	157 590	126 720
77 165	59 963	Provisions for customer dividends	77 165	59 963
3 452 330	3 253 301	Equity (excl. hybrid capital)	3 176 157	2 950 094
-62 093	-55 663	Deduction for ownership of immaterial assets in financial services sector	-507 110	-409 460
-23 702	-24 228	Deduction for ownership of material assets in financial services sector		
-5 787	-5 846	Deduction for prudent valuation	-8 017	-7 349
-1 221	-1 021	Other deductions based on specific decisions		
	-45	Deduction of inadequate coverage of defaulted exposures (MLC)		-45
-157 590	-126 720	Deduction for provisions for dividends	-157 590	-126 720
-77 165	-59 963	Deduction for provisions for customer dividends	-77 165	-59 963
-18 045	-23 682	Deduction for goodwill and other intangible assets	-8 198	-15 220
3 106 728	2 956 132	Total CET1capital	2 418 079	2 331 337
108 840	108 841	Hybrid Tier 1 securities and hybrid capital	100 000	100 000
3 215 568	3 064 974	Total Tier 1 capital	2 518 079	2 431 337
331 934	378 051	Subordinated loan capital (excl. accrued interest)	320 000	367 000
		Deduction for ownership of immaterial assets in financial services sector		-743
3 547 502	3 443 025	Own funds	2 838 079	2 797 594
		RISK-WEIGHTED CAPITAL		
		Market risk – standard method		
16 029 650	15 359 143	Credit risk – standard method	11 290 012	10 992 563
1 343 134	1 232 221	Operational risk	1 115 104	990 639
19 531	22 949	Additional calculation for fixed costs		
17 723	24 171	CVA charge	15 711	18 924
17 410 039	16 638 484	Risk-weighted assets	12 420 826	12 002 127
20.4	**20.7**	**Capital adequacy ratio**	**22.8**	**23.3**
18.5	**18.4**	**Tier 1 capital ratio**	**20.3**	**20.3**
17.8	**17.8**	**CET1 capital**	**19.5**	**19.4**
		BUFFER REQUIREMENTS		
435 251	415 962	Conservation buffer (2.50%)	310 521	300 053
435 251	332 770	Countercyclical buffer (2.50%/2.00%)	310 521	240 043
783 452	499 155	Systemic risk buffer (4.50%/3.00%)	558 937	360 064
1 653 954	1 247 886	Total buffers for CET1 capital	1 179 978	900 159
783 452	748 732	Minimum requirement for CET1 capital (4.50%)	558 937	540 096
669 322	**959 514**	**Available CET1 capital in excess of minimum requirement and buffer requirements**	**679 163**	**891 082**

6 Capital management and capital adequacy

Group 31.12.2023	Group 31.12.2022		Parent Bank 31.12.2023	Parent Bank 31.12.2022
		SPECIFICATION OF RISK-WEIGHTED ASSETS		
		Standard method		
		Market risk		
		States and central banks		
36 138	153 257	Local and regional authorities and state-owned enterprises	15 673	131 195
81 512	135 541	Institutions	462 814	369 232
512 666	547 745	Enterprises	475 905	497 901
1 410 152	1 764 850	Mass market	1 151 162	1 566 041
12 241 306	10 997 222	Loans with collateral in real estate	7 149 528	6 366 591
393 087	244 439	Past due loans	381 532	237 704
326 727	497 337	High-risk loans[1]	326 727	497 337
239 758	217 745	Covered bonds	187 755	136 494
46 122	112 806	Fund units	38 712	105 193
623 033	547 649	Equity positions	1 007 504	991 108
119 147	140 552	Others	92 699	93 767
16 029 650	15 359 143	Credit risk	11 290 012	10 992 563
1 343 134	1 232 221	Operational risk	1 115 104	990 639
19 531	22 949	Additional calculation for fixed costs		
17 723	24 171	CVA charge	15 711	18 924
17 410 039	**16 638 484**	**Total risk-weighted assets**	**12 420 826**	**12 002 127**

[1] **High-risk loans**

The bank has generally flagged loans as high risk that are primarily linked to;

- Real estate development projects with no current income to independently service interest payments in the development phase.
- Real estate development projects that are reliant on a future development project before it is reasonable to assume that full retirement of the principal can take place.
- Real estate development projects where the bank has financed the construction of homes without sufficient advance sales (typically projects consisting of one or at most two homes). All major development projects require satisfactory advance sales.
- Other forms of speculative real estate financing.

The bank's interpretation of high-risk loans matches the principles set out in an updated circular from the Financial Supervisory Authority of Norway.

7 Risk management

Through its business practice, Den Gule Banken, Sandnes Sparebank, is exposed to various types of risk. Managing the risks in a holistic manner is therefore material to the Group's business model. Risks do not just represent potential costs; they also represent opportunities. Therefore, wherever possible, risk must be assessed, measured and, not least, priced correctly.

Risk affects everything the bank does. Therefore, one critical factor in risk management is the bank having a risk culture based on the targets and plans that have been established to achieve the desired risk goals. Risk management starts with the individual employee and the assessments made by the bank's first and second lines. Common guidelines and management objectives ensure a uniform, common understanding and basis for assessing risk.

The following principles apply to the Group's risk management:

- Risk is taken within a defined risk appetite.
- Each risk must be approved within the risk management framework.
- Risk must be adequately compensated over time and be continuously monitored and managed.

Organisation and power of attorney structure

The Board of Directors

The Board of Directors is responsible for determining the Group's risk profile. The Board of Directors also determines the governing limits and powers of attorney within the various risk areas. Risk management policies in the Group, including all significant aspects of risk management models and decision-making processes, are the responsibility of the Board of Directors. Furthermore, the Board of Directors shall ensure that the bank has sufficient capital based on risk tolerance and activities, and in relation to regulatory requirements.

Risk Committee

The purpose of the Risk Committee, which is a board committee, is tasked with ensuring that the quality of risk management and control is satisfactory. This entails, among other things, that the risk committee monitors the Group's risk strategy implementation, advises the Board of Directors on existing risk strategy and risk tolerance, as well as improved management of the risk area.

CEO, Director Risk Management, and the Management Group

The CEO has the day-to-day responsibility for risk management, which has been operationally delegated to the Director Risk Management. The Director Risk Management independently reports to the CEO and the Board of Directors and has corporate responsibility across departments for managing all credit, market, liquidity, and operational risk. The Director Risk Management is also responsible for monitoring, analysing, and reporting risk.

It is the Director Risk Management who is responsible for developing the Group's strategy for overall risk management, credit risk and policy strategies, financial risk, liquidity risk, and operational risk. The bank also has separate roles responsible for selected risk areas. This includes a dedicated Sustainability Manager who is responsible for coordinating the work on ESG risk. There is a dedicated Data Protection Officer who coordinates and monitors privacy-related topics. There is also a separate anti money laundering department and manager.

In terms of day-to-day risk management, each individual manager in the Group shall ensure that he/she has knowledge of all types of significant risk within his/her own area of responsibility. The goal is to ensure this field is managed in an economically and administratively sound manner. The CEO has provided further policies for the implementation of governing credit policies and credit strategies. Each business area manages its own credit processes in accordance with given policies.

Reporting takes place at departmental level and forms the basis for aggregate reports for business areas and support areas included in the CEO's reporting to the Board of Directors.

Audits

External and internal audits are two important elements in risk management. Independent and efficient auditing contributes to appropriate internal control, as well as reliability in financial reporting.

The bank's internal auditor is KPMG, while the external auditor is Deloitte. The Internal Audit received instructions from the Board of Directors, which also approves the Audit's annual plans.

Risk management and capital planning

A key part of the bank's risk management is the Group's internal assessment of capital requirements (ICAAP – Internal Capital Adequacy Assessment Process). This process includes assessing all significant risks the bank is exposed to with associated assessment of internal capital requirements for the various risks.

In connection with ICAAP, the Board of Directors reviews the Group's most important risk areas and internal control. The review aims to document the quality of work in the most important risk areas. The review will ensure that changes in the risk picture are identified in a way that facilitates the implementation of necessary improvement measures.

7 Risk management

Risk categories

The main risk categories for the Group are:

Credit risk

Credit risk arises from all transactions where there are actual, agreed, or possible claims against counterparties, borrowers, issuers, or other debtors. The risk lies in the bank's borrowers being unable or unwilling to repay credit, combined with a lack of collateral covering the bank's exposure. Credit risk represents the bank's greatest risk and is also the risk that places the greatest demands on the bank's capital.

The bank manages credit risk primarily through credit strategy and policy. Credit risk arising from the Group's financing and investment activities is also managed via the bank's financial strategy.

See Note 8-11 for an assessment of credit risk.

Market risk

Market risk is the possibility of unfavourable market value developments in the bank's trading or investment positions. Market risk may arise from changes in interest rates, credit spreads, and exchange rates. The Board of Directors has set goals for the market risk in the bank's financial strategy, and these are subject to constant monitoring by the bank's treasury department and reported to the Board.

See Notes 12-15 for an assessment of market risk.

Liquidity and settlement risk

Liquidity risk is losses due to the bank's inability to meet all payment liabilities due or that they can only be met at additional costs. This also includes the ability to finance the bank's lending growth. The bank's liquidity risk objective is to ensure that the Group can fulfil payment liabilities and manage liquidity and financing risk within the bank's risk appetite. This is specified through set limits for various measurement parameters in the liquidity strategy.

See Note 16 for an assessment of liquidity risk.

Settlement risk is the risk that existing, conditional, or possible future positive exposures will not be met by the bank's counterparties.

Operational risk

Operational risk means the risk of incurring losses due to incorrect or inadequate internal processes, systems, or human error, or losses due to external events outside the bank's control, including legal risk.

Operational risk is associated with the bank's IT systems, which are largely managed by external service providers in accordance with written contracts. With the exception of the core banking solution, Eika is main supplier of technology services. Good management and control of IT systems both in the bank and on the side of the service providers is essential to ensure accurate, complete, and reliable financial reporting. The bank has established a general management model and internal control activities related to the IT systems. Key systems have been standardised, and experience shows that there have been few operational errors related to the IT systems.

An important element in connection with operational risk is the follow-up of adverse incidents. The bank has established tools for reporting, classification, and follow-up of adverse incidents. This way, internal processes can be adjusted to reduce the likelihood of recurrence.

ESG risk

ESG risk includes risk related to environmental, social responsibility, and governance factors. Also including climate-related risk. Climate-related risk includes the risk of increased credit risk and financial losses for the bank as a result of climate change. The bank conducts an annual risk review which includes ESG and climate-related risk.

Climate-related risk has primarily been identified in the bank in connection with corporate market loans. This is related to physical risk, but also transitional risk from the current situation to a low-emission society. An assessment of sustainability and climate-related risk is therefore integrated in the bank's credit process. Because the bank is not exposed to the oil and gas industry, for example, commercial property, building and construction, and agriculture are considered as the sectors with the highest inherent climate-related risk in the bank's portfolio. At the same time, there are major opportunities to have a positive impact. This is also the reason why the bank has started developing green products especially designed for the aforementioned sectors and currently offers green agriculture loans and green mortgages. See also the chapter Sustainability and Social Responsibility.

Other risks

Other risks include strategic risk, ownership risk, and risk in the environment. Strategic risk is the risk of incurring losses due to earnings that are lower than expected but have not been compensated through lower costs. Strategic risk can arise from changes in the competitive landscape, regulatory changes, or inefficient positioning in relation to the macro environment affect our operations. Strategic risk can also arise due to a failure to achieve targeted strategies and/or failure to adjust unsatisfactory returns. Ownership risk is risk arising from being an owner in a company, for example through operation, or the risk of a need for fresh capital.

8 Credit risk

Credit risk is the risk of incurring losses if the bank's customers do not fulfil their obligations to the Group.

Credit risk primarily arises in the bank's loan portfolio, although such risk also exists in the Group's holdings of bonds, certificates and financial derivatives. Credit risk is the Group's greatest risk and mainly consists of net loans to customers, cash and receivables from central banks, as well as financial instruments. Credit risk on loans, guarantees and credit facilities is the most important due to both volume and the general risk level. This risk is therefore described in detail below. Other exposure involves limited credit risk.

Group			Parent Bank	
31.12.2023	31.12.2022	Maximum exposure to credit risk	31.12.2023	31.12.2022
355 887	387 987	Cash and receivables from central banks	355 887	387 987
106 667	114 207	Loans to and claims on credit institutions	106 113	113 940
28 059 792	25 676 548	Loans to customers at amortised cost	11 275 784	11 535 594
1 331 050	1 287 238	Loans to customers at fair value	4 113 230	3 517 115
3 481 357	3 633 205	Certificates and bonds	2 869 314	2 759 106
97 434	151 265	Financial derivatives	117 208	171 620
15 986	22 523	Other assets	2 078 655	1 319 188
11 048	21 441	Prepaid costs and accrued income	11 048	14 602
33 459 221	**31 294 414**	**Total credit risk exposure in balance sheet items**	**20 927 239**	**19 819 152**
267 664	290 907	Guarantee liabilities	267 664	290 907
2 816 532	2 758 601	Unused credit facilities and loan commitments	1 660 416	1 574 376
36 543 416	**34 343 923**	**Total credit risk exposure**	**22 855 319**	**21 684 436**

Measurement of credit risk in the loan portfolio

Probability of default

The Group uses the same models for estimating probability of default (PD) as the other Eika banks. These are scorecards that were developed based on the entire Eika portfolio, including Sandnes Sparebank's customers. The large pool of data on which their development was based makes it easier to produce models and, not least, validate and maintain them.

Both Retail Market (RM) and Corporate Market (CM) customers are scored monthly using various credit models. The models vary based on how much, and what kind of, information is available on the individual customer. This means that for new customers, the models use publicly available information, while for existing customers, internal behavioural history in the bank is also used. The publicly available information is from an external credit information agency. Scorecards for completely new customers, those without a history with us, are also based on data from, and the methods of, an external credit information agency. As the bank accumulates more internal information about customers, more and more internal data is weighted into the models over the course of up to four phases that culminate in a situation where eventually the data being used is mainly internal.

The models were developed on the basis of data from 2014-2019 and the old definition of default. This involved just a single absolute limit for default of NOK 1 000 and the fact that the arrears had to be more than 90 days past due. The new definition involves an additional relative limit of at least 1% of the loan, as well as manual assessments where the customer is not in default but where the bank believes that the customer is likely to have problems meeting their obligations. The updated definition of default was used in the bank's own validation processes, which were conducted using data up to June 2023, without this having any significant impact on the quality of the model. The difference in the definitions primarily affects when defaults occur, which is somewhat later with the new definition than with the old definition. In other words, there is no significant difference in which customers default.

The models calculate a score that can be converted into a probability of default and then assigned a risk class. The bank currently uses a scale from 1 to 12, where 1 is the best and 11 and 12 are customers who are in default or have loans with individual impairment. The model is regularly tested both by the Eika Gruppen centrally and through the bank's own validation processes, as mentioned above. The results of the tests show that the model generally manages to distinguish good from bad customers, and also estimates the level of default within what is considered an acceptable range. The validation processes in recent years have produced estimated levels that are somewhat above the realised level for the bank.

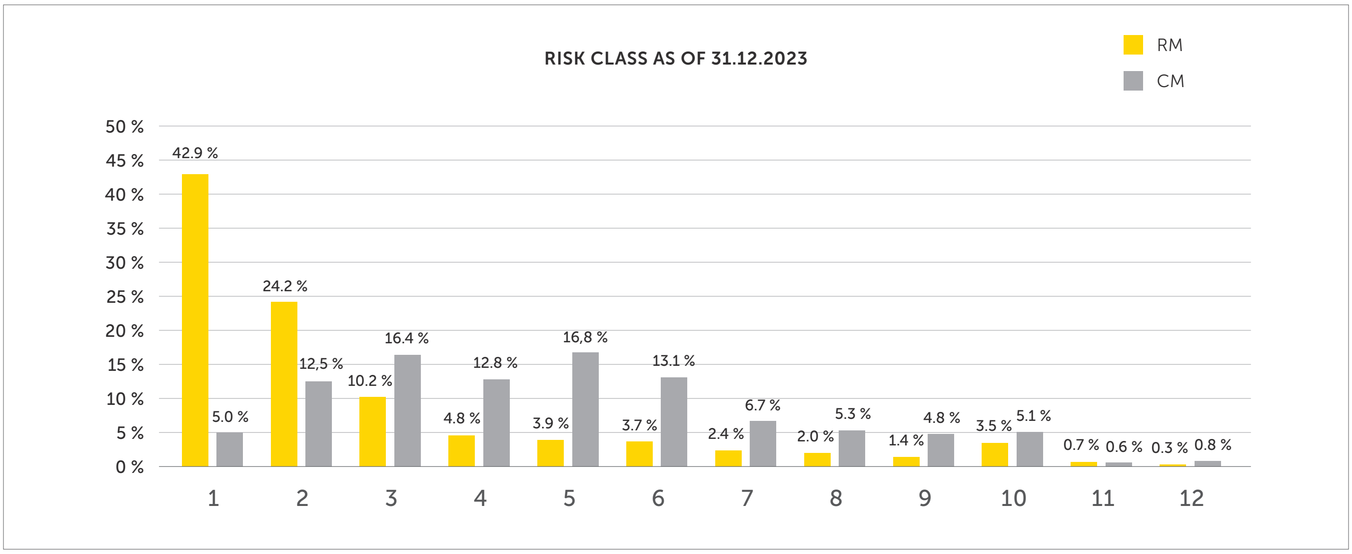
8 Credit risk

The various risk classes and associated upper limit for probability of default are shown in the table below.

Risk class	Upper limit
1	0.10 %
2	0.25 %
3	0.50 %
4	0.75 %
5	1.25 %
6	2.00 %

Risk class	Upper limit
7	3.00 %
8	5.00 %
9	8.00 %
10	99.99 %
11 og 12	100.00 %

The distribution in the CM and RM portfolios (total exposure, including undrawn credits and guarantees), respectively, can be seen in the figure below, which shows that there is a good concentration of loans in the lower risk classes:



Definition of default

The definition of default the bank has used since 2021 conforms with the guidelines of the European Banking Authority, where a default is deemed to have occurred if one of the following criteria is met:

- The customer has an overdraft that exceeds both a relative and an absolute limit for more than 90 consecutive days. The relative limit is equal to 1% of the customer's total exposures, for both RM and CM customers.
  - For RM customers, the absolute limit is equal to NOK 1 000
  - For CM customers, the absolute limit is equal to NOK 2 000
- It is deemed likely that the customer will be unable to meet their credit obligations to the bank (unlikely to pay – UTP).
- The customer has been infected by another customer who is in default according to the first two criteria mentioned above.

In addition, customers in default are subject to a waiting period that dictates that customers are categorised as defaulted for a period after the default has been settled. The waiting period is 3 months after being given a clean bill of health, with the exception of loans flagged with forbearance where the corresponding waiting period is 12 months.

Loss given default

Collateral is used to reduce credit risk. This collateral can consist of physical objects, guarantees or cash deposits. As a general rule, physical collateral must be insured and can include buildings, homes or inventories. When measuring the value of the collateral, CM uses an expected realisation value, which entails using various reduction factors for different types of collateral. The collateral in CM is mainly real estate and property, plant and equipment. For property, plant and equipment, the standard reduction factor is 80% and for commercial property it is 20%.

8 Credit risk

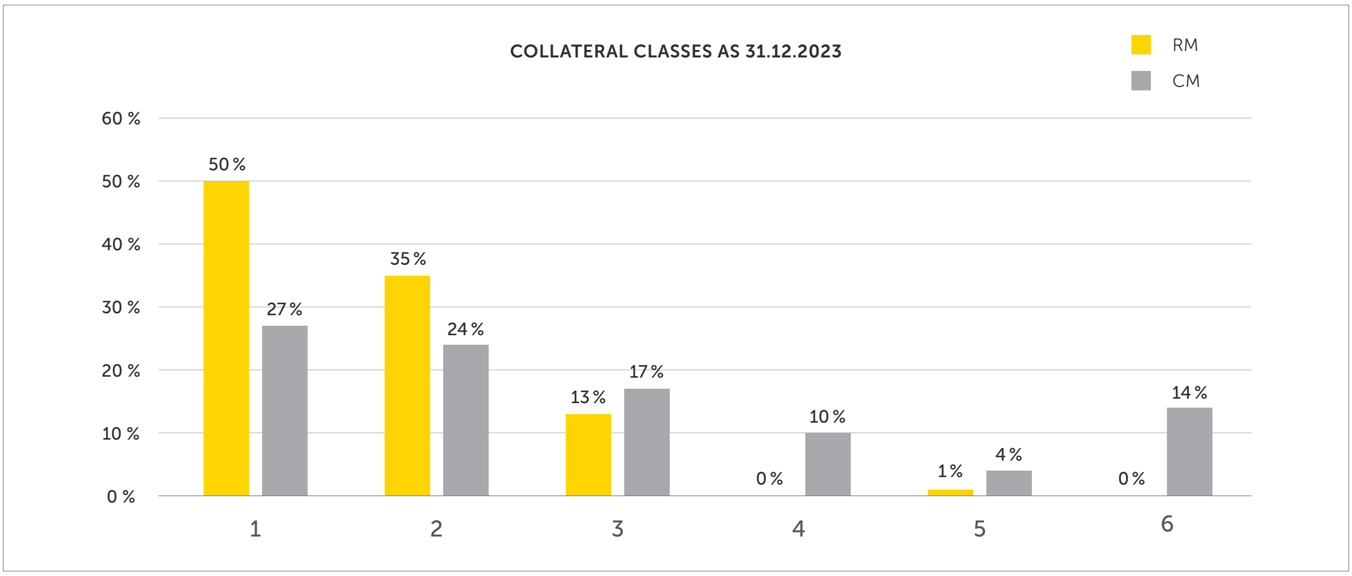
For residential mortgages, a combination of appraisal and statistical valuation based on sales prices from Eiendomsverdi is used. Valuations are updated on a quarterly basis based on statistical data from Eiendomsverdi. To ensure that the models are accurate enough, the statistical models include, among other things, quality targets that specify the proportion of the portfolio that can be in areas with long sales times and thus low liquidity in the housing portfolio and thereby less certain estimates. Eiendomsverdi uses a scale that goes up to 20, where 20 is the best. The bank's proportion of mortgages in areas that scored less than 10 was less than 3.8%, and less than 0.8% of the loans were in areas that scored less than 4.

The loans are then classified into up to six collateral classes based on the loan-to-collateral value ratio for RM customers and collateral cover for CM customers. Next, a loss given default (LGD) value is calculated for each collateral class. These are different for the retail market and corporate market and can be seen in the table below.

Retail Market		
Collateral class	Max loan to value	LGD
1	60 %	2.50 %
2	80 %	3.50 %
3	100 %	6.00 %
4	110 %	12.50 %
5	∞	25.00 %
6	usikret	35.00 %

Corporate Market		
Collateral class	Min collateral coverage	LGD
1	130 %	8 %
2	110 %	9 %
3	100 %	10 %
4	80 %	12 %
5	60 %	25 %
6		35 %

The distribution of the various security classes based on market value for the retail market and corporate market portfolios (total exposure, including unused credit and guarantees) as at 31.12.2023 was as follows:



8 Credit risk

Total risk

The expected credit loss for each loan is calculated based on the probability of default and loss given default. Three risk groups are defined for loans that are not impaired/defaulted based on expected credit loss. The table is the same for RM and CM.

Risk group	Expected credit loss lower limit	Expected credit loss upper limit
Low	0.00%	0.25%
Moderate	0.25%	1.00%
High	1.00%	100.00%

Risk classification is important when it comes to the level of customer monitoring and is also included as a criterion in credit ratings and credit decisions. In addition to risk classification come discretionary factors such as management, market, loan history, profitability, etc. Besides using scoring models, the Group has guidelines for the composition of the various portfolios.

Further information about the ECL model

Risk classification is also used as a basis for calculating losses in Stages 1 and 2 pursuant to IFRS 9. In Stage 1, the expected credit loss over 12 months is calculated. In the event of a material increase in credit risk, the loan must be transferred to Stage 2 and the expected credit loss for the entire term of the loan calculated. The bank defines a significant increase in credit risk as the customer experiencing an increase in probability of default in the next 12 months of at least 0.6 percentage points. At the same time, the probability of default over the term of the loan must have increased such that the loan as a minimum migrates by at least one risk class.

In addition, an account is defined as Stage 2 if it is flagged with forbearance or there have been arrears for, or the account has been overdrawn by, more than NOK 1 000 for more than 30 days.

Stage 3 is the same as the individual impairments that are evaluated subjectively in each case.

Since a change in PD of at least 0.6% is now required to constitute a significant risk, this can be viewed as the introduction of a low risk exception. This exception is regarded as appropriate in order to avoid loans with a low PD migrating to Stage 2, due to changes in PD that are small in absolute terms, before migrating back fairly soon afterwards. Not having such absolute limits for how much PD can change before an account migrates a stage would result in significant volatility and constant changes in stage classification given that customers' PD is updated on a monthly basis. In the opinion of the bank, the use of this exception has no material impact on the distribution of loans between the stages or for the total provisions for losses, although nor does it provide a more correct stabile impression of risk developments. The isolated effect on the bank's ECL if all changes in PD, regardless of size, were to result in stage migration, would be an increase of NOK 11.2 million.

In order to determine expected credit losses over a loan's term to maturity in Stage 2, it is assumed that shifts in customers' risk class follow a so-called Markov process. Here, the bank applies a migration matrix based on historical risk class shifts to describe future risk class shifts. The expected changes in risk class one year into the future are a result of historical changes and expected changes. For example, 5 years into the future is the same as five 1-year changes in a row. This enables PD to be calculated for each of an arbitrary number of years into the future. The lifetime PD matrix specifies the probability for a given risk class a given number of years into the future.

The bank then adjusts provisions for losses by the expected developments in various macro variables that deemed to have an impact on expected credit losses. The model was adjusted for the current year and now mainly uses external sources, which have both historical data as well as estimates for the future. This makes it possible for the bank to estimate future effects. Using regression analysis, the bank has found correlations and explanatory power between different combinations of variables. Using estimates of how these variables will develop the future, the bank can estimate the effect on losses for the coming years.

As at 31.12.2023, the bank expects the macro variables to develop as follows[1]:

Year	Mainland Norway GDP (annual change)	Unemployment Norway	Unemployment Rogaland	Employed people (annual change)	Money market interest rate	Housing prices Norway	Housing prices Stavanger	Oil investments, 1 year lag (annual change)	CPI-ATE
2024	1.7 %	3.8 %	1.9 %	0.5 %	4.7 %	-0.6 %	0.6 %	8.0 %	4.0 %
2025	2.0 %	3.9 %	2.1 %	0.4 %	3.9 %	0.4 %	3.7 %	5.0 %	2.8 %
2026	2.0 %	4.0 %	2.3 %	0.5 %	3.3 %	2.9 %	4.5 %	1.0 %	2.4 %
2027	1.9 %	4.0 %	2.3 %	0.5 %	2.4 %	2.6 %	3.7 %	-1.0 %	2.4 %
2028	1.9 %	4.0 %	2.3 %	0.5 %	2.4 %	2.6 %	3.7 %	0.0 %	2.4 %

1 Sources: Statistics Norway, Samfunnsøkonomisk Analyse and NAV.

8 Credit risk

The historical figures for the longest time series used to develop the models stretch back to 2000, while the shortest time series stretch back to 2009. Having data stretching back to 2009 means that the downturn in oil between 2015-2017 is included in the bank's data and that the model's source data includes a local period of economic downturn.

Special models have been created for the sub-portfolios listed below:

- Retail customers in Rogaland
- Retail customers outside Rogaland
- Property management
- Building and construction
- Agriculture
- Other corporate loans and advances

For each of these, we develop one main scenario for the effect on PD and one for the effect on LGD, as well as upside and downside scenarios based on variations in relation to the main scenario with a standard deviation of 2.5 and thereafter decreasing over time.

It is the average effect on PD and LGD that is used, and this is based on the same weighting as the main scenario (70%), the upside scenario (10%) and the downside scenario (20%).

The effect of the change varies between the different groups. For property management, the provisions for losses increased by 21%, while the total for the corporate market was an increase of 3.4%. The effect was the opposite for the retail market where there was a reduction in provisions for losses of just over 20%. The reduction was made because the previous model only took into account national figures and trends. The new model takes greater account of local figures, where unemployment is at a record low and the local property market is expected to develop better than the national one due to lower historical growth. These make positive contributions, which means that going forward losses are expected to be somewhat lower.

Loans with payment relief

The proportion of loans with payment relief remained at a relatively low level for the bank throughout the year. Although the combination of higher inflation and higher interest rates led to slightly greater demand for short-term interest-only periods in the retail private market, most people seem to be adapting rapidly. The level is marginally above last year for the retail market. In the corporate market, the proportion of loans subject to payment relief was up slightly on the year before, and with somewhat greater variation during the year.

Interest-only periods are generally the only form of payment relief granted by the bank. However, not all interest-only periods are flagged as payment relief. The majority of customers who get interest-only periods are customers who are able to service their debt but who have such a low loan-to-collateral value ratio that it is not necessary at the present time. In addition, there are some who are granted short-term interest-only periods of up to 6 months who are also not flagged as receiving payment relief. There were no changes to the flagging policy during the year.

Overall, as at the end of the year, 161 loans were flagged with payment relief (forbearance), a decrease from 279 the year before. And overall this now amounts to NOK 675 million, a decrease of NOK 29 million. The majority of these loans are placed in Stage 2, indicating that the bank expects the loans to be serviced as normal in due course, while a smaller proportion are considered to be so credit-impaired that individual impairments have been applied and the loan has been transferred to Stage 3.

Distribution of proportions of loans with payment relief by the various stages:

	2023	2022	2021	2020
Stage 1	0%	0%	0%	0%
Stage 2	71%	81%	92%	94%
Stage 3	29%	19%	8%	6%

Exposure at default (EAD)

EAD for agreements in Stage 1 consists of outstanding receivables or obligations adjusted for cash flows in the next 12 months, and EAD for agreements in Stage 2 consists of the discounted cash flows for the expected lifetime of the agreement. For guarantees, EAD is equal to the outstanding obligation on the reporting date multiplied by a conversion factor of between 0.2-1 depending on the type of guarantee. Unused credit facilities have an EAD equal to the outstanding unused credit at time of reporting.

8 Credit risk

Total corporate market loans by risk groups

31.12.2023

Risk groups	Loans to customers		Guarantees		Unused limit		Total loans and advances		Share	
	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group
Low	6 012 081	6 012 081	206 725	206 725	553 861	553 861	6 772 667	6 772 667	79,6 %	79,6 %
Moderate	1 005 932	1 005 932	44 037	44 037	92 795	92 795	1 142 764	1 142 764	13,4 %	13,4 %
High	429 642	429 642	12 250	12 250	17 563	17 563	459 455	459 455	5,4 %	5,4 %
Defaults/ impaired	131 040	131 040	932	932	228	228	132 200	132 200	1,6 %	1,6 %
Total	**7 578 695**	**7 578 695**	**263 944**	**263 944**	**664 447**	**664 447**	**8 507 086**	**8 507 086**	**100,0 %**	**100,0 %**

31.12.2022

Risk groups	Loans to customers		Guarantees		Unused limit		Total loans and advances		Share	
	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group
Low	5 427 925	5 427 925	240 583	240 583	500 079	500 079	5 649 574	5 649 574	79,7 %	79,7 %
Moderate	752 280	752 280	26 793	26 793	126 566	126 566	905 638	905 638	14,4 %	14,4 %
High	585 045	585 045	13 541	13 541	52 678	52 678	651 263	651 263	5,0 %	5,0 %
Defaults/ impaired	86 688	86 688	7 886	7 886	-6 891	-6 891	87 684	87 684	0,9 %	0,9 %
Total	**6 851 938**	**6 851 938**	**288 803**	**288 803**	**672 432**	**672 432**	**7 294 159**	**7 294 159**	**100,0 %**	**100,0 %**

Total retail market loans by risk groups

31.12.2023

Risk groups	Loans to customers		Guarantees		Unused limit		Total loans and advances		Share	
	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group
Low	6 734 915	20 589 368	1 403	1 403	988 444	2 142 378	7 724 761	22 733 149	87,7 %	94,8 %
Moderate	699 542	843 077			6 775	8 957	706 317	852 034	8,0 %	3,6 %
High	130 895	134 735			531	531	131 426	135 266	1,5 %	0,6 %
Defaults/ impaired	244 967	244 967	2 317	2 317	219	219	247 504	247 504	2,8 %	1,0 %
Total	**7 810 319**	**21 812 147**	**3 720**	**3 720**	**995 969**	**2 152 085**	**8 810 008**	**23 967 953**	**100,0 %**	**100,0 %**

31.12.2022

Risk groups	Loans to customers		Guarantees		Unused limit		Total loans and advances		Share	
	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group	Parent Bank	Group
Low	7 378 925	19 140 708	1 629	1 629	883 711	2 064 855	7 364 315	20 296 856	89,9 %	95,4 %
Moderate	549 925	692 478	475	475	23 151	26 253	573 551	718 731	7,0 %	3,4 %
High	100 340	105 918			-295	-316	100 045	105 601	1,2 %	0,5 %
Defaults/ impaired	171 581	172 746			-4 622	-4 622	149 398	149 398	1,8 %	0,7 %
Total	**8 200 771**	**20 111 850**	**2 104**	**2 104**	**901 944**	**2 086 169**	**8 187 309**	**21 270 587**	**100,0 %**	**100,0 %**

8 Credit risk

The tables below show the share of exposure at default by risk group and stage:

Group 31.12.2023

	Risk group				
Stage	Low	Moderate	High	Defaults/impairments	Total
1	86 %	3 %	1 %	0 %	90 %
2	5 %	3 %	1 %	0 %	9 %
3	0 %	0 %	0 %	1 %	1 %
Total	**91 %**	**6 %**	**2 %**	**1 %**	**100 %**

Parent Bank 31.12.2023

	Risk group				
Stage	Low	Moderate	High	Defaults/impairments	Total
1	77 %	6 %	2 %	0 %	85 %
2	6 %	5 %	1 %	0 %	12 %
3	0 %	0 %	0 %	3 %	3 %
Total	**83 %**	**11 %**	**4 %**	**3 %**	**100 %**

Group 31.12.2022

	Risk group				
Stage	Low	Moderate	High	Defaults/impairments	Total
1	83 %	2 %	1 %	0 %	86 %
2	8 %	3 %	2 %	0 %	13 %
3	0 %	0 %	0 %	1 %	1 %
Total	**91 %**	**5 %**	**2 %**	**1 %**	**100 %**

Parent Bank 31.12.2022

	Risk group				
Stage	Low	Moderate	High	Defaults/impairments	Total
1	78 %	3 %	1 %	0 %	83 %
2	8 %	5 %	3 %	0 %	16 %
3	0 %	0 %	0 %	2 %	2 %
Total	**86 %**	**8 %**	**4 %**	**2 %**	**100 %**

Concentration risk

Concentration risk is when significant concentrations of risk arise due to exposure to debtors or securities with similar economic characteristics or that are involved in comparable activities, and where these similarities can result in them experiencing problems fulfilling their payment obligations at the same time or the assets fluctuating at the same time such that if one experiences problems then many will because of the similarities.

In order to assess and manage concentration risk, the Group evaluates the degree of unequal distribution in its loan portfolio based on the following factors:

- Major individual customers
- Individual sectors (sectoral groups that face specific challenges or cyclical sectors)
- Geographical areas
- Collateral with the same risk characteristics (e.g. dependent on real estate prices)
- Counterparties in interbank operations or trading in financial derivatives

The Group uses the same method as the Financial Supervisory Authority of Norway to calculate concentration risk for individual and sector risk. The bank has a concentration of loans related to financing real estate investments. The concentration has been reduced in recent years and the bank focuses on monitoring this concentration risk.

In addition, the bank assesses concentration risk in relation to major individual loans. The bank defines major loans as loans that exceed 10% of the bank's Tier 1 capital. At the end of 2023, only one loan was defined as a major loan based on this definition. The bank has also set a target that specifies that a maximum of 1/3 of the bank's corporate loan portfolio may be loans in excess of NOK 150 million. This share amounted to 19.5% at the end of the year and comprised eight loans. Last year, the corresponding share was 19.6% and at that time was spread across eight loans.

8 Credit risk

Age distribution of loans past due

The table shows amounts of loans and overdrafts on credit by number of days past due.
The 1-30 days age distribution has not been adjusted for delays in money transfer services and the size of the amounts past due can therefore vary based on the reporting date.

31.12.2023

Group				Parent Bank		
RM	CM	Total	Age distribution of loans past due	RM	CM	Total
69 798	81 966	151 764	1-30 days	64 575	81 966	146 541
56 820	3 777	60 597	31-60 days	56 544	3 777	60 321
25 303	1 963	27 265	61-90 days	25 303	1 963	27 265
184 668	74 182	258 850	> 90 days	184 668	74 182	258 850
336 589	**161 888**	**498 476**	**Total**	**331 090**	**161 888**	**492 978**

31.12.2022

Group				Parent Bank		
RM	CM	Total	Age distribution of loans past due	RM	CM	Total
68 401	178 250	246 651	1-30 days	41 627	178 250	219 878
17 559	4 998	22 556	31-60 days	14 354	4 998	19 351
3 613		3 613	61-90 days	3 613		3 613
69 160	34 022	103 182	> 90 days	69 160	34 022	103 182
158 733	**217 270**	**376 003**	**Total**	**128 755**	**217 270**	**346 024**

As at 31.12.2023, of the bank had no commitments (NOK 57 million as at 31.12.2022) more than 90 days past due or flagged as UTP; no provisions for losses had been made because of good collateral cover. The loans have been individually assessed in Stage 3.

ESG

Before granting credit in the corporate market, the bank conducts an assessment of ESG factors in general and climate-related risk in particular. All counterparties are also assigned an ESG category in connection credit ratings. This is based on a simple scoring model developed in collaboration with the Eika Alliance. In total, about 72% of the bank's corporate market portfolio scored in this model, which is an increase of 17 percentage points since last year. Of those that have been scored to date, no loan has been assessed as having a high sustainability risk and a majority (60%) have been assessed as low risk.

This score is not directly entered into the bank's ECL model, rather it is flagged in each individual credit case on a par with its credit score. Thus, it is included and can influence the bank's decision, although ESG risk is not regarded as having a decisive effect on the bank's potential losses at this time.

Certificates and bonds

To manage the credit risk associated with investments in certificates and bonds, the Group has developed guidelines for the quality of executed investments and requirements regarding sector composition and maturity structure. Investments in certificates and bonds are primarily made as liquidity placements.

Derivatives

Derivatives are mainly used to manage the Group's interest rate and currency risk in the form of interest rate swap and currency swap agreements where a future currency exchange rate or future interest rate is agreed when the derivatives are entered into such that the bank bears no risk from them fluctuating during the term of the derivative. The Group's counterparty exposure is measured as a combination of the market value of entered into contracts and the principal.

Monitoring of risk limits and risk mitigation measures

The Group has established exposure limits for different segments of the various portfolios. The utilisation of these limits is reported monthly to the Board of Directors and the management group. Individual loans are monitored by the various credit environments within the Group.

9 Loans and advances by customer group and geographic area

Distribution by customer group

Group	Lending		Guarantees		Unused credit facilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Primary industries	936 630	837 890	534	549	45 632	47 522
Fishing and hunting					200	200
Building and construction	704 058	822 132	101 520	147 233	132 605	123 260
Manufacturing	140 825	169 125	31 207	27 591	56 976	31 381
Wholesale and retail trade	278 101	267 680	74 151	64 023	89 541	85 950
Hotels and restaurants	84 976	96 072	13 925	10 376	5 894	14 103
Transport and storage	30 099	26 802	12 206	10 878	11 618	12 316
Public and private services	603 397	401 693	22 759	22 569	133 831	111 585
Property management	4 474 739	3 940 261	6 428	7 271	98 241	128 247
Other customer groups	81 906	45 767	1 358	1 358		27 911
Retail customers	22 152 536	20 445 693	5 008	1 389	2 244 236	2 179 593
Total gross loans to customers	**29 487 266**	**27 053 115**	**269 097**	**293 235**	**2 818 773**	**2 762 068**
Impairments	-96 424	-89 328	-1 433	-2 328	-2 241	-3 467
Total net loans to customers	**29 390 842**	**26 963 787**	**267 664**	**290 907**	**2 816 532**	**2 758 601**

Geographical distribution

Group	Lending		Guarantees		Unused credit facilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Rogaland	24 044 331	21 873 879	221 255	252 554	2 575 805	2 468 597
Oslo/Akershus	2 851 538	2 605 174	20 940	22 708	133 445	149 888
Other counties	2 549 983	2 536 757	26 901	17 973	108 842	141 301
Abroad	41 414	37 304			680	2 282
Total gross loans to customers	**29 487 266**	**27 053 115**	**269 097**	**293 235**	**2 818 773**	**2 762 068**

9 Loans and advances by customer group and geographic area

Distribution by customer group

Parent Bank	Lending		Guarantees		Unused credit facilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Primary industries	936 630	837 890	534	549	45 632	47 522
Fishing and hunting					200	200
Building and construction	704 058	822 132	101 520	147 233	132 605	123 260
Manufacturing	140 825	169 125	31 207	27 591	56 976	31 381
Wholesale and retail trade	278 101	267 680	74 151	64 023	89 541	85 950
Hotels and restaurants	84 976	96 072	13 925	10 376	5 894	14 103
Transport and storage	30 099	26 802	12 206	10 878	11 618	12 316
Public and private services	603 397	401 693	22 759	22 569	133 831	111 585
Property management	4 475 036	3 940 261	6 428	7 271	98 241	128 247
Other customer groups	81 906	45 767	1 358	1 358		27 911
Retail customers	8 145 791	8 528 932	5 008	1 389	1 088 053	995 254
Total gross loans to customers	**15 480 818**	**15 136 354**	**269 097**	**293 235**	**1 662 590**	**1 577 729**
Impairments	-91 804	-83 645	-1 433	-2 328	-2 174	-3 353
Total net loans to customers	**15 389 014**	**15 052 709**	**267 664**	**290 907**	**1 660 416**	**1 574 376**

Geographical distribution

Parent Bank	Lending		Guarantees		Unused credit facilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Rogaland	11 497 905	11 281 797	221 255	252 554	1 530 481	1 389 166
Oslo/Akershus	2 166 477	2 009 855	20 940	22 708	69 947	97 244
Other counties	1 790 838	1 818 827	26 901	17 973	62 040	91 157
Abroad	25 597	25 875			123	163
Total gross loans to customers	**15 480 818**	**15 136 354**	**269 097**	**293 235**	**1 662 590**	**1 577 729**

Group			Parent Bank	
31.12.2023	31.12.2022	Guarantees	31.12.2023	31.12.2022
100 533	89 283	Payment guarantees	100 533	89 283
115 115	131 713	Contract guarantees	115 115	131 713
10 806	8 454	Other guarantees	10 806	8 454
42 643	63 785	Unused guarantee limits	42 643	63 785
269 097	**293 235**	**Total guarantees**	**269 097**	**293 235**

10 Loans and impairments by sector

Lending by customer group

Group 31.12.2023

	Gross loans	Of which, loans at amortised cost	Impairment of loans at amortised cost Stage 1	Stage 2	Stage 3	Net lending
Primary industries	936 630	813 889	-3 509	-627		932 494
Building and construction	704 058	704 058	-2 613	-1 875	-19 183	680 387
Manufacturing	140 825	140 825	-408	-683	-10	139 724
Wholesale and retail trade	278 101	278 101	-1 822	-1 171	-92	275 015
Hotels and restaurants	84 976	84 976	-159	-46	-1	84 769
Transport and storage	30 099	30 099	-23	-184		29 892
Public and private services	603 397	602 305	-1 709	-3 016	-2 677	595 995
Property management	4 474 739	4 105 927	-6 809	-4 413	-4 031	4 459 485
Other customer groups	81 906	81 906	-51			81 856
Retail customers[1]	22 152 536	21 314 129	-6 690	-11 461	-23 161	22 111 224
Total on-balance loans to and receivables from customers[2]	**29 487 266**	**28 156 216**	**-23 793**	**-23 476**	**-49 155**	**29 390 842**

Group 31.12.2022

	Gross loans	Of which, loans at amortised cost	Impairment of loans at amortised cost Stage 1	Stage 2	Stage 3	Net lending
Primary industries	837 890	707 046	-1 784	-2 185		833 921
Building and construction	822 132	822 132	-2 581	-9 788	-6 630	803 133
Manufacturing	169 125	169 125	-227	-1 989	-10	166 899
Wholesale and retail trade	267 680	267 680	-1 710	-1 630	-504	263 835
Hotels and restaurants	96 072	96 072	-424	-92	-5	95 551
Transport and storage	26 802	26 802	-116	-517		26 168
Public and private services	401 693	400 556	-681	-751	-2 220	398 040
Property management	3 940 261	3 649 247	-4 146	-7 852	-12 700	3 915 563
Other customer groups	45 767	45 767	-11			45 756
Retail customers[1]	20 445 694	19 581 450	-5 210	-15 472	-10 093	20 414 919
Total on-balance loans to and receivables from customers[2]	**27 053 115**	**25 765 877**	**-16 891**	**-40 275**	**-32 162**	**26 963 787**

1 Retail customers are defined here as all of the bank's customers who do not have an industry code, regardless of the department/segment to which the customer belongs.
2 The tables include stage-based provisions for losses on loans and receivables from customers (on-balance) and not provisions for losses on guarantees and/or unused lines of credit (off-balance exposure).

10 Loans and impairments by sector

Lending by customer group

Parent Bank 31.12.2023

	Gross loans	Of which, loans at amortised cost	Impairment of loans at amortised cost			Net lending
			Stage 1	Stage 2	Stage 3	
Primary industries	936 630	813 889	-3 509	-627		932 494
Building and construction	704 058	704 058	-2 613	-1 875	-19 183	680 387
Manufacturing	140 825	140 825	-408	-683	-10	139 724
Wholesale and retail trade	278 101	278 101	-1 822	-1 171	-92	275 015
Hotels and restaurants	84 976	84 976	-159	-46	-1	84 769
Transport and storage	30 099	30 099	-23	-184		29 892
Public and private services	603 397	602 305	-1 709	-3 016	-2 677	595 995
Property management	4 475 036	4 106 224	-6 809	-4 413	-4 031	4 459 783
Other customer groups	81 906	81 906	-51			81 856
Retail customers[1]	8 145 791	7 307 384	-5 014	-8 517	-23 161	8 109 099
Total on-balance loans to and receivables from customers[2]	**15 480 818**	**14 149 767**	**-22 118**	**-20 531**	**-49 155**	**15 389 014**

Parent Bank 31.12.2022

	Gross loans	Of which, loans at amortised cost	Impairment of loans at amortised cost			Net lending
			Stage 1	Stage 2	Stage 3	
Primary industries	837 890	707 046	-1 784	-2 185		833 921
Building and construction	822 132	822 132	-2 581	-9 788	-6 630	803 133
Manufacturing	169 125	169 125	-227	-1 989	-10	166 899
Wholesale and retail trade	267 680	267 680	-1 710	-1 630	-504	263 836
Hotels and restaurants	96 072	96 072	-424	-92	-5	95 551
Transport and storage	26 802	26 802	-116	-517		26 169
Public and private services	401 693	400 556	-681	-751	-2 220	398 041
Property management	3 940 261	3 649 247	-4 146	-7 852	-12 700	3 915 563
Other customer groups	45 767	45 767	-11			45 756
Retail customers[1]	8 528 932	7 664 689	-3 877	-11 122	-10 093	8 503 840
Total on-balance loans to and receivables from customers[2]	**15 136 354**	**13 849 116**	**-15 557**	**-35 926**	**-32 162**	**15 052 709**

1 Retail customers are defined here as all of the bank's customers who do not have an industry code, regardless of the department/segment to which the customer belongs.
2 The tables include stage-based provisions for losses on loans and receivables from customers (on-balance) and not provisions for losses on guarantees and/or unused lines of credit (off-balance exposure).

11 Losses on loans and guarantees and defaulted/impaired loans

Group 2023	Group 2022	Losses on loans and guarantees	Parent Bank 2023	Parent Bank 2022
6 686	5 143	Period's changes in provisions for losses, Stage 1	6 500	4 620
-18 541	-1 041	Period's changes in provisions for losses, Stage 2	-17 091	538
16 368	-3 932	Period's changes in provisions for losses, Stage 3	16 368	-3 932
8 957	8 216	Recognition of earlier Stage 3 impairments	8 957	8 216
7 126	5 162	Recognition without earlier Stage 3 impairments	7 126	5 162
-9 962	-2 203	Reversals of previously recognised losses[1]	-9 962	-2 203
10 634	**11 345**	**Losses on loans and guarantees**	**11 899**	**12 401**

1 As at 31.12.2023, the Group had a total outstanding amount of NOK 74 million that was recognised/deducted from the balance sheet and that has been forwarded to debt collection agencies. The corresponding outstanding amount was NOK 76 million as at 31.12.2022. Any receipts from the debt collection agencies are recognised as reduced loss costs on the line "Reversals of previously recognised losses".

Group					Parent Bank			
Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments	Changes in provisions for losses	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments
18 740	**43 207**	**33 639**	**95 585**	**Provisions for losses as at 01.01.2023**	**17 376**	**38 774**	**33 639**	**89 788**
				Transfers/movements:				
-841	9 010		8 169	Transfers from Stage 1 to Stage 2	-788	8 202		7 414
-515		6 936	6 420	Transfers from Stage 1 to Stage 3	-515		6 936	6 420
1 474	-9 237		-7 764	Transfers from Stage 2 to Stage 1	1 430	-8 246		-6 815
	-5 596	14 992	9 396	Transfers from Stage 2 to Stage 3		-5 596	14 992	9 396
	185	-1 000	-815	Transfers from Stage 3 to Stage 2		185	-1 000	-815
59		-170	-111	Transfers from Stage 3 to Stage 1	59		-170	-111
14 448	5 013		19 461	Additions of loans and advances during the period	13 748	4 063		17 811
-7 662	-14 248		-21 910	Disposals of loans and advances during the period	-7 330	-12 639		-19 969
-277	-3 668	4 568	623	Changed provisions for losses during the period for loans and advances not migrated	-104	-3 061	4 568	1 403
		-8 957	-8 957	Recognised losses			-8 957	-8 957
				Other adjustments	-155			-155
25 426	**24 666**	**50 007**	**100 098**	**Provisions for losses as at 31.12.2023**	**23 721**	**21 683**	**50 007**	**95 410**
				Recognised as a reduction of loans to/ receivables from credit institutions				
			96 424	Recognised as a reduction of loans to customers				91 804
			3 674	Recognised as provisions for liability items (guarantees and unused lines of credit)				3 607
			100 098	**Provisions for losses as at 31.12.2023**				**95 410**

11 Losses on loans and guarantees and defaulted/impaired loans

Distribution of provisions for losses from customers – per segment

Group (CM)					Parent Bank (CM)			
Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments	Changes in provisions for losses CM	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments
13 510	**27 593**	**23 545**	**64 649**	**Provisions for losses CM as at 01.01.2023**	**13 510**	**27 593**	**23 545**	**64 649**
				Transfers/movements:				
-635	6 589		5 955	Transfers from Stage 1 to Stage 2	-635	6 589		5 955
-332		121	-211	Transfers from Stage 1 to Stage 3	-332		121	-211
1 261	-6 544		-5 284	Transfers from Stage 2 to Stage 1	1 261	-6 544		-5 284
	-5 125	10 680	5 555	Transfers from Stage 2 to Stage 3		-5 125	10 680	5 555
10 519	882		11 401	Additions of loans and advances during the period	10 519	882		11 401
-5 695	-8 458		-14 152	Disposals of loans and advances during the period	-5 695	-8 458		-14 152
61	-2 118	400	-1 657	Changed provisions for losses during the period for loans and advances not migrated	61	-2 118	400	-1 657
		-8 299	-8 299	Recognised losses			-8 299	-8 299
18 689	**12 820**	**26 449**	**57 957**	**Provisions for losses CM as at 31.12.2023**	**18 689**	**12 820**	**26 449**	**57 957**

Group (RM)					Parent Bank (RM)			
Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments	Changes in provisions for losses RM	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments
5 072	**15 308**	**10 093**	**30 474**	**Provisions for losses as at 01.01.2023**	**3 708**	**10 875**	**10 093**	**24 677**
				Transfers/movements:				
-206	2 421		2 215	Transfers from Stage 1 to Stage 2	-153	1 613		1 460
-183		6 814	6 631	Transfers from Stage 1 to Stage 3	-183		6 814	6 631
213	-2 693		-2 480	Transfers from Stage 2 to Stage 1	170	-1 701		-1 532
	-471	4 312	3 841	Transfers from Stage 2 to Stage 3		-471	4 312	3 841
	185	-1 000	-815	Transfers from Stage 3 to Stage 2		185	-1 000	-815
59		-170	-111	Transfers from Stage 3 to Stage 1	59		-170	-111
3 930	4 130		8 060	Additions of loans and advances during the period	3 229	3 181		6 409
-1 968	-5 790		-7 758	Disposals of loans and advances during the period	-1 636	-4 181		-5 817
-181	-1 244	4 167	2 742	Changed provisions for losses during the period for loans and advances not migrated	-8	-637	4 167	3 522
		-658	-658	Recognised losses			-658	-658
				Other adjustments	-155			-155
6 737	**11 846**	**23 558**	**42 141**	**Provisions for losses as at 31.12.2023**	**5 032**	**8 863**	**23 558**	**37 453**

11 Losses on loans and guarantees and defaulted/impaired loans

Group: Stage 1 12-month ECL	Group: Stage 2 Lifetime ECL	Group: Stage 3 Lifetime ECL	Group: Total impair-ments	Changes in provisions for losses	Parent Bank: Stage 1 12-month ECL	Parent Bank: Stage 2 Lifetime ECL	Parent Bank: Stage 3 Lifetime ECL	Parent Bank: Total impair-ments
13 596	**44 248**	**37 571**	**95 416**	**Provisions for losses as at 01.01.2022**	**12 997**	**38 236**	**37 571**	**88 804**
				Transfers/movements:				
-1 356	13 280		11 924	Transfers from Stage 1 to Stage 2	-1 305	11 798		10 493
-1 380		5 994	4 614	Transfers from Stage 1 to Stage 3	-1 380		5 994	4 614
1 476	-11 109		-9 633	Transfers from Stage 2 to Stage 1	1 384	-8 825		-7 441
	-453	718	265	Transfers from Stage 2 to Stage 3		-453	718	265
1 712	1 071		2 783	Additions of loans and advances during the period	1 568	962		2 530
-4 527	-15 158		-19 686	Disposals of loans and advances during the period	-4 289	-12 730		-17 019
9 219	11 328	4 452	24 999	Changed provisions for losses during the period for loans and advances not migrated	8 642	9 786	4 452	22 880
		-8 216	-8 216	Recognised losses			-8 216	-8 216
		-6 881	-6 881	Reversals of previous impairments			-6 881	-6 881
				Other adjustments	-241			-241
18 740	**43 207**	**33 639**	**95 585**	**Provisions for losses as at 31.12.2022**	**17 376**	**38 774**	**33 639**	**89 788**
			462	Recognised as a reduction of loans to/ receivables from credit institutions				462
			89 328	Recognised as a reduction of loans to customers				83 645
			5 795	Recognised as provisions for liability items (guarantees and unused lines of credit)				5 681
			95 585	**Provisions for losses as at 31.12.2022**				**89 788**

11 Losses on loans and guarantees and defaulted/impaired loans

Distribution of provisions for losses from customers – per segment

Group (CM)					Parent Bank (CM)			
Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments	Changes in provisions for losses CM	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments
10 678	**26 320**	**23 428**	**60 426**	**Provisions for losses CM as at 01.01.2022**	**10 678**	**26 320**	**23 428**	**60 426**
				Transfers/movements:				
-1 211	9 081		7 870	Transfers from Stage 1 to Stage 2	-1 211	9 081		7 870
-788		4 510	3 722	Transfers from Stage 1 to Stage 3	-788		4 510	3 722
967	-6 525		-5 558	Transfers from Stage 2 to Stage 1	967	-6 525		-5 558
	-117	259	142	Transfers from Stage 2 to Stage 3		-117	259	142
1 075	697		1 772	Additions of loans and advances during the period	1 075	697		1 772
-3 558	-9 051		-12 609	Disposals of loans and advances during the period	-3 558	-9 051		-12 609
6 347	7 188	2 409	15 944	Changed provisions for losses during the period for loans and advances not migrated	6 347	7 188	2 409	15 944
		-1 982	-1 982	Recognised losses			-1 982	-1 982
		-5 078	-5 078	Reversals of previous impairments			-5 078	-5 078
13 510	**27 593**	**23 545**	**64 649**	**Provisions for losses CM as at 31.12.2022**	**13 510**	**27 593**	**23 545**	**64 649**

Group (RM)					Parent Bank (RM)			
Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments	Changes in provisions for losses RM:	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total impair-ments
2 840	**17 898**	**14 144**	**34 881**	**Provisions for losses RM as at 01.01.2022**	**2 241**	**11 885**	**14 144**	**28 270**
				Transfers/movements:				
-145	4 200		4 054	Transfers from Stage 1 to Stage 2	-94	2 718		2 624
-593		1 484	891	Transfers from Stage 1 to Stage 3	-593		1 484	891
509	-4 585		-4 075	Transfers from Stage 2 to Stage 1	417	-2 301		-1 884
	-336	459	123	Transfers from Stage 2 to Stage 3		-336	459	123
610	262		871	Additions of loans and advances during the period	466	152		618
-903	-6 077		-6 980	Disposals of loans and advances during the period	-664	-3 649		-4 313
2 755	3 947	2 043	8 744	Changed provisions for losses during the period for loans and advances not migrated	2 178	2 405	2 043	6 625
		-6 234	-6 234	Recognised losses			-6 234	-6 234
		-1 802	-1 802	Reversals of previous impairments			-1 802	-1 802
				Other adjustments	-241			-241
5 072	**15 308**	**10 093**	**30 474**	**Provisions for losses RM as at 31.12.2022**	**3 708**	**10 875**	**10 093**	**24 677**

11 Losses on loans and guarantees and defaulted/impaired loans

Endringer i brutto balanseførte engasjement

Group					Parent Bank			
Stage 1	Stage 2	Stage 3	Total loans and advances	Gross capitalised loans and advances with impairment for expected credit loss	Stage 1	Stage 2	Stage 3	Total loans and advances
22 048 079	**3 574 311**	**257 888**	**25 880 278**	**Gross capitalised loans and advances as at 01.01.2023**	**11 276 975**	**2 428 655**	**257 888**	**13 963 517**
				Transfers:				
-847 594	847 594			Transfers from Stage 1 to Stage 2	-615 534	615 534		
-74 470		74 470		Transfers from Stage 1 to Stage 3	-74 470		74 470	
994 434	-994 434			Transfers from Stage 2 to Stage 1	620 641	-620 641		
	-106 958	106 958		Transfers from Stage 2 to Stage 3		-106 958	106 958	
	7 472	-7 472		Transfers from Stage 3 to Stage 2		7 472	-7 472	
2 769		-2 769		Transfers from Stage 3 to Stage 1	2 769		-2 769	
4 149 570	-542 456		3 607 114	Additions of loans and advances during the period	851 160	-457 050		394 110
-1 119 381	-100 095	-5 290	-1 224 766	Changes during the period for loans and advances not migrated (incl. disposals)	-114 333	17 876	-5 290	-101 746
25 153 407	**2 685 434**	**423 785**	**28 262 626**	**Gross capitalised loans and advances as at 31.12.2023[1]**	**11 947 208**	**1 884 888**	**423 785**	**14 255 881**

1 The table above is based on gross loans and advances at the time of reporting, including loans to customers and receivables from credit institutions. The table does not include guarantees/unused lines of credit.

Distribution of gross capitalised loans to customers measured at amortised cost – per segment

Group (CM)					Parent Bank (CM)			
Stage 1	Stage 2	Stage 3	Total loans and advances	Gross capitalised loans and advances with impairment for expected credit loss CM, Group:	Stage 1	Stage 2	Stage 3	Total loans and advances
5 122 227	**1 246 930**	**87 377**	**6 456 535**	**Gross capitalised loans and advances CM as at 01.01.2023**	**5 122 227**	**1 246 930**	**87 377**	**6 456 535**
				Transfers:				
-376 430	376 430			Transfers from Stage 1 to Stage 2	-376 430	376 430		
-4 052		4 052		Transfers from Stage 1 to Stage 3	-4 052		4 052	
429 728	-429 728			Transfers from Stage 2 to Stage 1	429 728	-429 728		
	-59 740	59 740		Transfers from Stage 2 to Stage 3		-59 740	59 740	
887 494	-294 558		592 936	Additions of loans and advances during the period	887 494	-294 558		592 936
25 931	42 631	3 435	71 997	Changes during the period for loans and advances not migrated (incl. disposals)	25 931	42 631	3 435	71 997
6 084 899	**881 965**	**154 604**	**7 121 468**	**Gross capitalised loans and advances CM as at 31.12.2023**	**6 084 899**	**881 965**	**154 604**	**7 121 468**

11 Losses on loans and guarantees and defaulted/impaired loans

Distribution of gross capitalised loans to customers measured at amortised cost – per segment

Group (RM)					Parent Bank (RM)			
Stage 1	Stage 2	Stage 3	Total loans and advances	Gross capitalised loans and advances with impairment for expected credit loss RM, Group:	Stage 1	Stage 2	Stage 3	Total loans and advances
16 838 689	**2 300 143**	**170 511**	**19 309 342**	**Gross capitalised loans and advances RM as at 01.01.2023**	**6 067 584**	**1 154 486**	**170 511**	**7 392 581**
				Transfers:				
-471 164	471 164			Transfers from Stage 1 to Stage 2	-239 104	239 104		
-70 418		70 418		Transfers from Stage 1 to Stage 3	-70 418		70 418	
564 706	-564 706			Transfers from Stage 2 to Stage 1	190 913	-190 913		
	-47 218	47 218		Transfers from Stage 2 to Stage 3		-47 218	47 218	
	7 472	-7 472		Transfers from Stage 3 to Stage 2		7 472	-7 472	
2 769		-2 769		Transfers from Stage 3 to Stage 1	2 769		-2 769	
3 175 071	-266 154		2 908 917	Additions of loans and advances during the period	-123 339	-180 749		-304 087
-932 566	-173 349	-3 774	-1 109 688	Changes during the period for loans and advances not migrated (incl. disposals)	72 482	-55 377	-3 774	13 332
19 107 087	**1 727 353**	**274 132**	**21 108 571**	**Gross capitalised loans and advances RM as at 31.12.2023**	**5 900 887**	**926 806**	**274 132**	**7 101 825**

Changes in gross capitalised loans and advances

Group					Parent Bank			
Stage 1	Stage 2	Stage 3	Total loans and advances	Gross capitalised loans and advances with impairment for expected credit loss, Group:	Stage 1	Stage 2	Stage 3	Total loans and advances
20 066 412	**4 404 276**	**234 404**	**24 705 092**	**Gross capitalised loans and advances as at 01.01.2022**	**11 668 399**	**2 986 669**	**234 404**	**14 889 472**
				Transfers:				
-1 241 040	1 241 040			Transfers from Stage 1 to Stage 2	-831 237	831 237		
-60 502		60 502		Transfers from Stage 1 to Stage 3	-60 502		60 502	
1 157 371	-1 157 371			Transfers from Stage 2 to Stage 1	550 192	-550 192		
	-36 286	36 286		Transfers from Stage 2 to Stage 3		-36 286	36 286	
8 208 252	802 382		9 010 634	Additions of loans and advances during the period	5 947 611	643 499		6 591 111
-6 082 411	-1 679 730	-73 304	-7 835 445	Changes during the period for loans and advances not migrated (incl. disposals)	-5 997 488	-1 446 273	-73 304	-7 517 065
22 048 082	**3 574 311**	**257 888**	**25 880 282**	**Gross capitalised loans and advances as at 31.12.2022[1]**	**11 276 975**	**2 428 655**	**257 888**	**13 963 517**

1 The table above is based on gross loans and advances at the time of reporting, including loans to customers and receivables from credit institutions. The table does not include guarantees/unused lines of credit.

11 Losses on loans and guarantees and defaulted/impaired loans

Distribution of gross capitalised loans to customers measured at amortised cost – per segment

Group (CM)					Parent Bank (CM)			
Stage 1	Stage 2	Stage 3	Total loans and advances	Gross capitalised loans and advances with impairment for expected credit loss CM, Group:	Stage 1	Stage 2	Stage 3	Total loans and advances
5 426 284	**1 647 509**	**69 600**	**7 143 392**	**Gross capitalised loans and advances CM as at 01.01.2022**	**5 426 284**	**1 647 509**	**69 600**	**7 143 392**
				Transfers:				
-546 787	546 787			Transfers from Stage 1 to Stage 2	-546 787	546 787		
-22 373		22 373		Transfers from Stage 1 to Stage 3	-22 373		22 373	
316 838	-316 838			Transfers from Stage 2 to Stage 1	316 838	-316 838		
	-2 379	2 379		Transfers from Stage 2 to Stage 3		-2 379	2 379	
1 851 600	170 175		2 021 775	Additions of loans and advances during the period	1 851 600	170 175		2 021 775
-1 903 335	-798 322	-6 975	-2 708 633	Changes during the period for loans and advances not migrated (incl. disposals)	-1 903 335	-798 322	-6 975	-2 708 633
5 122 227	**1 246 930**	**87 377**	**6 456 535**	**Gross capitalised loans and advances CM as at 31.12.2022**	**5 122 227**	**1 246 930**	**87 377**	**6 456 535**

Group (RM)					Parent Bank (RM)			
Stage 1	Stage 2	Stage 3	Total loans and advances	Gross capitalised loans and advances with impairment for expected credit loss RM, Group:	Stage 1	Stage 2	Stage 3	Total loans and advances
14 198 967	**2 753 068**	**164 804**	**17 116 839**	**Gross capitalised loans and advances RM as at 01.01.2022**	**5 800 955**	**1 335 460**	**164 804**	**7 301 218**
				Transfers:				
-694 235	694 235			Transfers from Stage 1 to Stage 2	-284 432	284 432		
-38 129		38 129		Transfers from Stage 1 to Stage 3	-38 129		38 129	
840 533	-840 533			Transfers from Stage 2 to Stage 1	233 353	-233 353		
	-33 907	33 907		Transfers from Stage 2 to Stage 3		-33 907	33 907	
6 533 290	611 588		7 144 877	Additions of loans and advances during the period	4 085 607	452 705		4 538 312
-4 001 737	-884 308	-66 329	-4 952 374	Changes during the period for loans and advances not migrated (incl. disposals)	-3 729 770	-650 850	-66 329	-4 446 949
16 838 689	**2 300 143**	**170 511**	**19 309 342**	**Gross capitalised loans and advances RM as at 31.12.2022**	**6 067 584**	**1 154 486**	**170 511**	**7 392 581**

11 Losses on loans and guarantees and defaulted/impaired loans

Comments on stage migration

All loans and advances start in Stage 1. Thereafter, individual loans can migrate to Stages 2 and 3. Stage 3 is reserved for defaulted and impaired loans, which essentially means loans with individual impairment. Stage 2 is for loans that have seen a significant increase in risk since approval.

The bank previously used five indicators for this, although this has been changed to three following a change in the core banking provider. An overview of reasons and which of them influenced changes between Stage 1 and Stage 2 is provided in the table below:

	2023		2022	
Reasons	Share (in isolation)	Share (total)	Share (in isolation)	Share (total)
Arrears more than 30 days past due	1 %	13 %	0 %	0 %
Significant increase in PD	83 %	89 %	67 %	71 %
Forbearance flagging	11 %	22 %	8 %	15 %
More arrears in the past 12 months			1 %	15 %
Lack of data for the customer			4 %	5 %
Combination of reasons	5 %		20 %	
Total	**100 %**		**100 %**	

"Share (in isolation)" shows the percentage of the value of the loans that were transferred from Stage 1 to Stage 2 due solely to the corresponding factor in isolation, while "Share (total)" shows the percentage of the migration due to the corresponding factor either alone or in combination with one or more of the other factors.

Similarly, this table shows a breakdown of the reasons behind stage migrations from Stage 2 to Stage 1 (recovery during the period):

	2023		2022	
Reasons	Share (in isolation)	Share (total)	Share (in isolation)	Share (total)
No 30 days arrears in last 6 months anymore	0 %	0 %	0 %	0 %
No more than 1 arears in past 12 months	1 %	14 %	3 %	10 %
Significant reduction in PD	84 %	87 %	75 %	83 %
No forbearance flagging any longer	4 %	4 %	14 %	15 %
Received data for customer	8 %	8 %	0 %	0 %
Combination of multiple reasons	3 %		8 %	
Total	**100 %**		**100 %**	

In 2023, a total of 526 loans migrated in a positive direction from Stage 2 to Stage 1. Conversely, 350 loans migrated from Stage 1 to Stage 2. This is a positive development from 2022, when the corresponding figures were 643 and 547, respectively.

11 Losses on loans and guarantees and defaulted/impaired loans

Sensitivity analyses

The impairment model for calculating ECL for loans is based on a number of critical assumptions, including probability of default, loss given default, and general macroeconomic developments. The model and the loss estimates are thus vulnerable to changes in the assumptions that have been set.

To better understand how the portfolio can be expected to develop in the event of changes in various macroeconomic scenarios, the bank has chosen to conduct sensitivity analyses for the following factors and scenarios;

- The future will remain as today (expectations unchanged)
- The future will be like the negative macroeconomic scenario
- The future will be like the positive macroeconomic scenario
- Probability of default (PD) +10%
- Probability of default (PD) -10%
- House prices -10%
- House prices -20%

In the two adjustments of PD, it is assumed that the PD for all customers except those in default will increase or decrease by 10%, respectively.

The expectations for the future that are used reflect an expected increase in defaults and losses. In the "future will remain as today" scenario, the expectation = 1. While this is in theory a neutral scenario, it is at the same time a relatively positive scenario in that for most banks the situation today is that they are experiencing historically low losses and default figures, which is also reflected in the low number of bankruptcies among enterprises and relatively low debt collection figures for private individuals. It is thus more optimistic than the bank's base case. Meanwhile, in the negative scenario, the negative scenario is fully weighted in the calculation of the future. The effects of weighting the negative scenario 100% is based on the difference to the main expectation. The effect of weighting the positive scenario 100% has also been added for the last year. This has not been done before but provides an insight into a potential upside.

The last two scenarios are based on changing house prices. A decision has been made to focus on the downside effect. In addition to last year's effect of a price reduction of 10%, a 20% price reduction adjustment has been added this year.

The results of the sensitivity analyses were as follows, broken down by the Group and the parent bank and the segments Retail Market (RM) and Corporate Market (CM):

11 Losses on loans and guarantees and defaulted/impaired loans

The results of the sensitivity analyses were as follows, broken down by Group and the segments Retail Market (RM) and Corporate Market (CM):

	Changes in key assumptions						
Group 31.12.2023	Unchanged future outlook	Negative macro scenario	Positive macro scenario	PD +10%	PD -10%	House prices -10%	House prices -20%
Percentage change in loss estimate, CM	-28.5 %	48.2 %	-56.7 %	8.3 %	-9.0 %	0.0 %	0.3 %
Percentage change in loss estimate, RM	-5.0 %	40.7 %	-46.4 %	8.7 %	-6.2 %	10.4 %	73.4 %
Percentage change in loss estimate, Group	-20.6 %	45.6 %	-53.3 %	8.5 %	-8.1 %	4.3 %	24.7 %
Group 31.12.2022							
Percentage change in loss estimate, CM	-22.4 %	6.9 %	n/a	6.3 %	-6.1 %	n/a	n/a
Percentage change in loss estimate, RM	-20.7 %	11.4 %	n/a	7.1 %	-6.4 %	15.0 %	n/a
Percentage change in loss estimate, Group	-21.8 %	8.4 %	n/a	6.5 %	-6.2 %	8.2 %	n/a

The results of the sensitivity analyses were as follows, broken down by parent bank and the segments Retail Market (RM) and Corporate Market (CM):

		Endringer sentrale forutsetninger					
Parent Bank 31.12.2023	Unchanged future outlook	Negative macro scenario	Positive macro scenario	PD +10%	PD -10%	House prices -10%	House prices -20%
Percentage change in loss estimate, CM	-28.5 %	48.2 %	-56.7 %	8.3 %	-9.0 %	0.0 %	0.3 %
Percentage change in loss estimate, RM	-6.6 %	41.3 %	-48.1 %	8.9 %	-6.0 %	9.1 %	80.0 %
Percentage change in loss estimate, Parent Bank	-22.4 %	46.2 %	-54.3 %	8.5 %	-8.2 %	3.5 %	22.4 %
Parent Bank 31.12.2022							
Percentage change in loss estimate, CM	-22.4 %	6.9 %	n/a	6.3 %	-6.1 %	n/a	n/a
Percentage change in loss estimate, RM	-18.8 %	11.2 %	n/a	6.9 %	-5.2 %	15.2 %	n/a
Percentage change in loss estimate, Parent Bank	-21.4 %	8.1 %	n/a	6.5 %	-5.8 %	7.8 %	n/a

11 Losses on loans and guarantees and defaulted/impaired loans

Defaulted and impaired loans and advances (Stage 3)

Total defaulted loans and advances more than 90 days past due and other impaired loans and advances in Stage 3:

Group

	31.12.2023			31.12.2022		
	RM	CM	Total	RM	CM	Total
Problem loans and advances before individual loss impairments (gross):						
Defaulted loans and advances more than 90 days past due	184 668	74 182	258 850	69 160	34 022	103 182
Other problem loans and advances	86 008	84 853	170 861	104 813	62 726	167 539
Total loans and advances before individual loss impairments (gross)	**270 675**	**159 036**	**429 711**	**173 973**	**96 748**	**270 720**
Individual loss impairments on:						
Defaulted loans and advances more than 90 days past due	18 796	14 746	33 542	4 354	11 160	15 514
Other problem loans and advances	4 375	12 090	16 465	5 740	12 385	18 125
Total individual loss impairments (Stage 3)	**23 171**	**26 836**	**50 007**	**10 093**	**23 545**	**33 639**
Problem loans and advances after individual loss impairments (net):						
Defaulted loans and advances more than 90 days past due	165 871	59 437	225 308	64 807	22 862	87 668
Other problem loans and advances	81 633	72 763	154 396	99 073	50 341	149 413
Total loans and advances after individual loss impairments (net)	**247 504**	**132 200**	**379 704**	**163 879**	**73 202**	**237 082**
Provision rate defaulted loans and advances more than 90 days past due	10 %	20 %	13 %	6 %	33 %	15 %
Provision rate performing impaired loans and advances	5 %	14 %	10 %	5 %	20 %	11 %

12 Interest rate risk

Interest rate risk is the risk of incurring losses arising due to changes in interest rate levels. The risk primarily arises from fixed rate loans and fixed rate funding. Yield curves usually shift in parallel up or down and the Group measures interest rate risk as the effect on profit of a parallel shift of the yield curve. The risk of non-parallel shifts is covered through limitations on maximum exposure.

The main policy in the bank's interest rate risk management is to neutralise the interest rate risk by balancing the bank's assets and liabilities. The bank constantly monitors interest rate exposure in all 3-month time intervals from 0-15 years. The effects of any changes in interest rates are also monitored based on six stress tests in line with EBA guidelines. The bank's strategy is based on not incurring significant interest rate risk in its ordinary operations. The Group's limit for interest rate risk is that the maximum loss must not exceed NOK 21 million in the event of a 2% parallel shift of the yield curves.

Please also see note 15 concerning the bank's use of derivatives for the hedging its interest rate exposure.

12 Interest rate risk

Time to repricing date (gap) for assets and liabilities

Group 2023	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No interest exposure	31.12.2023
Cash and receivables from central banks	355 887						355 887
Loans to and receivables from credit institutions	106 667						106 667
Loans to customers		28 033 508	147 025	610 160	600 149		29 390 842
Certificates and bonds	566 028	2 447 909		467 420			3 481 357
Financial derivatives	-529 846	1 320 608	-209 670	229 725	-713 382		97 434
Other assets						982 859	982 859
Total assets	**498 736**	**31 802 025**	**-62 645**	**1 307 305**	**-113 233**	**982 859**	**34 415 046**
Liabilities to credit institutions	51 234						51 234
Deposits from customers	45 807	14 047 522	460 089	8 964			14 562 382
Securities issued	5 246 668	6 503 745	899 922	2 185 977	599 646		15 435 958
Financial derivatives	-272 514	3 257 590	-1 274 358	-830 750	-762 437		117 530
Other liabilities						301 132	301 132
Subordinated loans		322 007					322 007
Equity		100 000				3 524 803	3 624 803
Total equity and liabilities	**5 071 196**	**24 230 864**	**85 652**	**1 364 191**	**-162 791**	**3 825 935**	**34 415 046**
Net liquidity exposure, balance sheet items	-4 315 127	9 508 142	-1 212 985	-1 117 361	503	-2 843 076	20 096
Notional amount, derivatives	-257 332	-1 936 982	1 064 688	1 060 475	49 055		-20 096
Net total all items	**-4 572 459**	**7 571 160**	**-148 297**	**-56 886**	**49 558**	**-2 843 076**	

Group 2022	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No interest exposure	31.12.2022
Cash and receivables from central banks	387 987						387 987
Loans to and receivables from credit institutions	114 207						114 207
Loans to customers	21 377	25 565 086	88 419	655 386	633 519		26 963 787
Certificates and bonds	568 473	2 539 982		524 750			3 633 205
Financial derivatives	-361 272	2 008 948	-793 180	86 514	-789 744		151 265
Other assets						970 314	970 314
Total assets	**730 772**	**30 114 016**	**-704 761**	**1 266 650**	**-156 225**	**970 314**	**32 220 764**
Liabilities to credit institutions	104 380						104 380
Deposits from customers	48 340	13 015 568	267 943	33 427			13 365 278
Securities issued	3 477 352	6 516 188	584 559	3 086 206	899 278		14 563 582
Financial derivatives	862 562	3 500 237	-1 261 827	-1 865 160	-1 089 072		146 741
Other liabilities						274 490	274 490
Subordinated loans	184 707	184 707					369 413
Equity		100 000				3 296 882	3 396 882
Total equity and liabilities	**4 677 340**	**23 316 699**	**-409 325**	**1 254 473**	**-189 794**	**3 571 371**	**32 220 765**
Net liquidity exposure, balance sheet items	-2 722 734	8 288 606	-764 083	-1 939 497	-265 759	-2 601 057	-4 524
Notional amount, derivatives	-1 223 834	-1 491 290	468 646	1 951 674	299 328		4 524
Net total all items	**-3 946 569**	**6 797 316**	**-295 436**	**12 177**	**33 569**	**-2 601 057**	

12 Interest rate risk

Parent Bank 2023	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No interest exposure	31.12.2023
Cash and receivables from central banks	355 887						355 887
Loans to and receivables from credit institutions	106 113						106 113
Loans to customers		14 031 680	147 025	610 160	600 149		15 389 014
Certificates and bonds	375 251	2 026 643		467 420			2 869 314
Financial derivatives	-96 208	1 219 830	-109 074	-183 958	-713 382		117 208
Other assets						3 712 346	3 712 346
Total assets	**741 043**	**17 278 153**	**37 951**	**893 622**	**-113 233**	**3 712 346**	**22 549 883**
Liabilities to credit institutions	51 234						51 234
Deposits from customers	45 807	14 260 235	460 089	8 964			14 775 095
Securities issued	993 413	1 329 450	399 965	1 058 702			3 781 530
Financial derivatives	-563 244	1 600 610	-670 782	-110 596	-182 498		73 489
Other liabilities						270 370	270 370
Subordinated loans		322 007					322 007
Equity		100 000				3 176 157	3 276 157
Total equity and liabilities	**527 210**	**17 612 301**	**189 272**	**957 070**	**-182 498**	**3 446 527**	**22 549 883**
Net liquidity exposure, balance sheet items	-253 203	46 631	-713 028	9 914	600 149	265 819	-43 719
Notional amount, derivatives	467 036	-380 779	561 708	-73 361	-530 885		43 719
Net total all items	**213 833**	**-334 148**	**-151 320**	**-63 448**	**69 264**	**265 819**	

Parent Bank 2022	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No interest exposure	31.12.2022
Cash and receivables from central banks	387 987						387 987
Loans to and receivables from credit institutions	113 940						113 940
Loans to customers	21 377	13 654 009	88 419	655 386	633 519		15 052 709
Certificates and bonds	407 886	1 826 470		524 750			2 759 106
Financial derivatives	80 661	2 008 948	-793 180	-335 064	-789 744		171 620
Other assets						2 926 310	2 926 310
Total assets	**1 011 849**	**17 489 426**	**-704 761**	**845 072**	**-156 225**	**2 926 310**	**21 411 672**
Liabilities to credit institutions	291 685						291 685
Deposits from customers	48 340	13 016 828	267 943	33 427			13 366 538
Securities issued	1 260 949	780 168	284 572	1 657 715			3 983 403
Financial derivatives	578 259	1 535 102	-960 132	-835 476	-213 676		104 078
Other liabilities						246 460	246 460
Subordinated loans	184 707	184 707					369 413
Equity		100 000				2 950 094	3 050 094
Total equity and liabilities	**2 363 940**	**15 616 805**	**-407 618**	**855 667**	**-213 676**	**3 196 554**	**21 411 672**
Net liquidity exposure, balance sheet items	-854 492	1 398 776	-464 095	-511 006	633 519	-270 244	-67 543
Notional amount, derivatives	-497 599	473 846	166 952	500 412	-576 068		67 543
Net total all items	**-1 352 091**	**1 872 622**	**-297 144**	**-10 594**	**57 451**	**-270 244**	

Interest rate sensitivity

The Board of Directors has set a limit of NOK 21 million for total interest rate risk on and off the Group's balance sheet. This is measured by the effect on profit of an interest rate change (parallel shift) of 2%. At the end of the year, the estimated effect on profit of a 2% change in interest rates was NOK 2.8 million. The interest rate risk is thus considered low.

13 Currency risk

Currency risk is the risk of incurring losses due to changes in foreign exchange rates that result in our net assets falling in value measured in NOK. The bank has established limits that define the risk tolerance for currency exposure. The maximum permitted currency exposure is NOK 2 million per currency and the maximum aggregate gross currency exposure is NOK 6 million.

The limits only apply to customer related transaction services. The bank does not do proprietary trading. Guidelines have also been drawn up specifying the currencies to which the bank can be exposed. Sensitivity analyses have not been conducted for currency risk in relation to changes in foreign exchange rates since the impact of these would be minor given the bank's low net currency exposure.

The Group uses forward exchange contracts and currency swap contracts to hedge loans/borrowing denominated in a foreign currency. Since foreign exchange rate fluctuations increase the credit risk for customers with loans denominated in foreign currencies, deposits in escrow accounts are used as additional collateral. And if foreign exchange rate developments result in the customer's loan, measured in NOK, exceeding a predefined deviation from the principal, the customer is asked to establish additional collateral. Alternatively, the entire loan is converted to NOK when the agreed limit is breached.

Assets, liabilities and currency hedging denominated in a foreign currency are measured at the current exchange rate as at 31.12.

Group / Parent Bank 31.12.2023

Currency positions	Foreign currency	USD	EUR	JPY	CHF	GBP	SEK	DKK	CAD	Other
Cash and receivables from central banks										
Loans to credit institutions	55 319	27 728	16 531	44	339	8 702	259	62	309	1 346
Loans to customers	119 211		4 226	6 922	108 063					
Certificates, bonds	370 776		179 812				66 511	124 454		
Other assets	1	1								
Total assets	**545 307**	**27 729**	**200 569**	**6 966**	**108 402**	**8 702**	**66 770**	**124 516**	**309**	**1 346**
Liabilities to credit institutions	349	1	10				328			10
Deposits from customers	50 916	23 054	19 160		9	8 659	3	29		2
Securities issued										
Other liabilities										
Subordinated loans										
Equity										
Total equity and liabilities	**51 265**	**23 055**	**19 170**		**9**	**8 659**	**331**	**29**		**12**
Net currency exposure on balance sheet items	494 042	4 674	181 399	6 966	108 393	43	66 439	124 487	309	1 334
Currency hedging	-494 643		-186 843	-6 275	-108 157		-65 601	-127 677		-90
Net currency exposure	**-601**	**4 674**	**-5 444**	**691**	**236**	**43**	**838**	**-3 190**	**309**	**1 244**

13 Currency risk

Group / Parent Bank 31.12.2022

Currency positions	Foreign currency	USD	EUR	JPY	CHF	GBP	SEK	DKK	CAD	Other
Cash and receivables from central banks										
Loans to credit institutions	47 326	7 885	32 515	41	369	4 102	625	508	307	973
Loans to customers	110 671		3 663	9 575	97 433					
Certificates, bonds	385 727		163 331				109 799	112 597		
Other assets	4 277	1						4 276		
Total assets	**548 000**	**7 886**	**199 509**	**9 616**	**97 803**	**4 102**	**110 424**	**117 381**	**307**	**973**
Liabilities to credit institutions										
Deposits from customers	43 463	7 144	31 941		8	4 319	3	47		2
Securities issued										
Other liabilities										
Subordinated loans										
Equity										
Total equity and liabilities	**43 463**	**7 144**	**31 941**		**8**	**4 319**	**3**	**47**		**2**
Net currency exposure on balance sheet items	504 536	742	167 568	9 616	97 794	-216	110 421	117 334	307	971
Currency hedging	-513 748	887	-177 885	-9 613	-98 050	296	-109 150	-120 233		
Net currency exposure	**-9 211**	**1 629**	**-10 317**	**2**	**-256**	**80**	**1 271**	**-2 899**	**307**	**971**

14 Price risk

Price risk on securities is the risk of losses arising from changes in the value of bonds, certificates and equity securities in which the Group has invested. The bank has established limits for investments. The investment limit for securities besides liquidity placements is a maximum of NOK 250 million.

Total exposure per issuer is calculated based on the Financial Supervisory Authority of Norway's market risk model and consists of spread change per risk class multiplied by term to maturity.

The limits for investments are set in the Groups' financial strategy, which must be reviewed and approved by the bank's Board of Directors every year.

15 Financial derivatives and hedge accounting

The Group makes extensive use of financial instruments to balance the bank's currency, interest rate and equity risk. Currency and interest rate related instruments are used to minimise currency and interest rate risk from the bank's loans to customers and funding from the capital markets.

The Group uses hedge accounting for fair value hedging of some fixed rate funding (certificate loans and bonds). Only interest rate hedging is used using interest rate swaps. All interest rate swaps are NOK denominated since the Group is not exposed to foreign currency debt. Each individual hedging transaction is documented with a reference to the Group's risk management strategy, clear identification of the hedging object and hedging instrument, a clear description of the hedged risk, a description of why the hedging is expected to be effective, and a description of when and how the Group will document that the hedging has been effective during the accounting period and is expected to be effective in the next accounting period. The Group has defined the hedged risk as changes in value related to the NIBOR component of the funding. The hedging effectiveness is evaluated and documented both upon initial classification and upon each closing of accounts. In the case of fair value hedging, the hedging instrument is recognised at fair value and the value of the hedging object is adjusted for the change in value related to the hedged risk. Changes in these values from the opening balance are recognised in the income statement as hedging ineffectiveness. This method ensures that the presentation of these instruments in the financial statements complies with the Group's policies for managing interest rates and actual economic developments. Ineffectiveness in the bank's hedging can arise due to actual changes in fair value of the floating leg of the hedging instrument. Please see note 19 for the recognised amounts in the income statement. Please also see the further information about the bank's hedge accounting below.

The Board of Directors has approved limits for the bank's exposure to any counterparty in order to reduce the settlement risk related to the use of financial instruments. The bank will use solid and established counterparties with a minimum rating of "A" from a recognised ratings agency. A credit support annex (CSA) will be established with all counterparties in order to ensure the lowest possible net exposure in case of the bankruptcy of a counterparty.

The right of set-off of the parent bank and the Group conforms to ordinary Norwegian law. Due to ISDA agreements entered between the parent bank and financial derivatives counterparties, a right of set-off is acquired if the counterparty defaults on its obligations. No setting off is made in the bank's balance sheet since they do not conform to the requirements of IAS 32.

SSB Boligkreditt also uses ISDA agreements with counterparties in relation to financial derivatives. As with the parent bank, the agreements ensure a right of set-off if the counterparties default on their obligations, and CSA riders have been added to the ISDA agreements with the financial counterparties.

Group

	31.12.2023	Fair value as at 31.12.2023		31.12.2022	Fair value as at 31.12.2022	
	Notional amount	Positive market value [1]	Negative market value [1]	Notional amount	Positive market value [1]	Negative market value [1]
Interest rate agreements [2]	5 932 529	95 829	117 057	9 622 116	149 528	145 003
Foreign exchange rate agreements	206 695	1 606	474	206 499	1 737	1 738
Equity-related instruments						
Other commodity-related instruments						
Total financial derivatives	**6 139 224**	**97 434**	**117 530**	**9 828 615**	**151 265**	**146 741**
[2] Of which used for hedging purposes	4 085 000	3 378	95 613	4 574 000	22 563	127 322

Parent Bank

	31.12.2023	Fair value as at 31.12.2023		31.12.2022	Fair value as at 31.12.2022	
	Notional amount	Positive market value [1]	Negative market value [1]	Notional amount	Positive market value [1]	Negative market value [1]
Interest rate agreements [2]	4 307 529	115 602	73 015	6 997 116	169 884	102 340
Foreign exchange rate agreements	206 695	1 606	474	206 499	1 737	1 738
Equity-related instruments						
Other commodity-related instruments						
Total financial derivatives	**4 514 224**	**117 208**	**73 489**	**7 203 615**	**171 620**	**104 078**
[2] Of which used for hedging purposes	1 660 000	23 151	51 572	1 949 000	42 919	84 659

1 Market values of financial derivatives are presented inclusive of accrued (not capitalised) interest as at 31.12.

15 Financial derivatives and hedge accounting

Further details about the bank's hedge accounting

The bank uses fair value hedging, where securities issuances are part of a hedging relationship with individually adapted hedging derivatives. As at 31.12.2023, all of the hedging instruments and hedging objects in the bank's hedging arrangements have the same principal as well as the same duration and coupon for the fixed leg (1:1 hedging).

With the exception of two smaller loans that the bank is due to repay within 3 months, where the loans are somewhat overcollateralised up to the final due date. The fixed rate is swapped to a floating rate on a 3-month basis.

Group 31.12.2023

Information about hedging instruments

Type of hedging instrument	Nominal amount of hedging instrument	Capitalised amount of hedging instrument		Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate agreements	4 085 000	3 378	95 613	Financial derivatives	22 168
Total	**4 085 000**	**3 378**	**95 613**		**22 168**

Information about hedging objects

Type of hedging object	Nominal amount of hedging object	Capitalised amount of hedging object[1]	Accumulated change in value of hedging object due to fair value hedging	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Fair value hedging (interest rate risk)					
Securities issued in NOK	3 705 000	3 662 208	-121 176	Securities issued	-23 217
Total	**3 705 000**	**3 662 208**	**-121 176**		**-23 217**

Information on ineffectiveness in hedging

Ineffectiveness is recognised through ordinary profit or loss (gain/loss on financial instruments)	**(1 049)**

1 Carrying amount of hedging object includes accrued (not capitalised) interest but is not part of the change in value of the hedging object..

Parent Bank 31.12.2023

Information about hedging instruments

Type of hedging instrument	Nominal amount of hedging instrument	Capitalised amount of hedging instrument		Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Renteavtaler	1 660 000	23 151	51 572	Financial derivatives	15 290
Sum	**1 660 000**	**23 151**	**51 572**		**15 290**

Information about hedging objects

Type of hedging object	Nominal amount of hedging object	Capitalised amount of hedging object[1]	Accumulated change in value of hedging object due to fair value hedging	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Fair value hedging (interest rate risk)					
Securities issued in NOK	1 480 000	1 457 092	-41 739	Securities issued	-16 444
Total	**1 480 000**	**1 457 092**	**-41 739**		**-16 444**

Information on ineffectiveness in hedging

Ineffectiveness is recognised through ordinary profit or loss (gain/loss on financial instruments)	**(1 154)**

1 Carrying amount of hedging object includes accrued (not capitalised) interest but is not part of the change in value of the hedging object..

15 Financial derivatives and hedge accounting

Group 31.12.2022

Information about hedging instruments

Type of hedging instrument	Nominal amount of hedging instrument	Capitalised amount of hedging instrument: Assets	Capitalised amount of hedging instrument: Liabilities	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Interest rate agreements	4 574 000	22 563	127 322	Financial derivatives	-147 419
Total	**4 574 000**	**22 563**	**127 322**		**-147 419**

Information about hedging objects

Type of hedging object	Nominal amount of hedging object	Capitalised amount of hedging object[1]	Accumulated change in value of hedging object due to fair value hedging	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Fair value hedging (interest rate risk)					
Securities issued in NOK	4 574 000	4 486 916	-144 940	Securities issued	147 419
Total	**4 574 000**	**4 486 916**	**-144 940**		**147 419**

Information on ineffectiveness in hedging

Ineffectiveness is recognised through ordinary profit or loss (gain/loss on financial instruments)

1 Carrying amount of hedging object includes accrued (not capitalised) interest but is not part of the change in value of the hedging object..

Parent Bank 31.12.2022

Information about hedging instruments

Type of hedging instrument	Nominal amount of hedging instrument	Capitalised amount of hedging instrument: Assets	Capitalised amount of hedging instrument: Liabilities	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Interest rate agreements	1 949 000	42 919	84 659	Financial derivatives	-45 723
Total	**1 949 000**	**42 919**	**84 659**		**-45 723**

Information about hedging objects

Type of hedging object	Nominal amount of hedging object	Capitalised amount of hedging object[1]	Accumulated change in value of hedging object due to fair value hedging	Line item on balance sheet	Changes in fair value used to calculate ineffectiveness
Fair value hedging (interest rate risk)					
Securities issued in NOK	1 949 000	1 913 428	-58 182	Securities issued	45 723
Total	**1 949 000**	**1 913 428**	**-58 182**		**45 723**

Information on ineffectiveness in hedging

Ineffectiveness is recognised through ordinary profit or loss (gain/loss on financial instruments)

1 Carrying amount of hedging object includes accrued (not capitalised) interest but is not part of the change in value of the hedging object.

16 Liquidity risk

Liquidity risk is the risk of incurring losses due to the bank's inability to meet all payment obligations when they fall due, or that this can only be done at additional costs, or that the bank is unable to finance planned lending growth.

The bank's Board of Directors has set limits against which liquidity risk is measured and managed. Frameworks have been established in the following areas:

- Liquidity Coverage Ratio
- Net Stable Funding Ratio
- Liquidity frameworks
- Stress testing
- Foreign financing
- Concentration risk
- Deposits (objective of deposit-to-loan ratio)

Liquidity Coverage Ratio (LCR)

LCR addresses the importance of having a stock of high-quality liquid assets to survive a liquidity disposal for a stress period of 30 days. The Group's target for LCR has been set at a minimum of 110% for all currencies combined. That means, the bank must have immediate liquid assets that meet and exceed the aforementioned stressed liquidity disposal.

Net Stable Funding Ratio (NSFR)

NSFR addresses the importance of having stable long-term funding sources over 1 year. The Group aims to have an NSFR of more than 105% at all times.

Liquidity frameworks

The bank has defined liquidity frameworks for minimum liquidity holdings if foreign financing maturity and known payments are considered. Liquid assets shall at minimum constitute maturity of bonds to maturity and known payments within 3 months. Strategic liquidity shall at minimum constitute maturity of bonds to maturity and known payments within 6 months.

Stress testing

Stress tests are carried out to show the Group's need for liquidity reserves based on future recession-related scenarios. The Group has established frameworks for how long the bank can operate without the supply of new capital, given defined stress situations and with a specified minimum of liquidity holdings.

Liquidity is stressed out of three types of crises, with different scenarios:

- Banking crisis (challenging and very challenging scenario)
- Market crisis (challenging and very challenging scenario)
- Combined crisis (extreme scenario)

Foreign financing and concentration risk

Foreign financing via various funding instruments in the capital market is used as a supplement to deposit financing. The bank's management objective is to maintain a balanced maturity structure on its equity portfolio from the capital market. Date due on loans vary, and the bank refinances these well before maturity to reduce liquidity risk.

The concentration risk is also controlled through the spread of loans in various markets, funding sources, instruments and terms to maturity.

Deposits

In order to be less dependent on foreign financing, targets for deposit-to-loan ratio have been set at a minimum of 48 % in the Sandnes Sparebank Group. At the same time, frameworks have been put in place for the extent of large deposits, for this purpose specified as deposits of more than NOK 50 million, to reduce the liquidity risk.

Other conditions

Settlement risk, which arises, among other things, in connection with payment services as a result of not all transactions taking place in the present and in connection with derivative trading, also entails counterparty risk. Sandnes Sparebank has agreements with its largest counterparties in derivative trading through the International Swap Dealer Association (ISDA). Such agreements reduce the settlement risk associated with derivative trading.

A separate liquidity strategy has been prepared, which the Board of Directors processes at least annually following updates proposed by the Head of Risk Management and Head of Treasury. The liquidity strategy puts in place frameworks that take into account future liquidity needs. Compliance with frameworks is monitored in risk reports and reported at least quarterly to the bank's Board of Directors and Risk Committee.

The bank has prepared its own contingency plan to ensure concrete action in the event of liquidity crises. The contingency plan must be approved by the bank's Board of Directors. The liquidity crisis entails that the bank gets into a situation where liquidity is not available to meet the bank's ongoing obligations or satisfactory liquidity to carry out payment transactions for its customers. The contingency plan shall ensure the flow of information to the bank's management group and Board of Directors, as well as provide clear responsibilities to the individual areas of the bank. The flow of information and assigned liability shall help the bank make decisions to try to replace lost cash flows on a correct and sufficient basis of information.

Liquidity management process

The responsibility for the Group's day-to-day liquidity management has been delegated to the Treasury Department. The department follows up the Group's cash flow daily to ensure that daily payments can be made. This follow-up includes close dialogue with the bank's credit departments, as well as daily contact with the loan market.

As part of the liquidity management, the Treasury Department also manages the bank's strategic liquidity portfolio. Also included in this portfolio are liquid securities that can be quickly introduced as liquidity in the event of unexpected effects on the bank's cash flow.

16 Liquidity risk

Remaining period to maturity, main items[1]

Group 31.12.2023	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No residual maturity	2023
Liabilities to credit institutions	51 234						51 234
Deposits from customers	10 722 029	3 449 645	380 469	10 240			14 562 382
Securities issued		186 105	3 301 657	11 348 550	599 646		15 435 958
Other liabilities						301 132	301 132
Subordinated loans				322 007			322 007
Hybrid capital as equity				100 000			100 000
Financial derivatives, gross settlement	22 283	57 622	76 707	178 510	42 413		377 535
Contractual interest payments	69 134	99 414	140 512	225 186	21 480		555 726
Total disbursements	**10 864 680**	**3 792 785**	**3 899 346**	**12 184 493**	**663 539**	**301 132**	**31 705 975**

Group 31.12.2022	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No residual maturity	2022
Liabilities to credit institutions	104 380						104 380
Deposits from customers	10 623 436	2 292 660	298 856	150 326			13 365 278
Securities issued	278 016		1 127 948	12 258 341	899 278		14 563 582
Other liabilities						274 489	274 489
Subordinated loans		47 000		322 413			369 413
Hybrid capital as equity				100 000			100 000
Financial derivatives, gross settlement	24 331	60 851	86 854	196 508	55 055		423 598
Contractual interest payments	34 042	92 550	127 814	309 693	44 100		608 200
Total disbursements	**11 064 205**	**2 493 061**	**1 641 472**	**13 337 280**	**998 432**	**274 489**	**29 808 940**

Parent Bank 31.12.2023	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No residual maturity	2023
Liabilities to credit institutions	51 234						51 234
Deposits from customers	10 934 741	3 449 645	380 469	10 240			14 775 095
Securities issued		173 402	399 965	3 208 163			3 781 530
Other liabilities						270 370	270 370
Subordinated loans				322 007			322 007
Hybrid capital as equity				100 000			100 000
Financial derivatives, gross settlement	12 826	35 614	65 016	178 510	42 413		334 380
Contractual interest payments	13 672	35 996	40 565	60 336			150 569
Total disbursements	**11 012 474**	**3 694 657**	**886 015**	**3 879 256**	**42 413**	**270 370**	**19 785 185**

Parent Bank 31.12.2022	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	No residual maturity	2022
Liabilities to credit institutions	291 685						291 685
Deposits from customers	10 624 697	2 292 660	298 856	150 326			13 366 538
Securities issued	278 016		284 572	3 420 815			3 983 403
Other liabilities						246 460	246 460
Subordinated loans		47 000		322 413			369 413
Hybrid capital as equity				100 000			100 000
Financial derivatives, gross settlement	17 403	41 986	80 126	196 508	55 055		391 077
Contractual interest payments	13 285	28 276	44 659	102 258			188 477
Total disbursements	**11 225 087**	**2 409 921**	**708 213**	**4 292 320**	**55 055**	**246 460**	**18 937 055**

1 Cash flows related to liabilities with an agreed term to maturity are based on nominal contract sizes inclusive of estimated interest payments up to the maturity date.

17 Net interest income

Group 2023	Group 2022	Net interest income	Parent Bank 2023	Parent Bank 2022
		INTEREST INCOME MEASURED USING THE EFFECTIVE INTEREST METHOD:		
25 353	13 591	Interest income on loans to credit institutions	91 332	42 163
1 467 079	852 511	Interest income on loans to customers	853 337	552 675
21 768	12 467	Interest income on securities	21 768	12 467
(45)	(63)	Other interest income	(448)	(63)
1 514 154	**878 506**	**Total interest income measured using the effective interest method**	**965 988**	**607 241**
		INTEREST INCOME MEASURED AT FAIR VALUE:		
35 876	35 700	Interest income on loans to customers	35 876	35 700
123 733	61 603	Interest income on securities	90 763	45 761
50 523	10 884	Interest income on financial derivatives (excl. hedging instruments)	50 523	10 884
5 442	3 024	Other interest income	5 442	3 024
215 573	**111 210**	**Total interest income measured at fair value**	**182 603**	**95 369**
1 729 727	**989 716**	**Total interest income**	**1 148 591**	**702 610**
		INTEREST EXPENSES		
6 576	6 308	Interest expenses on deposits from credit institutions, measured using the effective interest method	6 573	13 739
355 997	134 436	Interest expenses on deposits from customers, measured using the effective interest method	367 301	134 768
30 652	5 292	Interest expenses on deposits from customers, measured at fair value	30 652	5 292
20 241	10 342	Interest expenses on subordinated loan capital, measured using the effective interest method	20 241	10 342
599 518	324 112	Interest expenses on securities, measured using the effective interest method	138 014	105 056
87 803	376	Interest on financial derivatives as hedging instruments[1]	44 639	4 639
3 725	3 707	Interest expenses on lease liabilities (IFRS 16)	3 725	3 707
9 647	9 456	Other interest expenses	7 796	7 475
1 114 159	**494 029**	**Total interest expenses**	**618 941**	**285 019**
615 567	**495 687**	**Net interest income**	**529 650**	**417 591**

1 Applies to interest on derivatives that are part of hedge accounting

18 Net commission income

Group 2023	Group 2022	Net commission income	Parent Bank 2023	Parent Bank 2022
4 826	5 346	Guarantee commission	4 826	5 346
6 840	5 395	Distribution and management of securities	6 840	5 395
34 470	36 532	Money transfer services[1]	34 440	36 504
16 594	15 004	Insurance	16 594	15 004
1 947	2 050	Other charges	14 094	14 122
64 677	64 326	Commission income and income from banking services	76 793	76 371
-11 619	-11 053	Commission costs and costs from banking services	-11 619	-11 053
53 057	**53 273**	**Net commission income and income from banking services**	**65 174**	**65 318**
27 844	27 764	Brokerage fees		
14 689	12 315	Other commission income from real estate brokerage		
42 533	**40 079**	Net commission income from real estate brokerage		
95 590	**93 352**	**Total net commission income**	**65 174**	**65 318**

1 Account charges, self-service charges and other service charges were moved from "Other charges" to "Money transfer services" in 2023. The figures for 2022 have been restated accordingly.

19 Net gain/loss on financial instruments and dividends/ income from ownership interests

Group 2023	Group 2022	Net gain/loss on financial instruments	Parent Bank 2023	Parent Bank 2022
		Net gain/loss on financial instruments at fair value		
-16 474	89 658	Net gain/loss on currency and financial derivatives	-16 474	89 658
11 261	-50 832	Net change in value of loans and advances	11 261	-50 832
3 497	-48 488	Net gain/loss on interest-bearing securities	5 327	-44 238
10 403	-988	Net gain/loss on equities	10 403	-988
-1 486	1 725	Net change in value of financial liabilities	-1 485	1 725
7 201	**-8 925**	**Net gain/loss on financial instruments at fair value**	**9 033**	**-4 675**
		Net change in value of hedged items		
22 168	-145 695	Net change in value of financial derivatives, hedging	15 290	-43 998
-23 217	145 695	Net change in value of hedged financial liabilities	-16 444	43 998
-1 049		**Net change in value of hedged items** [1]	**-1 154**	
		Net gain/loss on liabilities at amortised cost		
	-430	Net gain/loss on securities issued at amortised cost [2]		
	-430	**Net gain/loss on liabilities at amortised cost**		
6 152	**-9 355**	**Net gain/loss on financial instruments**	**7 879**	**-4 675**

1 The bank uses hedge accounting for long-term funding. Please see note 15.
2 Net gain/loss on liabilities at amortised cost applies to purchasing premiums upon buy-back/refinancing of bond debt before final maturity.

19 Net gain/loss on financial instruments and dividends/ income from ownership interests

Group 2023	Group 2022	Dividends and income from ownership interests	Parent Bank 2023	Parent Bank 2022
		Dividends		
		Dividends from group companies recognised as income	50 600	1 200
48 323	60 637	Dividends from other in recognised as income	48 323	60 637
48 323	**60 637**	**Dividends recognised as income**	**98 923**	**61 837**
		Income from ownership interests in associates		
5 446	4 903	Consolidated profit contributions from associates	5 446	4 903
		Other income from associates		
5 446	**4 903**	**Income from ownership interests in associates**	**5 446**	**4 903**
53 769	**65 540**	**Dividends and income from ownership interests in associates**	**104 369**	**66 740**

20 Other operating income

Group 2023	Group 2022	Other operating income	Parent Bank 2023	Parent Bank 2022
1 895	1 346	Leasing of real estate	2 426	1 824
2 156	2 907	Other income	2 156	2 907
4 051	**4 253**	**Other operating income**	**4 583**	**4 731**

21 Other operating costs

Group 2023	Group 2022	Operating costs	Parent Bank 2023	Parent Bank 2022
154 915	132 540	Wages	123 793	105 164
14 021	12 582	Pensions [1]	12 576	11 341
35 328	34 673	Social costs	34 566	34 107
204 264	**179 795**	**Personnel costs**	**170 936**	**150 612**
5 080	4 530	Operating costs properties and premises	5 080	4 530
1 989	367	Rent [2]	351	367
479	969	Other operational leases [2]	417	379
84 834	71 353	IT costs [3]	83 996	70 627
14 304	13 031	Marketing and information	12 880	12 113
7 220	8 031	Other administrative costs	6 611	7 110
194	35	Consultancy fees	53	12
3 825	3 300	Wealth tax	3 825	3 300
28 326	26 295	Other operating costs [4]	20 787	20 107
146 251	**127 913**	**Total other operating costs**	**134 000**	**118 545**
18 192	16 385	Depreciation	17 011	15 206
18 192	**16 385**	**Total depreciation and impairments**	**17 011**	**15 206**
368 707	**324 093**	**Total operating costs**	**321 947**	**284 363**

1 See specification of pension costs below
2 In line with IFRS 16, the bank's lease costs (rent/other leases) are primarily presented as interest expenses and depreciation. Recognised lease costs relate to short-term leases and low value leases (which are exempt from IFRS 16). Please also see the further information in note 33.
3 Recognised IT costs for 2023 include an extraordinary charge of NOK 25.8 (11.8) million from the switch to the new core banking system ("conversion costs"). The costs are accrued and invoiced and the project had been completed as at 31.12.2023.
4 Other operating costs include accrued costs related to legal and financial advice in connection with the planned merger with Hjelmeland Sparebank. NOK 2.4 million was charged in 2023. Technical and legal merger costs will be charged in 2024.

21 Other operating costs

Fees for external auditor

For the Group, fees for the statutory audit amounted to NOK 1 552 202 (NOK 1 739 328), while fees for tax advice, attestation and other assistance amounted to NOK 314 421 (NOK 409 860) in 2023.

For the parent bank, fees for the statutory audit amounted to NOK 1 153 594 (NOK 1 436 903), while fees for tax advice, attestation and other assistance amounted to NOK 217 645 (NOK 223 548) in 2023. All amounts are inclusive of VAT.

Group		Specification of pension costs[1]	Parent Bank	
2023	2022		2023	2022
11 735	10 626	Cost of defined contribution pensions	10 291	9 385
222	148	Cost of defined benefit pensions, in line with note 23	222	148
2 064	1 808	Costs of contractual early retirement pensions (AFP)	2 064	1 808
14 021	**12 582**	**Total pension costs**	**12 576**	**11 341**

Group		No. of employees/FTEs	Parent Bank	
2023	2022		2023	2022
158	155	No. of employees as at 31.12	130	128
154	151	No. of FTEs as at 31.12	127	125
160	150	Average no. of employees	132	125
155	146	Average no. of FTEs	128	122

22 Remuneration

Remuneration requirements are regulated in chapter 15, sections 15-1 to 15-6 of the Financial Institutions Act

The provisions safeguard the provisions of the EU Capital Requirements Directive (CRD IV) on good remuneration schemes to reduce excessive risk-taking and promote sound and effective risk management in financial enterprises.

Based on these regulations, the bank established a special remuneration committee on 15 December 2010. The committee consists of 4 board members, of whom 1 is an employee representative.

The provisions impose a direct responsibility on the Board of Directors to ensure that:

- The bank develops a remuneration scheme for all its employees that is suitable for promoting the purpose of the regulation, and that the bank's wage and bonus systems are practised in accordance with this remuneration scheme.

- The remuneration scheme complies with the bank's overall objectives, risk tolerance and long-term interests.

- The remuneration scheme contains special rules for executive employees, elected representatives and employees with tasks in internal control and risk management. The Board of Directors shall also ensure that the composition of fixed and variable pay for such employees is balanced, and that at least half of any bonus payments are made in the form of equity certificates if the bonus exceeds 12.5% of the base pay. Bonus payments in the form of equity certificates cannot be utilized freely by the individual earlier than evenly distributed over a period of at least three years. The basis for variable remuneration must be a period of at least two years.

- The bank has a remuneration committee that is responsible for preparatory work in all matters concerning the remuneration scheme that must be decided by the Board of Directors.

The bank has prepared a remuneration policy. No significant changes have been made to the bank's remuneration policy during 2023.

The purpose of the remuneration policy of Den Gule Banken, Sandnes Sparebank, is to attract employees with the expertise the bank needs, further develop and retain key expertise, as well as motivate long-term and continuous development to achieve the bank's business goals.

The remuneration may consist of the following elements:

- **Fixed base pay.** The bank aims to offer market wages. On this basis, fixed base pay is adjusted annually based on the performance of the individual manager's field of work and responsibility. The CEO determines a change in basic pay for the members of the bank's management group. The remuneration committee regulates the CEO's salary, which is determined by the Board of Directors.

- **Benefits** in kind that include telephone/mobile phone, newspaper/journal, home office arrangement and occasionally car arrangement. In addition, loans and banking services are granted at separate terms in accordance with same regulations as other employees.

- **Bonuses.** The bank's employees are covered the bank's current bonus scheme at all times. All permanent employees in the parent bank are covered by a group bonus model. The calculation is based on actual return on equity and client satisfaction. The model paid 2.6% of the basic pay for all employees for the 2022 income year with a payout in 2023. The Board of Directors has the opportunity to reduce the bonus if special considerations are required. In addition, advisers with direct sales responsibility also have the possibility of receiving bonuses based on their KPIs, with a limit of NOK 55 000 per employee per year.

- Employees at the bank have the opportunity to buy discounted equity certificates with Sandnes Sparebank once a year. The equity certificate is purchased at a 33% discount, with savings of up to 7.5% of fixed base pay or up to NOK 5000 per month. Purchase entails one year of contribution time and then a one-year required savings period, a total of two years.

- **Pension scheme:** executive employees have a defined contribution pension scheme for income up to 12G, following the current arrangements for the bank's employees. The pensionable age for the bank's employees is 70 years, with the possibility of a contractual early retirement scheme (AFP) from the age of 62 following the current schemes in the financial sector.

Total expenses for wages, pension and other remunerations for the bank's management group, the Board of Directors and the Board of Trustees are shown in the following table. The amounts entered are totals for the entire year or from the date of employment if the executive was employed during the year.:

22 Remuneration

Total expenses for salary, pension and other renumeration

Management group 2023

		Wages	Of which wage comp.[3]	Of which bonus paid	Of which other benefits	Loans as at 31.12 [4]	No. of equity certificates owned as at 31.12
CEO	Trine Karin Stangeland	3 401		68	165	10 423	30 209
CFO	Tomas Nordbø	2 373		48	108	7 535	32 579
Director Retail Market	Erik Kvia Hansen	1 807		37	61	6 111	4 741
Director Communications	Ingrid O. Fure Schøpp [3]	1 761	159	33	49	1 292	11 747
Director Corporate Market	Lars Kristiansen	2 204		45	56	5 818	3 970
Director Customer Experience	Lene Nordahl	1 516		30	76	4 773	5 484
Director HR	Stein Haga	1 334	75	25	66	1 959	12 871

Management group 2022

		Wages	Of which wage comp.[3]	Of which bonus paid	Of which other benefits	Loans as at 31.12 [4]	No. of equity certificates owned as at 31.12
CEO	Trine Karin Stangeland	3 501		242	232	11 537	26 556
CFO	Tomas Nordbø	2 438		169	145	7 345	30 014
Director Retail Market	Erik Kvia Hansen	1 827		129	80	7 160	4 076
Director Communications	Ingrid O. Fure Schøpp [3]	1 802	159	117	67	1 192	10 746
Director Corporate Market	Lars Kristiansen	1 980		41	96	6 068	2 827
Director Customer Experience	Lene Nordahl	1 533		105	95	5 150	4 483
Director HR	Stein Haga	1 364	75	89	80	2 100	11 518

The stated amounts are totals for the whole year, or from date of employment if the officer was hired during the year.

22 Remuneration

The Board of Directors

		Fees		Loans as at 31.12		No. of equity certificates owned as at 31.12	
		2023	2022	2023	2022	2023	2022
Chair of the Board	Harald Espedal	329	323			886 861	886 861
Deputy Chair	Frode Svaboe [2]	276	268			10 200	10 200
Board member	Sven Christian Ulvatne [2]	183	180			9 300	9 300
Board member	Bjørg Tomlin	164	161				
Board member	Astrid Rebekka Norheim	164	161			6 827	6 616
Board member	Wenche Drønen Christenssen [2]	186	180			2 240	2 240
Board member	Ingunn Ruud [1/2]	186	180	6 054	6 279	1 215	676
Board member	Joakim De Haas [1]	164	161	3 919	4 080	2 464	1 993

Board of Trustees

		2023	2022
Chair	Ørjan Gjerde	95	93
Member	Jan Erik Anfinsen	3	3
Member	Svein Anfinsen	3	3
Member	Jo Michael Asbjørnsen	3	3
Member	Garmann Auklend	3	3
Member	Per Øyvind Berge		3
Member	Anders Bjørndal [1]	3	3
Member	Pål Morten Borgli	3	
Member	Anne Lise Elle [1]	3	3
Member	Inger-Lise Erga	3	3
Member	Olav Kristian Falnes	3	3
Member	Daniel Friestad [1]		3
Member	Thor Erik Gilje [1]	3	3
Member	Dag Halvorsen	3	3
Member	Eli Norheim Halvorsen		3
Member	Kristine Nebdal Haver [1]	3	3
Member	Terese Albuquerque Helleland [1]	3	3
Member	Pål Hetland	3	
Member	Ragnhild Hildonen		3
Member	Njål Kollbotn [1]	3	3
Member	Gunn Jane Håland		3

		2023	2022
Member	Bente Løyning	3	3
Member	Geir Mikalsen	3	3
Member	Hanne Brit Nordbø		3
Member	Lisbeth Lindsay Nordhagen [1]	3	3
Member	Arne Oftedal	3	3
Member	Elisabeth Rosbach [1]	3	3
Member	Mona Aadnøy Riska [1]	3	3
Member	Sveinung Skjørestad	2	
Member	Åge Skår		3
Member	Inger-Lise Slagstad [1]	3	
Member	Guttorm Stangeland		3
Member	Martin Sunde	3	3
Member	Tine Svanes	3	3
Member	Aase Sveinsvoll		3
Member	Reidar Søndervik	3	
Member	Siv Merethe Tuftedal	3	
Member	Johan Wigerstrand	3	3
Member	Trond Wikstøl	3	3
Member	Inger Lomeland Wold	3	3
Member	Tove Wold	3	3
Member	Jan Inge Aarreberg [1]		3

1 Employee Representative.

2 Includes annual fees of NOK 32 400, NOK 19 200, NOK 21 600 and NOK 21 600 for the audit and risk committee.

3 The bank changed its pension plan for senior executives in 2012. The bank switched from a pension scheme for salaries above 12G (where G = National Insurance scheme's basic amount) to a direct wage compensation. The amounts in the wage compensation column consist of monthly payments for 2023.

4 Subsidised interest rates on employee loans. The interest rate on loans to employees is the current standard rate less 0.75%. Loans to board members and members of the Board of Trustees are provided on ordinary terms and conditions.

The holdings of the equity certificate holders listed above include equity certificates held by their spouse, children who are minors and companies in which the person concerned owns a controlling interest as stated in section 1-3(2)) of the Limited Liability Companies Act.

23 Pensions

Den Gule Banken, Sandnes Sparebank, has a defined-contribution scheme that satisfies the requirements of the Occupational Pension Schemes Act.

The bank has offered a defined-contribution pension for new employees since 01.01.2007. Following the restructuring, some individuals employed before 1 January 2007 also switched from the defined-benefit scheme to the new defined-contribution scheme. At the end of 2013, all remaining employees switched to a defined-contribution scheme. Those affected receive a routinely compensation in the form of wages.

The parent bank additionally has an AFP scheme. The old AFP scheme was discontinued in February 2010. As a replacement for the old AFP scheme, a new AFP scheme that provides a lifelong supplement to the ordinary pension has been established. The new AFP scheme is a defined-benefit multi-enterprise pension scheme, and is funded through premiums that are determined as a percentage of wages. There is currently no reliable measurement and allocation of obligations and funds in the scheme. In accounting terms, the scheme is thus treated as a defined-contribution pension scheme where premium remunerations are routinely recognised as costs, and no provisions are made in the financial statements. No premium was paid in the new scheme until 2011, at which point the premium was set at 1.4% of total payments between 1G and 7.1G to the company's employees.

The parent bank also has an operating pension for a former CEO, with payments starting at the age of 67. The calculation of the pension obligation is carried out by an external actuary. The following economic and actuarial assumptions are included:

Assumptions

	2023	2022
Discount rate	3.10 %	3.00 %
Expected annual wage increase	3.50 %	3.50 %
Adjustment of the National Insurance scheme basic amount (G)	3.25 %	3.25 %
Adjustment of current pension	2.50 %	2.50 %
Mortality table	K2013BE	K2013BE
AFP withdrawals	0.00 %	0.00 %
Expected voluntary departures before retirement age	0.00 %	0.00 %
Disability table	KU	KU

Net pension costs, defined benefit plans

Group			Parent Bank	
2023	2022		2023	2022
		Present value of pension accruals for the year		
222	148	Interest expense of accrued pension liabilities	222	148
222	148	Net pension costs	222	148
		Employers' National Insurance contributions		
222	**148**	**Total pension costs**	**222**	**148**

Costs related to deposit schemes amount to NOK 11.7 million for the Group and NOK 10.3 million for the parent bank for 2023, respectively. The corresponding figures for 2022 were NOK 10.6 million for the Group and NOK 9.4 million for the parent bank.

Costs of the new AFP scheme, which has been treated as a defined contribution pension scheme, amount to NOK 2.1 million for group and parent bank for 2023 and NOK 1.8 million for 2022.

23 Pensions

Net pension liability

Group	31.12.2023 Funded	31.12.2023 Unfunded	31.12.2023 Total	31.12.2022 Funded	31.12.2022 Unfunded	31.12.2022 Total
Accrued pension rights		7 233	7 233		7 634	7 634
Pension funds						
Calculated pension liabilities		7 233	7 233		7 634	7 634
Employer's National Insurance contributions on net liability						
Net pension liability		**7 233**	**7 233**		**7 634**	**7 634**

Parent Bank	31.12.2023 Funded	31.12.2023 Unfunded	31.12.2023 Total	31.12.2022 Funded	31.12.2022 Unfunded	31.12.2022 Total
Accrued pension rights		7 233	7 233		7 634	7 634
Pension funds						
Calculated pension liabilities		7 233	7 233		7 634	7 634
Employer's National Insurance contributions on net liability						
Net pension liability		**7 233**	**7 233**		**7 634**	**7 634**

The Group's insured schemes are underfunded. Net pension liabilities are recognised as long-term debt in the balance sheet.

Actuarial gains and losses are recognised against other comprehensive income (OCI) in the period in which they occur. For 2023, this resulted in a total income recognition of other comprehensive income (OCI) of NOK 0.1 million after tax for group and parent bank. The corresponding figure for 2022 was income recognition of NOK 0.1 million after tax for the group and the parent bank.

Group 31.12.2023	Group 31.12.2022	Reconciliation of gross pension liabilities	Parent Bank 31.12.2023	Parent Bank 31.12.2022
7 634	8 025	Opening balance	7 634	8 025
		Accruals for the year		
222	148	Interest expenses for the year	222	148
-473	-473	Payouts to retired employees	-473	-473
-148	-66	Estimate deviations recognised through OCI	-148	-66
7 234	**7 634**	**Closing balance**	**7 234**	**7 634**

Historical development (Group/Parent Bank)

Group	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Gross pension liabilities	7 233	7 634	8 025	8 005	7 810
Gross pension funds					
Employer's National Insurance contributions on net liability					
Net capitalised pension liabilities	**7 233**	**7 634**	**8 025**	**8 005**	**7 810**

The remaining net pension liabilities as at 31.12.2023 are related to an operational pension from age of 67 for a former CEO.

24 Tax

Group 2023	Group 2022	TAX EXPENSE, ORDINARY PROFIT	Parent Bank 2023	Parent Bank 2022
		Tax payable		
59 209	47 295	Tax expense for the year	43 358	32 593
-5	12	Correction of tax in prior years	-5	12
		Deferred tax		
6 695	566	Change in temporary differences	6 980	1 550
65 899	**47 874**	**Total tax on ordinary profit**	**50 333**	**34 155**

Group 2023	Group 2022	RECONCILIATION OF TAX EXPENSE AGAINST PROFIT BEFORE TAX	Parent Bank 2023	Parent Bank 2022
395 789	314 040	Profit before tax expense	377 809	252 942
109 540	76 941	25/22% of profit before tax [1]	94 452	63 235
-44 125	-29 079	Permanent differences	-44 115	-29 092
489		Non-capitalised deferred tax asset		
-5	12	Correction of tax in prior years	-5	12
65 899	**47 874**	**Total tax on ordinary profit**	**50 333**	**34 155**
17 %	15 %	Effective tax rate	13 %	14 %

Group 31.12.2023	Group 31.12.2022	RECONCILIATION OF DEFERRED TAX ASSET/DEFERRED TAX	Parent Bank 31.12.2023	Parent Bank 31.12.2022
-16 089	-16 669	Deferred tax asset/deferred tax as at 01.01	-15 215	-16 782
6 695	566	Change recognised in the income statement	6 980	1 550
37	17	Tax on OCI	37	17
-13	-2	Other items		
-9 370	**-16 089**	**Total deferred tax asset/deferred tax**	**-8 198**	**-16 782**

1 In the Group, the parent bank is subject to a25% tax rate (financial institution) while the bank's subsidiaries are subject to a 22% tax rate.

24 Tax

Deferred tax asset and deferred tax on the balance sheet distributed across temporary differences.

Group			Parent Bank	
31.12.2023	31.12.2022	DEFERRED TAX ASSET	31.12.2023	31.12.2022
736	849	Non-current assets and property, plant and equipment	679	787
-14 841	-17 623	Right-of-use assets, leases	-14 575	-17 136
19 469	21 851	Lease liabilities	19 174	21 324
-283	-353	Profit and loss account	-277	-346
1 808	1 908	Pensions	1 808	1 908
	4 380	Accounting provisions		4 380
1 389	4 298	Financial instruments	1 389	4 298
1 253	932	Current assets		
9 532	**16 241**	**Total deferred tax asset**	**8 198**	**15 215**

31.12.2023	31.12.2022	DEFERRED TAX	31.12.2023	31.12.2022
162	152	Financial instruments		
162	**152**	**Total deferred tax**		

Deferred tax and deferred tax asset are recognised net at a company level.

The non-capitalised deferred tax asset includes a loss that can be carried forward in the subsidiary Aktiv Eiendomsmegling Jæren AS. As at 31.12.2023, this amounts to NOK 2.2 million.

25 Classification of financial instruments

The following tables present the classification of financial assets and liabilities as at the balance sheet date in line with IFRS 9.

For a further description of the classification of financial instruments, please see note 2.

Group 31.12.2023	Amortised cost	Fair value through profit or loss (mandatory)	Fair value through profit or loss (optional)	Hedge accounting	Fair value through OCI	Equity method [1]	Non-financial assets and liabilities	Total
ASSETS								
Cash and receivables from central banks	355 887							355 887
Loans to and receivables from credit institutions	106 667							106 667
Loans to customers	28 059 792		1 331 050					29 390 842
Certificates and bonds	580 723	2 900 634						3 481 357
Equities		175 236						175 236
Ownership interests in associates						34 855		34 855
Financial derivatives		94 056		3 378				97 434
Retained earnings							11 048	11 048
Financial instruments with change in value through OCI					668 908			668 908
Other assets							92 813	92 813
Total assets	**29 103 069**	**3 169 927**	**1 331 050**	**3 378**	**668 908**	**34 855**	**103 861**	**34 415 046**
LIABILITIES								
Liabilities to credit institutions	51 234							51 234
Deposits from customers	13 823 189		739 193					14 562 382
Securities issued	11 732 559			3 703 399				15 435 958
Financial derivatives		21 918		95 613				117 530
Accrued costs							36 991	36 991
Subordinated loan capital	322 007							322 007
Other liabilities							253 233	253 233
Provisions	3 674						7 233	10 908
Total liabilities	**25 932 663**	**21 918**	**739 193**	**3 799 012**			**297 458**	**30 790 244**

1 Ownership interests in associates that are recognised in line with the equity method are not covered by the IFRS 9 standard but are included in the overview as they are financial assets.

25 Classification of financial instruments

Group 31.12.2022	Amortised cost	Fair value through profit or loss (mandatory)	Fair value through profit or loss (optional)	Hedge accounting	Fair value through OCI	Equity method[1]	Non-financial assets and liabilities	Total
ASSETS								
Cash and receivables from central banks	387 987							387 987
Loans to and receivables from credit institutions	114 207							114 207
Loans to customers	25 676 548		1 287 238					26 963 787
Certificates and bonds	612 539	3 020 666						3 633 205
Equities		228 722						228 722
Ownership interests in associates						34 359		34 359
Financial derivatives		128 701		22 563				151 265
Retained earnings							21 441	21 441
Financial instruments with change in value through OCI					568 353			568 353
Other assets							117 440	117 440
Total assets	**26 791 281**	**3 378 089**	**1 287 238**	**22 563**	**568 353**	**34 359**	**138 881**	**32 220 764**
LIABILITIES								
Liabilities to credit institutions	104 380							104 380
Deposits from customers	12 670 977		694 301					13 365 278
Securities issued	10 076 666			4 486 916				14 563 582
Financial derivatives		19 418		127 322				146 741
Accrued costs							52 536	52 536
Subordinated loan capital	369 413							369 413
Other liabilities							208 337	208 337
Provisions	5 795						7 822	13 616
Total liabilities	**23 227 230**	**19 418**	**694 301**	**4 614 238**			**268 695**	**28 823 883**

1 Ownership interests in associates that are recognised in line with the equity method are not covered by the IFRS 9 standard but are included in the overview as they are financial assets.

25 Classification of financial instruments

Parent Bank 31.12.2023	Amortised cost	Fair value through profit or loss (mandatory)	Fair value through profit or loss (optional)	Hedge accounting	Fair value through OCI	Equity method[1]	Non-financial assets and liabilities	Total
ASSETS								
Cash and receivables from central banks	355 887							355 887
Loans to and receivables from credit institutions	106 113							106 113
Loans to customers	11 275 784		1 331 050		2 782 179			15 389 014
Certificates and bonds	580 723	2 288 592						2 869 314
Equities		175 236						175 236
Ownership interests in associates						34 855		34 855
Financial derivatives		94 056		23 151				117 208
Retained earnings							11 048	11 048
Financial instruments with change in value through OCI					668 908			668 908
Other assets	2 752 461						69 838	2 822 300
Total assets	**15 070 969**	**2 557 884**	**1 331 050**	**23 151**	**3 451 087**	**34 855**	**80 886**	**22 549 883**
LIABILITIES								
Liabilities to credit institutions	51 234							51 234
Deposits from customers	14 035 902		739 193					14 775 095
Securities issued	2 324 438			1 457 092				3 781 530
Financial derivatives		21 918		51 572				73 489
Accrued costs							32 482	32 482
Subordinated loan capital	322 007							322 007
Other liabilities							227 048	227 048
Provisions	3 607						7 233	10 840
Total liabilities	**16 737 187**	**21 918**	**739 193**	**1 508 664**			**266 763**	**19 273 725**

Parent Bank 31.12.2022	Amortised cost	Fair value through profit or loss (mandatory)	Fair value through profit or loss (optional)	Hedge accounting	Fair value through OCI	Equity method[1]	Non-financial assets and liabilities	Total
ASSETS								
Cash and receivables from central banks	387 987							387 987
Loans to and receivables from credit institutions	113 940							113 940
Loans to customers	11 535 594		1 287 238		2 229 877			15 052 709
Certificates and bonds	612 539	2 146 567						2 759 106
Equities		228 722						228 722
Ownership interests in associates						34 359		34 359
Financial derivatives		128 701		42 919				171 620
Retained earnings							14 602	14 602
Financial instruments with change in value through OCI					568 353			568 353
Other assets	1 987 440						92 835	2 080 274
Total assets	**14 637 499**	**2 503 990**	**1 287 238**	**42 919**	**2 798 230**	**34 359**	**107 437**	**21 411 672**
LIABILITIES								
Liabilities to credit institutions	291 685							291 685
Deposits from customers	12 672 238		694 301					13 366 538
Securities issued	2 069 975			1 913 428				3 983 403
Financial derivatives		19 418		84 659				104 078
Accrued costs							48 015	48 015
Subordinated loan capital	369 413							369 413
Other liabilities							184 942	184 942
Provisions	5 681						7 822	13 503
Total liabilities	**15 408 992**	**19 418**	**694 301**	**1 998 087**			**240 779**	**18 361 577**

1 Ownership interests in associates that are recognised in line with the equity method are not covered by the IFRS 9 standard but are included in the overview as they are financial assets.

26 Fair value of financial instruments

Fair value of financial instruments measured at amortised cost

Group

	31.12.2023		31.12.2022	
	Carrying value	Fair value	Carrying value	Fair value
ASSETS				
Cash and receivables from central banks	355 887	355 887	387 987	387 987
Loans to and receivables from credit institutions	106 667	106 667	114 207	114 207
Loans to customers	28 059 792	28 059 792	25 676 548	25 676 548
Certificates and bonds	580 723	576 011	612 539	609 828
Total assets	**29 103 069**	**29 098 357**	**26 791 281**	**26 788 571**
LIABILITIES				
Liabilities to credit institutions	51 234	51 234	104 380	104 380
Deposits from and liabilities to customers	13 823 189	13 823 189	12 670 977	12 670 977
Securities issued [1]	15 435 958	15 318 507	14 563 582	14 491 177
Subordinated loan capital	322 007	324 088	369 413	368 172
Provisions	3 674	3 674	5 795	5 795
Total liabilities	**29 636 062**	**29 520 693**	**27 714 146**	**27 640 500**

Parent Bank

	31.12.2023		31.12.2022	
	Carrying value	Fair value	Carrying value	Fair value
ASSETS				
Cash and receivables from central banks	355 887	355 887	387 987	387 987
Loans to and receivables from credit institutions	106 113	106 113	113 940	113 940
Loans to customers	11 275 784	11 275 784	11 535 594	11 535 594
Certificates and bonds	580 723	576 011	612 539	609 828
Other assets	2 752 461	2 752 461	1 987 440	1 987 440
Total assets	**15 070 969**	**15 066 257**	**14 637 499**	**14 634 788**
LIABILITIES				
Liabilities to credit institutions	51 234	51 234	291 685	291 685
Deposits from and liabilities to customers	14 035 902	14 035 902	12 672 238	12 672 238
Securities issued [1]	3 781 530	3 759 243	3 983 403	3 939 734
Subordinated loan capital	322 007	324 088	369 413	368 172
Provisions	3 607	3 607	5 681	5 681
Total liabilities	**18 194 280**	**18 174 074**	**17 322 420**	**17 277 510**

1 Securities issued include fixed rate bonds included in hedge accounting.

26 Fair value of financial instruments

With respect to financial instruments of short duration (less than three months), book value is assumed to represent fair value. This assumption is also used for deposits and savings accounts without a specific maturity.

Loans to/deposits from customers valued at amortised cost includes floating rate loans and deposits. Floating rate loans and deposits are adjusted by interest rate changes in the market as well as by changing credit risk. The Group therefore considers fair value on such products to be approximately equal to carrying value. Loans that do not satisfy this ongoing repricing assumption are individually valued at fair value per the balance sheet date. Any increment values or debasements that will arise within an interest rate change period are not considered to constitute significant value to the Group.

Financial instruments rated at fair value

The Group employs the following valuation hierarchy when calculating fair value for financial instruments:

Level 1 – Observed prices in an active market for the current asset or liability.
Level 2 – Noted prices in an active market for similar assets or liabilities, or any other valuation method where all material input is based on observable market data.
Level 3 – Valuation techniques that are essentially not based on observable market data.

Fair value valuation

at end of the period based on the valuation hierarchy

Group	Level 1	Level 2	Level 3	Total as at 31.12.2023
Financial instruments at fair value through profit or loss				
Loans to customers			1 331 050	1 331 050
Certificates and bonds		2 900 634		2 900 634
Equities	55 440	52 254	67 542	175 236
Financial derivatives		94 056		94 056
Financial derivatives, hedging instrument		3 378		3 378
Financial instruments at fair value through OCI				
Equities			668 908	668 908
Total assets	**55 440**	**3 050 322**	**2 067 500**	**5 173 263**
Financial instruments at fair value through profit or loss				
Deposits from customers		739 193		739 193
Financial derivatives		21 918		21 918
Financial derivatives, hedging instruments		95 613		95 613
Total liabilities		**856 724**		**856 724**

Amortised cost valuation

at end of the period based on the valuation hierarchy

Group	Level 1	Level 2	Level 3	Total as at 31.12.2023
Financial assets at amortised cost				
Cash and receivables from central banks		355 887		355 887
Loans to and receivables from credit institutions		106 667		106 667
Loans to customers		28 059 792		28 059 792
Certificates and bonds		580 723		580 723
Total assets		**29 103 069**		**29 103 069**
Financial liabilities at amortised cost				
Liabilities to credit institutions		51 234		51 234
Deposits from customers		13 823 189		13 823 189
Securities issued [1]		15 435 958		15 435 958
Subordinated loan capital		322 007		322 007
Provisions		3 674		3 674
Total liabilities		**29 636 062**		**29 636 062**

1 Securities issued include fixed rate bonds included in hedge accounting.

26 Fair value of financial instruments

Fair value valuation
at end of the period based on the valuation hierarchy

Group

	Level 1	Level 2	Level 3	Total as at 31.12.2022
Financial instruments at fair value through profit or loss				
Loans to customers			1 287 238	1 287 238
Certificates and bonds		3 020 666		3 020 666
Equities	49 980	169 993	8 748	228 722
Financial derivatives		128 701		128 701
Financial derivatives, hedging instrument		22 563		22 563
Financial instruments at fair value through OCI				
Equities			568 353	568 353
Total assets	**49 980**	**3 341 924**	**1 864 340**	**5 256 244**
Financial instruments at fair value through profit or loss				
Deposits from customers		694 301		694 301
Financial derivatives		19 418		19 418
Financial derivatives, hedging instruments		127 322		127 322
Total liabilities		**841 042**		**841 042**

Amortised cost valuation
at end of the period based on the valuation hierarchy

Group

	Level 1	Level 2	Level 3	Total as at 31.12.2022
Financial assets at amortised cost				
Cash and receivables from central banks		387 987		387 987
Loans to and receivables from credit institutions		114 207		114 207
Loans to customers		25 676 548		25 676 548
Certificates and bonds		612 539		612 539
Total assets		**26 791 281**		**26 791 281**
Financial liabilities at amortised cost				
Liabilities to credit institutions		104 380		104 380
Deposits from customers		12 670 977		12 670 977
Securities issued [1]		14 563 582		14 563 582
Subordinated loan capital		369 413		369 413
Provisions		5 795		5 795
Total liabilities		**27 714 146**		**27 714 146**

1 Securities issued include fixed rate bonds included in hedge accounting.

Reconciliation of movements for Level 3
from 31.12.2022 to 31.12.2023

Group

	Lending	Equities at fair value through OCI (FVOCI) [2]	Equities at fair value through profit or loss (FVTPL)	Total
Balance as at 31.12.2022	1 287 238	568 353	8 748	1 864 340
Gain/loss recognised in profit for the year	11 261		1 443	12 705
Gain/loss recognised in other income/OCI		100 555		100 555
Issuance	209 712			209 712
Settlement/realisation	-177 162		-4 743	-181 905
Migration from Level 2			62 093	62 093
Balance as at 31.12.2023	**1 331 050**	**668 908**	**67 542**	**2 067 500**

2 Pursuant to IFRS 9, shares and units are measured at fair value with changes in value through profit or loss (FVTPL), with the exception of the bank's investment in Eika Gruppen AS, which is classified as a financial instrument with changes in value through OCI (FVOCI) since it is considered a strategic investment for the bank.

The recognised gain/loss in the profit for the year is included in the net gain/loss on financial instruments at fair value with respect to loans and shares (FVTPL).

26 Fair value of financial instruments

Fair value valuation

at end of the period based on the valuation hierarchy

Parent Bank

	Level 1	Level 2	Level 3	Total as at 31.12.2023
Financial instruments at fair value through profit or loss				
Loans to customers		2 782 179	1 331 050	4 113 230
Certificates and bonds		2 288 592		2 288 592
Equities	55 440	52 254	67 542	175 236
Financial derivatives		94 056		94 056
Financial derivatives, hedging instrument		23 151		23 151
Financial instruments at fair value through OCI				
Equities			668 908	668 908
Total assets	**55 440**	**5 240 232**	**2 067 500**	**7 363 173**
Financial instruments at fair value through profit or loss				
Deposits from customers		739 193		739 193
Financial derivatives		21 918		21 918
Financial derivatives, hedging instruments		51 572		51 572
Total liabilities		**812 682**		**812 682**

Amortised cost valuation

at end of the period based on the valuation hierarchy

Parent Bank

	Level 1	Level 2	Level 3	Total as at 31.12.2023
Financial assets at amortised cost				
Cash and receivables from central banks		355 887		355 887
Loans to and receivables from credit institutions		106 113		106 113
Loans to customers		11 275 784		11 275 784
Certificates and bonds		580 723		580 723
Other assets		2 752 461		2 752 461
Total assets		**15 070 969**		**15 070 969**
Financial liabilities at amortised cost				
Liabilities to credit institutions		51 234		51 234
Deposits from customers		14 035 902		14 035 902
Securities issued [1]		3 781 530		3 781 530
Subordinated loan capital		322 007		322 007
Provisions		3 607		3 607
Total liabilities		**18 194 280**		**18 194 280**

1 Securities issued include fixed rate bonds included in hedge accounting.

26 Fair value of financial instruments

Fair value valuation
at end of the period based on the valuation hierarchy

Parent Bank

	Level 1	Level 2	Level 3	Total as at 31.12.2022
Financial instruments at fair value through profit or loss				
Loans to customers		2 229 877	1 287 238	3 517 115
Certificates and bonds		2 146 567		2 146 567
Equities	49 980	169 993	8 748	228 722
Financial derivatives		128 701		128 701
Financial derivatives, hedging instrument		42 919		42 919
Financial instruments at fair value through OCI				
Equities			568 353	568 353
Total assets	**49 980**	**4 718 058**	**1 864 340**	**6 632 377**
Financial instruments at fair value through profit or loss				
Deposits from customers		694 301		694 301
Financial derivatives		19 418		19 418
Financial derivatives, hedging instruments		84 659		84 659
Total liabilities		**798 378**		**798 378**

Amortised cost valuation
at end of the period based on the valuation hierarchy

Parent Bank

	Level 1	Level 2	Level 3	Total as at 31.12.2022
Financial assets at amortised cost				
Cash and receivables from central banks		387 987		387 987
Loans to and receivables from credit institutions		113 940		113 940
Loans to customers		11 535 594		11 535 594
Certificates and bonds		612 539		612 539
Other assets		1 987 440		1 987 440
Total assets		**14 637 499**		**14 637 499**
Financial liabilities at amortised cost				
Liabilities to credit institutions		291 685		291 685
Deposits from customers		12 672 238		12 672 238
Securities issued [1]		3 983 403		3 983 403
Subordinated loan capital		369 413		369 413
Provisions		5 681		5 681
Total liabilities		**17 322 420**		**17 322 420**

1 Securities issued include fixed rate bonds included in hedge accounting.

26 Fair value of financial instruments

Parent Bank

Reconciliation of movements for Level 3
from 31.12.2022 to 31.12.2023

	Lending	Equities at fair value through OCI (FVOCI) [1]	Equities at fair value through profit or loss (FVTPL)	Total
Balance as at 31.12.2022	1 287 238	568 353	8 748	1 864 340
Gain/loss recognised in profit for the year	11 261		1 443	12 705
Gain/loss recognised in other income/OCI		100 555		100 555
Issuance	209 712			209 712
Settlement/realisation	-177 162		-4 743	-181 905
Migration from Level 2			62 093	62 093
Balance as at 31.12.2023	**1 331 050**	**668 908**	**67 542**	**2 067 500**

1 Pursuant to IFRS 9, shares and units are measured at fair value with changes in value through profit or loss (FVTPL), with the exception of the bank's investment in Eika Gruppen AS, which is classified as a financial instrument with changes in value through OCI (FVOCI) since it is considered a strategic investment for the bank.

The recognised gain/loss in the profit for the year is included in the net gain/loss on financial instruments at fair value with respect to loans and shares (FVTPL).

Below is a description of how fair value is calculated for the financial instruments of levels 2 and 3, i.e. where a valuation technique has been used.

Financial Instruments classified in Level 2

Certificates and bonds

Certificates and bonds included in the bank's "liquidity portfolio" are valued at market value based on obtained information from brokers of bonds in the market. Valuation of bonds and certificates is calculated based on the brokers' best judgement with respect to the trading price on the balance sheet day. This applies accordingly for the calculation of fair value of the bank's "held to maturity" portfolio which in the financial statements is posted at amortised cost.

Loans at fair value with change in value through OCI (FVOCI)

Loans that the parent bank can transfer to SSB Housing Credit AS are in the parent bank at fair value with change in value through OCI (FVOCI), as the business model dictates that the parent bank intends to recover contractual cash flows but may also sell/transfer the loans to SSB Housing Credit AS. In the consolidated financial statements, the loans are assessed at amortised cost as the Group does not intend to sell the loans. Fair value on the loans is assumed to be of almost equal value to ordinary loans at floating rate.

Financial investments

Financial investments are valued according to the EVCA Valuation Principles in which such valuation is conducted at company level.

Financial derivatives

Financial derivatives are valued at market value based on obtained information on exchange rates and swap curves. The category includes interest rate swaps, currency swaps and futures contracts where observable market values are available through Reuters or Bloomberg.

Deposits from customers

Deposits from customers with a fixed rate < 1 year are assessed based on agreed cash flow on the deposit discounted at the effective interest rate. Effective interest rates are based on current market conditions for fixed rate deposits on the balance sheet day.

Financial Instruments classified in Level 3

Loans

Loans to customers at a fixed rate is assessed on the basis of agreed cash flow for the loans discounted at the effective interest rate. Effective interest rates are based on prevailing market conditions for corresponding fixed rate loans. The value on the loan will be most sensitive to change in the interest rate level and change in customer credit risk (especially corporate customers). A change of 10 points would affect the valuation of the portfolio by NOK 4.9 million. The average duration in the bank's portfolio of fixed-rate loans is 3.7 years.

Loans to customers subject to impairment are assessed based on probable cash flow for the loans discounted at the effective interest rate adjusted for market conditions for loans that are not impaired.

Shares – FVOCI

For shares classified as fair value over OCI (FVOCI), the valuation is based on assessments made on the basis of historical information, transactions and general market development for relevant industries. A change in market development would affect the valuation of the shares.

Deposits from customers

Deposits from customers with a fixed rate > 1 year are assessed based on agreed cash flow on the deposit discounted at the effective interest rate. Effective interest rates are based on observable interest rate levels in the market and the Group's overall level of funding. The value of the deposit is most sensitive to change in interest rates. Due to small volumes on current deposits, the change in value for the deposits is considered to be immaterial to the Group.

27 Loans to and receivables from credit institutions

Group 31.12.2023	Group 31.12.2022	Loans to and claims on credit institutions	Parent Bank 31.12.2023	Parent Bank 31.12.2022
106 667	114 207	Loans and receivables without agreed term to maturity or call	106 113	113 940
		Loans and receivables with agreed term to maturity or call		
106 667	**114 207**	**Total loans to and receivables from credit institutions**	**106 113**	**113 940**

28 Certificates and bonds

Group 31.12.2023	Group 31.12.2022	Certificates and bonds	Parent Bank 31.12.2023	Parent Bank 31.12.2022
2 900 634	3 019 427	Certificates and bonds at fair value	2 288 592	2 145 328
	1 239	Subordinated loans at fair value		1 239
2 900 634	**3 020 666**	**Total certificates and bonds at fair value**	**2 288 592**	**2 146 567**
903 460	718 217	*Of which government-guaranteed certificates/bonds*	789 355	718 217
580 723	612 539	Certificates and bonds at amortised cost	580 723	612 539
580 723	**612 539**	**Total certificates and bonds at amortised cost**	**580 723**	**612 539**
3 481 357	**3 633 205**	**Total certificates and bonds**	**2 869 314**	**2 759 106**
4.77 %	3.41 %	Average coupon rate certificates and bonds at fair value	4.62 %	3.23 %
2.37	1.98	Average remaining term to maturity certificates and bonds at fair value	2.42	2.09
5.51 %	4.02 %	Average coupon rate certificates and bonds at amortised cost	5.51 %	4.02 %
2.49	3.39	Average remaining term to maturity certificates and bonds at amortised cost	2.49	3.39

The bank has two separate portfolios of fixed income securities;

1) The bank's liquidity portfolio of certificates and bonds is classified at fair value through profit or loss in line with the business model that governs management of the liquidity portfolio in accordance with IFRS 9. The business model gives a required rate of return for the liquidity portfolio and purchases and sales are made in order to maximise profits.

2) The bank's portfolio of securities held to maturity is classified at amortised cost since the business model involves the bank holding these securities until the maturity date (long-term investments).

29 Ownership interests in subsidiaries and associates

Shares in subsidiaries

Subsidiaries	Organisation no.	Address	Location	Share capital	Stake (%)	No. of shares	Face value	Cost price	Carrying amount 31.12.2023	Carrying amount 31.12.22
Aktiv Eiendoms-megling Jæren AS	934 001 942	Jernbanegata 5	Bryne	608	60	36 465 472	0,01	4 185	4 185	4 185
SSB Boligkreditt AS	993 153 036	Rådhusgata 3	Sandnes	427 600	100	4 276 000	100	670 130	670 130	670 130
Leirfivel AS	920 538 606	Rådhusgata 3	Sandnes	30	100	30 000	1	30	13	13
Carrying amount subsidiaries								**674 345**	**674 328**	**674 328**

Non-controlling interests in the Group

In 2015, the Group acquired 100% of the shares in Aktiv Eiendomsmegling Jæren and the company was subsequently merged with the subsidiary Sandnes Eiendom. After the merger, the Group sold 40% of the shares in the company to Jæren Sparebank. The company's purpose is to conduct real estate brokerage.

Dividends between group companies

Dividends paid by subsidiaries to the parent bank amounted to NOK 50.6 million in 2023. Dividends totalling NOK 1.2 million were paid out for 2022.

Group 31.12.2023	Group 31.12.2022	Specification of other assets in the Group	Parent Bank 31.12.2023	Parent Bank 31.12.2022
15 986	22 523	Other assets	521	6 076
		Outstanding accounts with SSB Boligkreditt	2 078 134	1 313 112
15 986	**22 523**	**Total other assets**	**2 078 655**	**1 319 188**

Shares in associates

Shares in associates	Organisation no.	Address	Location	Share capital	Stake (%)	No. of shares	Face value	Cost price	Carrying amount 31.12.23	Carrying amount 31.12.22
Kjell Haver Regnskapsservice AS	947 214 489	Welhavens vei 5	Sandnes	2 697	49,5	345 015	3,87	29 363	34 855	34 359
Carrying amount shares in associates (Group and parent bank)								**29 363**	**34 855**	**34 359**

29 Ownership interests in subsidiaries and associates

Associates

Associates (carrying amount in the Group and parent bank) 2023	Kjell Haver Regnskapsservice AS	Total
Balance sheet value at start of period	34 359	34 359
Capital increase/acquisition		
Dividends	-4 950	-4 950
Profit contribution for the year	5 446	5 446
Balance sheet value at end of period	**34 855**	**34 855**

Associates (carrying amount in the Group and parent bank) 2022	Kjell Haver Regnskapsservice AS	Total
Balance sheet value at start of period	34 338	34 338
Capital increase/acquisition		
Dividends	-4 882	-4 882
Profit contribution for the year	4 903	4 903
Balance sheet value at end of period	**34 359**	**34 359**

Company information – 2023	Kjell Haver Regnskapsservice AS	Total
Cash and cash equivalents	15 876	15 876
Other current assets	7 220	7 220
Non-current assets	2 625	2 625
Total assets	**25 720**	**25 720**
Current financial liabilities	22 774	22 774
Non-current liabilities		
Equity	2 946	2 946
Total equity and liabilities	**25 720**	**25 720**
Operating income	58 623	58 623
Depreciation	-430	-430
Other operating costs	-44 454	-44 454
Interest income	372	372
Interest expenses		
Tax expense	-3 109	-3 109
Comprehensive income after tax	**11 001**	**11 001**
Dividends received from associates (share Den Gule Banken, Sandnes Sparebank)	**4 950**	**4 950**

Kjell Haver Regnskapsservice AS is a local Sandnes firm that provides accounting and consulting services for its customers. The firm had 35 employees as at 31.12.2023.

30 Equities

Group 31.12.2023	Group 31.12.2022	Equities and funds	Parent Bank 31.12.2023	Parent Bank 31.12.2022
13 187	9 047	Eiendomskreditt AS (org. no. 979391285)	13 187	9 047
55 440	49 980	Jæren Sparebank (org. no. 937895976)	55 440	49 980
62 093	55 663	Eika VBB AS (org. no. 921859708)	62 093	55 663
265		Nordic Technology Group AS (org. no. 926789759)	265	
1	1	Saffron India Real Estate Fund I	1	1
5 449	4 472	VN Norge AS (org.nr 821083052)	5 449	4 472
	4 276	Skandinavisk Data Center A/S		4 276
89	89	Other unlisted	89	89
136 524	**123 529**	**Total equities at fair value through profit or loss**	**136 524**	**123 529**
38 712	105 193	Units in bond funds	38 712	105 193
175 236	**228 722**	**Total equities and funds at fair value through profit or loss**	**175 236**	**228 722**

These assets are classified at fair value with changes in value through profit or loss. For the investments' net changes in value, see note 19.

The total cost price for the shares amounted to NOK 72.4 (70.6) million. The cost price for the fixed income funds amounted to NOK 35.6 (101.8) million. The bank does not have significant influence in the companies.

The bank indirectly owns shares in Vipps AS through Eika Vbb AS, which acts as a joint holding company for the Eika banks. The shares primarily constitute remuneration shares related to the merger between BankID Norway, BankAxept AS and Vipps AS in 2018. Eika Vbb AS conducted a share issue in 2023 and the bank owns a total of 12 351 shares in Eika Vbb AS as at 31.12.2023. The valuation of the shares is based on the last share price in December 2023.

The shares in Scandinavian Data Center A/S ("SDC") were sold back to the company in connection with switching core banking provider in 2023. The shares were repurchased at cost price.

31 Intangible assets

Group: Goodwill	Group: IT systems	Group: Total intangible assets	Intangible assets	Parent Bank: Goodwill	Parent Bank: IT systems	Parent Bank: Total intangible assets
4 553	**1 084**	**5 637**	**Carrying amount as at 31.12.2021**		**1 084**	**1 084**
			Additions			
			Disposals			
	1 017	1 017	Write-downs		1 017	1 017
	62	62	Depreciation		62	62
4 553	**5**	**4 558**	**Carrying amount as at 31.12.2022**		**5**	**5**
4 570	188 173	191 726	Original acquisition cost		185 229	184 212
17	188 168	187 168	Total depreciation and impairments		185 224	184 207
4 553	**5**	**4 558**	**Carrying amount as at 31.12.2022**		**5**	**5**
			Additions			
			Disposals			
			Write-downs			
	5	5	Depreciation		5	5
4 553		**4 553**	**Carrying amount as at 31.12.2023**			
4 570	188 173	192 743	Original acquisition cost		185 229	185 229
17	188 173	188 190	Total depreciation and impairments		185 229	185 229
4 553		**4 553**	**Carrying amount as at 31.12.2023**			
	3-5 år		Useful lifetime		3-5 år	

Group: 31.12.2023	Group: 31.12.2022	Group: 31.12.2021	Capitalised goodwill
4 553	4 553	4 553	Aktiv Eiendomsmegling Jæren
4 553	**4 553**	**4 553**	**Total goodwill**

The individual goodwill items and other intangible assets in the Group's balance sheet are allocated to assessment units according to which businesses benefit from the purchased asset. The choice of assessment unit is made based on where cash flows related to the business can be identified and separated.

Goodwill in the Group is entirely related to Aktiv Eiendomsmegling Jæren. The first part of the item occurred in 2005 when the Group increased its ownership interest in the subsidiary Sandnes Eiendom from 50% to 100%. In 2015, the Group acquired 100 % of the shares in Aktiv Eiendomsmegling Jæren, and the remaining portion of goodwill originated from this acquisition. Sandnes Eiendom and Aktiv Eiendomsmegling Jæren were merged in the following year, and the Group sold out 40 % of the company. Impairment testing of capitalised values is done by discounting the expected future cash flow from the business. Cash flows are based on approved budgets and management forecasts. Budgets and forecasts are subject to a high degree of uncertainty. If the actual economic conditions differ from the assumptions used in budgets and plans, the impairment tests may produce a different result. Furthermore, the impairment tests depend on the required rate of return. The required rate of return is stipulated discretionarily on the basis of the information available on the balance sheet date. The impairment test is carried out annually and does not provide a basis for impairments for 2023. Goodwill related to Aktiv Eiendomsmegling Jæren is reported in the Real Estate segment.

32 Non-current assets

Group: Machinery, fixtures and fittings, etc.	Group: Plots and real estate	Group: Total non-current assets	Non-current assets	Parent Bank: Machinery, fixtures and fittings, etc.	Parent Bank: Plots and real estate	Parent Bank: Total non-current assets
3 539		**3 539**	**Carrying amount as at 31.12.2021**	**3 268**		**3 268**
699		699	Additions	699		699
			Disposals			
			Write-downs			
877		877	Depreciation	971		971
3 360		**3 360**	**Carrying amount as at 31.12.2022**	**2 996**		**2 996**
100 666		138 853	Original acquisition cost	95 382		98 282
97 305		135 491	Total depreciation and impairments	92 386		95 286
3 360		**3 360**	**Carrying amount as at 31.12.2022**	**2 996**		**2 996**
1 032		1 032	Additions	809		809
			Disposals			
			Write-downs			
1 160		1 160	Depreciation	987		987
3 233		**3 233**	**Carrying amount as at 31.12.2023**	**2 818**		**2 818**
101 699		139 885	Original acquisition cost	96 191		99 091
98 465		136 651	Total depreciation and impairments	93 373		96 273
3 233		**3 233**	**Carrying amount as at 31.12.2023**	**2 818**		**2 818**
3-5 år	50 år		Useful lifetime	3-5 år	50 år	

Activated investments linked to leased premises are depreciated over the remaining term of the lease.

33 Leases

Pursuant to IFRS 16 Leases, one no longer distinguishes between operational and financial leases and where leases entered into transfer a right-of-use for a specific asset from the lessor to the lessee for a specified period. In order to determine whether an agreement contains a lease, one must assess whether the agreement transfers the right to control the use of an identified asset. Rights of use in leases covered by IFRS 16 are recognised in the balance sheet as "Right-of-use assets, leases" with corresponding lease liabilities under "Lease liabilities".

For further descriptions of the implementation effects and the bank's assessments regarding leases, please see note 2.

The Group's leased assets include buildings/offices and other real estate, machinery/equipment and vehicles. The Group's right-of-use assets have been categorised and are presented in the table below:

Right-of-use assets

Group					Parent Bank			
Total	Vehicles	Machinery and equipment	Buildings	Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
107 045	653	623	105 769	Acquisition cost 01.01.2022	100 730	623	653	102 006
11 296		2 991	8 305	Additions of right-of-use assets	8 305	2 991		11 296
3 641			3 641	Adjustments of right-of-use assets during the year	3 641			3 641
121 982	**653**	**3 614**	**117 715**	**Acquisition cost 31.12.2022**	**112 676**	**3 614**	**653**	**116 943**
36 044	258	381	35 405	Accumulated depreciation and write-downs 01.01.2022	33 588	381	258	34 228
15 180	218	1 021	13 941	Depreciation in the period	12 934	1 021	218	14 173
51 224	476	1 402	49 346	Accumulated depreciation and write-downs 31.12.2022	46 522	1 402	476	48 401
70 758	**177**	**2 212**	**68 369**	**Carrying amount of right-of-use assets 31.12.2022**	**66 154**	**2 212**	**177**	**68 543**
121 982	653	3 614	117 715	Acquisition cost 01.01.2023	112 676	3 614	653	116 943
2 309		2 309		Additions of right-of-use assets		2 309		2 309
3 469			3 469	Adjustments of right-of-use assets during the year	3 469			3 469
127 760	**653**	**5 923**	**121 184**	**Acquisition cost 31.12.2023**	**116 145**	**5 923**	**653**	**122 721**
51 224	476	1 402	49 346	Accumulated depreciation and write-downs 01.01.2023	46 522	1 402	476	48 401
17 026	44	1 421	15 561	Depreciation in the period	14 553	1 421	44	16 018
68 251	**520**	**2 823**	**64 907**	**Accumulated depreciation and write-downs 31.12.2023**	**61 076**	**2 823**	**520**	**64 419**
59 509	**133**	**3 100**	**56 277**	**Carrying amount of right-of-use assets 31.12.2023**	**55 070**	**3 100**	**133**	**58 302**
	3-5 years	3-5 years	1-10 years	Lower of remaining lease period or useful lifetime	1-10 years	3-5 years	3-5 years	
	Straight line	Straight line	Straight line	Depreciation method	Straight line	Straight line	Straight line	

33 Leases

Lease liabilities

Group					Parent Bank			
Total	Vehicles	Machinery and equip-ment	Buildings	Undiscounted lease liabilities and payments due	Buildings	Machinery and equip-ment	Vehicles	Total
21 546	88	1 563	19 896	< 1 year	18 607	1 563	88	20 257
19 299		638	18 661	1-2 years	18 292	638		18 930
19 291		432	18 859	2-3 years	18 859	432		19 291
19 952		441	19 510	3-4 years	19 510	441		19 952
4 899			4 899	4-5 years	4 899			4 899
				> 5 years				
84 987	**88**	**3 074**	**81 825**	**Total undiscounted lease liabilities 31.12.2023**	**80 167**	**3 074**	**88**	**83 329**

Total	Vehicles	Machinery and equip-ment	Buildings	Changes in lease liabilities	Buildings	Machinery and equip-ment	Vehicles	Total
86 692	**467**	**70**	**86 154**	**Total lease liabilities 31.12.2021**	**82 766**	**194**	**343**	**83 304**
14 937		2 991	11 946	New/change lease liabilities recognised in the period	11 946	2 991		14 937
(13 939)	(153)	(995)	(12 791)	Payment of principal	(11 798)	(995)	(153)	(12 946)
(3 842)	(18)	(123)	(3 701)	Payment of interest	(3 566)	(123)	(18)	(3 707)
3 842	18	123	3 701	Interest expenses linked to lease liabilities	3 566	123	18	3 707
87 690	**314**	**2 066**	**85 309**	**Total lease liabilities 31.12.2022**	**82 914**	**2 190**	**190**	**85 295**
5 828		2 359	3 469	New/change lease liabilities recognised in the period	3 469	2 359		5 828
(15 498)	(96)	(1 275)	(14 127)	Payment of principal	(13 074)	(1 275)	(96)	(14 444)
(3 712)	(9)	(173)	(3 531)	Payment of interest	(3 544)	(173)	(9)	(3 725)
3 711	9	173	3 530	Interest expenses linked to lease liabilities	3 544	173	9	3 725
78 019	**219**	**3 149**	**74 650**	**Total lease liabilities 31.12.2023**	**73 310**	**3 274**	**94**	**76 678**

The average discount rate for tenancy agreements is around 3.8%. The average discount rate for leases for machinery and equipment is around 4.6% and for vehicles it is around 3.5%.
For tenancy agreements, we use the tenant's marginal loan rate, while for machinery and vehicles the implicit interest rate in the lease is used.

Index adjustments of rent are taken account of in the calculation of the liability based on what the tenancy agreement specifies.

The leases do not contain restrictions concerning the Group's dividend policy or funding opportunities. The Group has no material residual guarantees linked to its leases.

33 Leases

Group 2023	Group 2022	Other lease costs included in the income statement	Parent Bank 2023	Parent Bank 2022
3 958	3 504	Overheads for leased premises (variable lease payments)	3 958	3 504
1 989	367	Operating costs in period linked to short-term leases (incl. low value short-term leases)	351	367
479	969	Operating costs in period linked to low value assets (excl. short-term leases above)	417	379
6 427	**4 840**	**Total lease costs included in other operating costs**	**4 726**	**4 250**

In addition to the above lease liabilities, the Group is legally bound to pay variable lease payments for some of its leases. Overheads, short-term leases and low value leases are recognised as costs over the relevant period.

Options to extend a lease

The Group's leases for buildings have terms of up to 10 years. Several of the agreements include a right to extend them that can be exercised during the final period of the agreement. When the Group enters into an agreement, we evaluate whether it is reasonably certain that the right to extend will be exercised. The Group's potential future lease payments not included in the lease liabilities linked to extension options amounted to NOK 15.2 million as at 31.12.2023.

Purchase options

The Group leases machinery, equipment and vehicles through leases with terms of between 3-5 years. None of these leases include options to purchase the assets when the term of the lease ends.

Practical solutions applied

The Group also leases PCs, IT equipment and machinery through leases with terms of 1-3 years. The Group has decided to not recognise leases where the value of the underlying asset is low or the duration or the lease is short, up to 12 months. Thus, the Group does not recognise lease liabilities and right-of-use assets for some of these leases. Instead, the lease payments are recognised as costs as they are incurred.

34 Financial instruments with change in value through OCI

Group		Financial instruments with change in value through OCI	Parent Bank	
31.12.2023	**31.12.2022**		**31.12.2023**	**31.12.2022**
668 908	568 353	Eika Gruppen AS (org. no. 979 319 568)	668 908	568 353
668 908	**568 353**	**Total financial instruments with change in value through OCI**	**668 908**	**568 353**

As a general rule pursuant to IFRS 9, shares and units are measured at fair value with changes in value through profit or loss (FVTPL), with the exception of the bank's investment in Eika Gruppen AS, which is classified as a financial instrument with changes in value through OCI (FVOCI) since it is considered a strategic investment for the bank. For information about shares measured at fair value with changes in value through ordinary profit or loss, please refer to note 30.

As at 31.12.2023, the investment in Eika Gruppen AS was valued at fair value based on the pricing in the agreed exchange ratio for the planned merger between Eika Forsikring AS and Fremtind Forsikring AS. The parties signed a letter of intent in December 2023, and the merger is expected to be completed in 2024.

Based on the agreed exchange ratio, underlying shares in Eika Gruppen AS will be priced at NOK 306 per share in the merger. The value of the shares in Eika Gruppen AS was therefore adjusted upwards by NOK 100.6 million in 2023 and the change in value was recognised through OCI. The change in value in 2022 was NOK 235.6 million.

The bank owns a total of 2 185 973 shares in the institution, which accounts for 8.8% of the total outstanding shares in Eika Gruppen AS. The total cost price for the shares amounted to NOK 309.9 million as at 31.12.2023, unchanged from 31.12.2022.

The dividends received from Eika Gruppen amounted to NOK 44.8 million in 2023, compared with NOK 54.1 million in 2022. Received dividends are recognised through ordinary profit or loss.

35 Liabilities to credit institutions

Group		Liabilities to credit institutions	Parent Bank	
31.12.2023	31.12.2022		31.12.2023	31.12.2022
51 234	104 380	Loans and deposits from credit institutions without agreed term to maturity	51 234	291 685
		F-loan Norges Bank		
		Total liabilities to credit institutions with agreed term to maturity		
51 234	**104 380**	**Total liabilities to credit institutions**	**51 234**	**291 685**

		Specified by currency		
50 885	104 380	NOK	50 885	291 685
10		EUR	10	
339		Others	339	
51 234	**104 380**	**Total liabilities to credit institutions**	**51 234**	**291 685**

As at 31.12.2023, certificates and bonds valued at NOK 2 583 million in the parent bank were pledged as collateral for a credit facility of up to NOK 2 304 million in Norges Bank. As at 31.12.2022, certificates and bonds valued at NOK 2 336 million in the parent bank were pledged as collateral for a credit facility of up to NOK 2 301 million in Norges Bank.

36 Deposits from customers

Group			Parent Bank	
31.12.2023	31.12.2022	Deposits from customers	31.12.2023	31.12.2022
9 666 705	9 451 299	Deposits from customers without agreed term to maturity	9 879 418	9 452 559
4 895 677	3 913 979	Deposits from customers with agreed term to maturity	4 895 677	3 913 979
14 562 382	**13 365 278**	**Total deposits from customers**	**14 775 095**	**13 366 538**

31.12.2023	31.12.2022	Customer deposits by customer group	31.12.2023	31.12.2022
204 463	184 898	Agriculture and forestry	204 463	184 898
30 779	29 335	Fishing and hunting	30 779	29 335
429 233	438 662	Building and construction	429 233	438 662
324 043	301 925	Manufacturing	324 043	301 925
538 690	524 013	Oil and Energy	538 690	524 013
352 501	354 781	Wholesale and retail trade	352 501	354 781
188 438	158 257	Hotels and restaurants	188 438	158 257
318 997	301 715	Transport and storage	318 997	301 715
2 750 687	2 536 077	Public and private services	2 961 174	2 536 077
994 059	762 990	Property management	996 284	764 905
69 066	80 278	Other customer groups	69 066	80 278
8 361 427	7 692 345	Retail customers	8 361 427	7 691 691
14 562 382	**13 365 278**	**Total deposits from customers**	**14 775 095**	**13 366 538**

For deposits from customers without an agreed term to maturity, the average interest rate was 3.12% for 2023 and 0.59% for 2022. For deposits from customers with an agreed term to maturity, the average interest rate was 5.32% for 2023 and 2.23% for 2022. The average interest rate on deposits is calculated based on the average balance over the year.

Deposits from customers with an agreed term to maturity consist of fixed rate deposits, deposit accounts, BSU, tax withholding accounts and other accounts subject to withdrawal restrictions.

37 Securities issued

Group 31.12.2023	Group 31.12.2022	Securities issued	Parent Bank 31.12.2023	Parent Bank 31.12.2022
15 435 958	15 274 582	Bond, adjusted for interest and premium/discount	3 781 530	4 694 403
	-711 000	Bond, own holdings		-711 000
15 435 958	**14 563 582**	**Total securities issued**	**3 781 530**	**3 983 403**
4,65 %	3,44 %	Average interest rate, bonds	4,28 %	3,27 %

Change in securities debt

Group	Balance as at 31.12.2022	Issued	Matured/ redeemed	Other changes	Balance as at 31.12.2023
Bond debt, nominal value	14 582 000	2 550 000	1 717 000		15 415 000
Interest/change in value	-18 418			39 375	20 958
Total securities issued	**14 563 582**				**15 435 958**

Group	Balance as at 31.12.2021	Issued	Matured/ redeemed	Other changes	Balance as at 31.12.2022
Bond debt, nominal value	12 704 000	3 780 000	1 902 000		14 582 000
Interest/change in value	120 416			-138 834	-18 418
Total securities issued	**12 824 416**				**14 563 582**

Parent Bank	Balance as at 31.12.2022	Issued	Matured/ redeemed	Other changes	Balance as at 31.12.2023
Bond debt, nominal value	4 007 000	550 000	767 000		3 790 000
Interest/change in value	-23 597			15 127	-8 470
Total securities issued	**3 983 403**				**3 781 530**

Parent Bank	Balance as at 31.12.2021	Issued	Matured/ redeemed	Other changes	Balance as at 31.12.2022
Bond debt, nominal value	4 349 000	680 000	1 022 000		4 007 000
Interest/change in value	20 023			-43 620	-23 597
Total securities issued	**4 369 023**				**3 983 403**

37 Securities issued

Change in liabilities from financing

	Balance as at 31.12.2022	Cash flow	Other effects: Accrued interest	Other effects: Changes in value	Balance as at 31.12.2023
Bond debt, Group	14 563 582	821 380	27 778	23 217	15 435 958
Bond debt, parent bank	3 983 403	-217 757	-560	16 444	3 781 530

	Balance as at 31.12.2021	Cash flow	Other effects: Accrued interest	Other effects: Changes in value	Balance as at 31.12.2022
Bond debt, Group	12 824 416	1 855 819	29 042	-145 695	14 563 582
Bond debt, parent bank	4 369 023	-342 115	494	-43 998	3 983 403

Bonds

Issued by parent bank	Face value	Final due date
NO0010831712	20 000	11.03.2024
NO0010831944	400 000	19.06.2024
NO0010845969	160 000	11.03.2024
NO0010872385	1 000 000	25.04.2025
NO0010892318	400 000	09.09.2025
NO0010872971	400 000	16.02.2026
NO0010917172	400 000	12.06.2026
NO0012658048	260 000	05.10.2027
NO0012622721	400 000	27.08.2027
NO0013091850	350 000	07.12.2026
Total face value bonds issued by parent bank	**3 790 000**	

The bonds are recognised at amortised cost. Hedge accounting is used for the bank’s fixed rate bonds

Issued by mortgage credit institutions	Pålydende	Endelig forfall
NO0010886237	300 000	16.06.2025
NO0012748658	450 000	10.11.2025
NO0010753320	425 000	18.03.2026
NO0010822398	500 000	08.05.2024
NO0010833254	2 400 000	27.09.2024
NO0010834070	300 000	10.10.2028
NO0010849847	300 000	19.06.2029
NO0010868706	300 000	20.05.2030
NO0010952872	2 000 000	18.05.2026
NO0012699042	400 000	21.10.2027
NO0012422908	2 250 000	26.04.2027
NO0012810482	2 000 000	03.04.2028
Total face value bonds issued by mortgage credit institutions	**11 625 000**	
Total face value bonds	**15 415 000**	

37 Securities issued

Overcollateralisation for covered bonds issued by mortgage credit institutions

Overcollateralisation is calculated in accordance with the requirements of section 11-11 of the Financial Institutions Act for constant overcollateralisation. .

As a minimum, the Act requires the value of the collateral to at all times to exceed 105% of the value of the covered bonds being covered by the cover pool.

Overcollateralisation - total nominal value issued covered bonds	31.12.2023	31.12.2022
Total nominal value issued covered bonds	**11 625 000**	**10 575 000**
Loans to customers	13 971 914	11 901 415
Bank deposits	200 301	187 268
Liquid assets	604 000	874 099
Total cover pool value	**14 776 215**	**12 962 782**
Overcollateralisation	**127.1 %**	**122.6 %**
Rating agency minimum requirement	106.0 %	104.0 %
Minimum regulatory overcollateralisation requirement	105.0 %	105.0 %

38 Provisions for other liabilities

Group		Provisions for other liabilities	Parent Bank	
31.12.2023	31.12.2022		31.12.2023	31.12.2022
7 233	7 634	Pension liabilities	7 233	7 634
3 674	5 795	Provisions for losses on guarantees/unused lines of credit	3 607	5 681
	188	Other provisions		188
10 908	**13 616**	**Total provisions for other liabilities**	**10 840**	**13 503**

Provisions for losses on guarantees and unused lines of credit consist of provisions for losses in line with IFRS 9 on off-balance sheet assets. For further details, please see note 11.

Please also see note 23 for further details regarding pension liabilities.

39 Other liabilities

Group		Other liabilities	Parent Bank	
31.12.2023	31.12.2022		31.12.2023	31.12.2022
597	602	Banker's drafts	597	602
42 965	39 172	Suspense accounts	42 965	39 172
70 004	31 259	Other liabilities	61 185	25 116
113 567	**71 033**	**Total other liabilities**	**104 748**	**64 890**

40 Subordinated loan capital

Subordinated loan capital

Group / Parent Bank	31.12.2023	31.12.2022
Subordinated loan capital, nominal value	320 000	367 000
Interest/change in value	2 007	2 413
Total subordinated loan capital	**322 007**	**369 413**

Change in subordinated loan capital

Group / parent bank	Balance as at 31.12.2022	Borrowing	Matured/ redeemed	Other changes	Balance as at 31.12.2023
Subordinated loan capital	367 000	100 000	147 000		320 000
Interest/change in value	2 413			-406	2 007
Total subordinated loan capital	**369 413**				**322 007**

Group / Parent Bank	Balance as at 31.12.2021	Borrowing	Matured/ redeemed	Other changes	Balance as at 31.12.2022
Subordinated loan capital	200 000	220 000	53 000		367 000
Interest/change in value	824			1 590	2 413
Total subordinated loan capital	**200 824**				**369 413**

Change in liabilities from financing

Group / Parent Bank	Balance as at 31.12.2022	Cash flow	Other effects		Balance as at 31.12.2023
			Accrued interest	Changes in value	
Subordinated loan capital	369 413	-47 000	-406		322 007

Group / Parent Bank	Balance as at 31.12.2021	Cash flow	Other effects		Balance as at 31.12.2022
			Accrued interest	Changes in value	
Subordinated loan capital	200 824	167 000	1 590		369 413

40 Subordinated loan capital

Subordinated loan, time-limited

Year of issue	Terms and conditions	Due date	Call date	Nominal value
2022	3-months NIBOR +2.20%	01.12.2032	30.08.2027	220 000
2023	3-months NIBOR +2.28%	23.11.2033	23.08.2028	100 000
Total nominal value of subordinated loans				**320 000**

The Group has also issued a hybrid Tier 1 security with a nominal value of NOK 100 million (ISIN NO0012928771). The interest terms on the loan are 3-month NIBOR + 4.15%. In the accounts, the loan is treated as hybrid capital and included in the group's equity. Interest costs on hybrid capital are recognised through equity. In 2023, the Group also retired the old hybrid Tier 1 bond (ISIN NO00010835553) which had a nominal value of NOK 100 million.

In 2023, the interest accrued on hybrid capital was NOK 9.4 million (NOK 5.6 million for the corresponding period in 2022).

41 Equity

Equity certificate owners' share of the equity consists of equity certificate capital, share premium, other invested equity, and dividend equalisation funds. The dividend equalisation fund is an accumulated profit that can be used for future cash dividends or fund issues.

The equity certificate capital stipulated in the by-laws of Den Gule Banken, Sandnes Sparebank, is NOK 230 149 020 divided into 23 014 902 equity certificates, each with a face value of NOK 10.

Other equity consists of the bank's funds, gift funds/customer dividends, funds for unrealised gains, funds for valuation differences, other equity, and non-controlling interests. Additionally, hybrid Tier 1 securities are treated as hybrid capital and are included in the Group's equity (see note 40).

It has been proposed that a dividend of NOK 7.50 per equity certificate be paid for 2023, which corresponds to 74.8% of the Group's earnings per equity certificate. For 2022, a dividend of NOK 6.05 per equity certificate was paid.

On 28.03.2023, the Board of Trustees authorised the Board of Directors of Den Gule Banken, Sandnes Sparebank, to purchase treasury equity certificates for a total face value of up to NOK 23.015 million, equivalent to 10% of the equity certificate capital. Each equity certificate can be purchased at prices of between NOK 1 and 150. The authorisation is valid up to and including the ordinary meeting of the Board of Trustees in 2024, but no longer than 18 months from the time the authorisation is granted. As at 31.12.2023, Sandnes Sparebank owned 2 002 950 treasury equity certificates, which corresponds to approximately 8.7% of total issued equity certificates.

Customer dividends are part of the profit allocation in addition to handing out gifts for good causes. In 2023, NOK 77.2 million have been allocated to customer dividends. NOK 58.9 million was paid out in customer dividends for 2022.

42 Contingent liabilities

Contingent liabilities

As at 31.12.2023, there were no material contingent liabilities.

43 Events after the balance sheet date

Merger of Sandnes Sparebank and Hjelmeland Sparebank approved by the bank's boards of trustees

On 15.01.2024, the boards of trustees of Sandnes Sparebank and Hjelmeland Sparebank approved the plan to merge the banks and establish Rogaland Sparebank. The merger will be carried out by transferring Hjelmeland Sparebank's assets, rights and liabilities to Sandnes Sparebank.

The merger is still contingent on approvals from the authorities with acceptable terms and conditions. The plan is to complete the merger on 01.08.2024.

Issuance of subordinated loans in January 2024

As part of the bank's capital plan, and in line with the bank's assessment of future capital requirements, the bank increased its subordinated loans in January 2024. This means that own funds will be above the Board of Directors' adopted target for own funds at the time dividends are actually paid, even though, when the allocated dividends are taken into account, the own funds figure reported at the end of the year was slightly below the bank's own guide target. All capital requirement targets have always been above the regulatory requirements.

Otherwise, no events of material significance for the prepared annual financial statements have taken place after the balance sheet date of 31.12.2023.

44 Transactions with related parties

Transactions between the parent bank and subsidiaries

Transactions between the parent bank and subsidiaries relate primarily to ordinary banking services only. The services are provided on arm's length terms and eliminated in the consolidated financial statements.

SSB Boligkreditt

In October 2008, the Storting (Norwegian parliament) decided to introduce a scheme in which the government and banks would exchange treasury bills for covered bonds. In February 2009, Sandnes Sparebank established its own mortgage credit institution, SSB Boligkreditt, in order to make use of the scheme. SSB Boligkreditt AS is a wholly owned subsidiary that manages residential mortgages financed by the issuance of covered bonds. The parent bank sells loans to the company, which in turn finances its operations through the issuance of covered bonds. In addition, the subsidiary has both deposits in and liabilities to the parent bank subject to interest calculated in line with the arm's length principle.

In the period up to 31.12.2023, loans worth NOK 14.0 (11.9) billion were transferred. The cover pool amounts to NOK 14.8 (13.0) billion, of which NOK 11.7 (10.6) billion was financed through the issuance of covered bonds, and NOK 2.1 (1.3) billion financed through short-term credit. As at 31.12.2023, SSB Boligkreditt has NOK 0.2 (0.2) billion in bank deposits in the parent bank.

SSB Boligkreditt pays a management fee for transferred loans and pays for the purchase of administrative services from Den Gule Banken, Sandnes Sparebank. NOK 12.1 million in management fees were charged to SSB Boligkreditt in 2023, unchanged compared with 2022. In 2023, the parent bank charged interest/credit commissions of NOK 66.0 million on short-term credit, compared with NOK 28.6 million in 2022. The parent bank also paid a total of NOK 11.0 million in interest on deposits to SSB Boligkreditt, compared with NOK 7.5 million in 2022.

In 2023, an additional dividend was paid out to the parent bank of NOK 50.0 million. No dividend was paid out to the parent bank in 2022.

Relationship between the parent bank and SSB Boligkreditt

Acquisition of residential mortgages with repurchase

Den Gule Banken, Sandnes Sparebank has an agreement to transfer loans with a high degree of collateral and mortgaged properties to SSB Boligkreditt AS According to the management agreement that has been entered into, the bank is responsible for managing the loans and maintaining contact with the customers. The bank receives remuneration for the obligations that come with the management of the loans. The bank has assessed the accounting implications and concluded that most of the risk and benefits of ownership related to the sold loans have been transferred. This entails full derecognition from the bank's balance sheet. There is no obligation to buy back the loans and, in the event of a crisis, SSB Boligkreditt and the cover pool will stand on their own. This has also been taken into account in the rating of the company's bonds with respect to the over-collateralisation requirement of 6% and the authorities' requirement of 5%. The risk in relation to transferred loans is transferred to SSB Boligkreditt, which on independent basis includes all the loans in full in the risk-weighted assets included in the regulatory capital requirement calculation.

The remuneration received for loans transferred to SSB Boligkreditt, matches to the carrying amount and is deemed to correspond to the loans' fair value at the time of transfer. The bank recognises all the rights and obligations created or maintained upon transfer as separate assets or liabilities.

The parent bank is the main bank/settlement bank for SSB Boligkreditt, and all payments are made via SSB Boligkreditt's accounts in Den Gule Banken, Sandnes Sparebank. When SSB Boligkreditt purchases residential mortgages from the parent bank, the purchases are settled via SSB Boligkreditt's settlement account in Den Gule Banken, Sandnes Sparebank. If SSB Boligkreditt does not have cash available, that is in those cases where SSB Boligkreditt purchases loans before a new covered bond is issued, the bank will provide temporary financing for the purchase of the residential mortgages through unsecured financing.

Pursuant to an agreement between the parent bank and SSB Boligkreditt, the parent bank is obliged to transfer collateral to SSB Boligkreditt matching any requirement to top up the cover pool (over-collateralisation) due to a negative change in value in the residential mortgage portfolio's loan-to-collateral value ratio.

In short, the agreement entails the following:

- Loans are measured prior to transfer.
- When a loan is transferred from the bank to SSB Boligkreditt, a letter of notification is sent to the customer.
- In the event of refinancing, loans are transferred back to the bank to check whether they are eligible for transfer to SSB Boligkreditt.

Group		Loans and guarantees	Parent Bank	
2023	2022		2023	2022
9 973	10 363	Total loans and guarantees to Board of Directors, incl. related parties	9 973	10 363
52 921	33 724	Total loans and guarantees to Board of Trustees	52 921	33 724
507 332	460 294	Total loans (including overdraft facilities) to employees	471 674	415 238
570 225	**504 381**	**Total loans and guarantees to employees and elected representatives**	**534 568**	**459 325**

45 Earnings per equity certificate and calculation of equity certificate percentage

Group 2023	Group 2022	Earnings per equity certificate	Parent Bank 2023	Parent Bank 2022
10.0	8.1	Earnings per equity certificate	9.9	6.6
10.0	8.1	Diluted earnings per equity certificate	9.9	6.6
		Basis for calculation		
329 890	266 166	Profit after tax	327 476	218 786
63.6 %	63.5 %	Equity capital certificate percentage	63.6 %	63.5 %
209 683	168 930	Profit allocated to equity certificate holders	208 149	138 859
21 012	20 946	No. of outstanding equity certificates (NOK thousands)	21 012	20 946
2023	**2022**	**No. of outstanding equity certificates [1]**	**2023**	**2022**
20 945 526	20 919 731	Outstanding as at 01.01	20 945 526	20 919 731
21 011 952	20 945 526	Outstanding as at 31.12	21 011 952	20 945 526

1 The number of outstanding equity certificates has been reduced to account for the bank's holdings of treasury equity certificates.

Calculation of equity certificate percentage	31.12.2023	31.12.2022
Equity certificate capital	230 149	230 149
Treasury equity certificates	(20 030)	(20 694)
Share premium	987 313	987 313
Other paid-in equity	(127 180)	(132 390)
Dividend equalisation fund	535 453	491 885
A = Capital, equity certificate holders	*1 605 706*	*1 556 264*
The Savings Bank's Fund	895 350	870 700
Gift Fund (excl. provisions for customer dividends)	25 162	25 082
B = Primary capital	*920 512*	*895 781*
A / (A + B) = Equity certificate percentage	***63.6 %***	***63.5 %***

The number of issued equity certificates was 23 014 902 as at 31.12.2023, of which the bank's treasury holding was 2 002 950 equity certificates as at 31.12.2023, while the corresponding figure for 31.12.2022 was 2 069 376. Consequently the number of outstanding equity certificates amounted to 21 011 952 as at 31.12.2023, compared with 20 945 526 as at 31.12.2022.

The profit is allocated based on the equity certificate percentage. The same policies are applied when calculating earnings per equity certificate.

46 Equity certificate capital and equity certificate holders

Equity certificate capital

Equity certificate capital	31.12.2023	31.12.2022
Equity certificate capital, carrying amount	230 149	230 149
Treasury equity certificates	-20 030	-20 694
No. of equity certificates	23 015	23 015
Share premium, carrying amount	987 313	987 313
Other paid-in equity	-127 180	-132 390
Dividend equalisation fund	535 453	491 885

The 20 largest holders of equity certificates as at 31.12.2023

	No. of equity certificates	Share in %
Sparebank 1 SR-Bank ASA	3 485 009	15.14
Sandnes Sparebank (own holding)	2 002 950	8.70
Holmen Spesialfond	1 883 101	8.18
AS Clipper	1 248 389	5.42
VPF EIKA Egenkapitalbevis	1 138 909	4.95
Espedal & Co AS	886 861	3.85
Salt Value AS	680 000	2.95
Wenaasgruppen AS	625 000	2.72
Spesialfondet Borea Utbytte	506 283	2.20
Skagenkaien Investering AS	500 000	2.17
Sparebanken Vest	370 659	1.61
Innovemus AS	318 542	1.38
Kommunal Landspensjonskasse Gjensidige	304 311	1.32
Hausta Investor AS	260 000	1.13
Corneliussen Invest AS	205 574	0.89
Nordhaug Invest AS	184 374	0.80
Tirna Holding AS	156 255	0.68
Kristian Falnes AS	150 000	0.65
Meteva AS	131 881	0.57
Catilina Invest AS	124 000	0.54
20 largest holders	**15 162 098**	**65.88**
Other holders	7 852 804	34.12
Total equity certificates	**23 014 902**	**100.00**

Sandnes Sparebank's equity certificate capital as stipulated in our by-laws is NOK 230 149 020 divided into 23 014 902 equity certificates, each with a face value of NOK 10.

As at 31.12.2023, there were 3 111 registered equity certificate holders. On the same date, the 20 largest holders (inclusive of the bank's treasury equity certificates) controlled 65.88% of the equity certificate capital.

The total of 23 014 902 equity certificates as at 31.12.2023 include 2 002 950 treasury equity certificates. The face value of the bank's holding is recognised under the equity item "Treasury equity certificates" while the equity charge in excess of the face value is recognised in the item "Other paid-in equity".

Alternative performance measures

Sandnes Sparebank's alternative performance measures (APMs) are key figures designed to provide useful additional information to the financial statements. These key figures are either adjusted key figures or key figures that are not defined in IFRS or other legislation and that are not necessarily directly comparable with the corresponding key figures of other companies. The APMs are not substitutes for the accounting figures prepared in accordance with IFRS and should not be afforded more weight than these accounting figures, rather they are included in the bank's financial reporting for the purpose of providing a fuller description of the bank's performance. The bank exclusively uses key figures that are looked for by investors and analysts.

Sandnes Sparebank's APMs are used in the overview of the key figures, the Board of Directors' Report and presentations of the accounts and prospectuses. All APMs are shown with comparable figures from previous periods.

		Group		Parent Bank	
Definition	Calculations/basis (NOK thousands)	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Number of days in period	365	365	365	365
	Number of days in year	365	365	365	365
1 DEPOSIT-TO-LOAN RATIO					
CB deposits from customers / CB net loans to customers	CB deposits from customers	14 562 382	13 365 278	14 775 095	13 366 538
	CB net loans to customers	29 390 842	26 963 787	15 389 014	15 052 709
	Deposit-to-loan ratio	**49.5 %**	**49.6 %**	**96.0 %**	**88.8 %**
2 INTEREST MARGIN					
((Net interest income / days in period) x days in year) / average total assets	Net interest income	615 567	495 687	529 650	417 591
	Average total assets	33 317 905	30 796 704	21 980 777	21 061 541
	Interest margin	**1.85 %**	**1.61 %**	**2.41 %**	**1.98 %**
3 INTEREST MARGIN, INCL. INTEREST ON HYBRID CAPITAL					
(((Net interest income – interest expenses on hybrid capital) / days in period) x days in year) / average total assets	Net interest income	615 567	495 687	529 650	417 591
	Interest expenses on hybrid capital	9 741	5 602	9 741	5 602
	Average total assets	33 317 905	30 796 704	21 980 777	21 061 541
	Interest margin, incl. interest on hybrid capital	**1.82 %**	**1.59 %**	**2.37 %**	**1.96 %**
4 COST-TO-INCOME RATIO					
Total operating costs / (net interest income + total other operating income)	Total operating costs	368 707	324 093	321 947	284 363
	Net interest income	615 567	495 687	529 650	417 591
	Other operating income	159 563	153 790	182 005	132 114
	Cost-to-income ratio	**47.6 %**	**49.9 %**	**45.2 %**	**51.7 %**
5 TOTAL COSTS AS % OF AVERAGE TOTAL ASSETS					
((Total operating costs / days in period) x days in year) / average total assets	Total operating costs	368 707	324 093	321 947	284 363
	Average total assets	33 317 905	30 796 704	21 980 777	21 061 541
	Total costs as % of average total assets	**1.1 %**	**1.1 %**	**1.5 %**	**1.4 %**

Alternative performance measures

Definition	Calculations/basis (NOK thousands)	Group 31.12.2023	Group 31.12.2022	Parent Bank 31.12.2023	Parent Bank 31.12.2022
6 RETURN ON EQUITY BEFORE TAX					
(Profit before tax **/** days in period **x** days in year) **/** (average equity in the period), excl. hybrid capital	Profit before tax	395 789	314 040	377 809	252 942
	Average equity in the period	3 327 581	3 135 921	2 963 356	2 812 305
	Return on equity before tax	**11.9 %**	**10.0 %**	**12.7 %**	**9.0 %**
7 RETURN ON EQUITY AFTER TAX					
(Profit after tax **/** days in period **x** days in year) **/** (average equity in the period), excl. hybrid capital	Profit after tax	329 890	266 166	327 476	218 786
	Average equity in the period	3 327 581	3 135 921	2 963 356	2 812 305
	Return on equity after tax	**9.9 %**	**8.5 %**	**11.1 %**	**7.8 %**
8 RETURN ON EQUITY AFTER TAX, INCL. INTEREST ON HYBRID CAPITAL					
((Profit after tax **–** interest expenses on hybrid capital) **/** days in period **x** days in year) **/** (average equity in the period), excl. hybrid capital	Profit after tax	329 890	266 166	327 476	218 786
	Interest expenses on hybrid capital	9 741	5 602	9 741	5 602
	Average equity in the period	3 327 581	3 135 921	2 963 356	2 812 305
	Return on equity after tax, incl. interest on hybrid capital	**9.6 %**	**8.3 %**	**10.7 %**	**7.6 %**
9 EQUITY CERTIFICATE PERCENTAGE					
(Equity certificate capital **+** treasury equity certificates **+** premium **+** other paid-in equity **+** dividend equalisation fund) **/** (equity certificate capital **+** treasury equity certificates **+** premium **+** other paid-in equity **+** dividend equalisation fund **+** The Savings Bank's Fund **+** Gift Fund (excl. provisions for customer dividends)	Equity certificate capital	230 149	230 149	230 149	230 149
	Treasury equity certificates	-20 030	-20 694	-20 030	-20 694
	Share premium	987 313	987 313	987 313	987 313
	Other paid-in equity	-127 180	-132 390	-127 180	-132 390
	Dividend equalisation fund	535 453	491 885	535 453	491 885
	The Savings Bank's Fund	895 350	870 700	895 350	870 700
	Gift Fund (excl. provisions for customer dividends)	25 162	25 082	25 162	25 082
	Equity certificate percentage	**63.6 %**	**63.5 %**	**63.6 %**	**63.5 %**
10 EARNINGS PER EQUITY CERTIFICATE					
(Profit after tax **x** equity certificate percentage) **/** no. of outstanding equity certificates	Profit after tax	329 890	266 166	327 476	218 786
	Equity certificate percentage	63.6 %	63.5 %	63.6 %	63.5 %
	No. of outstanding equity certificates	21 011 952	20 945 526	21 011 952	20 945 526
	Earnings per equity certificate	**10.0**	**8.1**	**9.9**	**6.6**

Alternative performance measures

Definition	Calculations/basis (NOK thousands)	Group 31.12.2023	Group 31.12.2022	Parent Bank 31.12.2023	Parent Bank 31.12.2022
11 BOOK EQUITY PER EQUITY CERTIFICATE					
(CB total equity **–** hybrid capital) **x** equity certificate percentage **/** no. of outstanding equity certificates	Total equity CB (excl. hybrid capital)	3 524 803	3 296 882	3 176 157	2 950 094
	Equity certificate percentage	63.6 %	63.5 %	63.6 %	63.5 %
	No. of outstanding equity certificates	21 011 952	20 945 526	21 011 952	20 945 526
	Book equity per equity certificate	**106.6**	**99.9**	**96.1**	**89.4**
12 PRICE/BOOK EQUITY (P/B)					
Market price **/** book equity per equity certificate	Market price	91.4	93.8	91.4	93.8
	Book equity per equity certificate	106.6	99.9	96.1	89.4
	Price/book equity (P/B)	**0.86**	**0.94**	**0.95**	**1.05**
13 OPERATING EARNINGS BEFORE LOSSES AND TAX					
Profit after tax **+** tax expense **+** impairments and losses on loans and guarantees	Profit after tax	329 890	266 166	327 476	218 786
	Tax expense	65 899	47 874	50 333	34 155
	Impairments and losses on loans and guarantees	10 634	11 345	11 899	12 401
	Operating earnings before losses and tax	**406 423**	**325 384**	**389 708**	**265 342**
14 LIQUIDITY COVERAGE RATIO (LCR)					
Liquid assets **/** Net liquidity disposals within 30 days in a stress scenario	Liquid assets	3 624 457	3 748 155	3 047 270	2 934 961
	Net liquidity disposals within 30 days in a stress scenario	1 369 426	1 279 147	1 305 454	1 244 894
	LCR	**264.7 %**	**293.0 %**	**233.4 %**	**235.8 %**
15 COST-TO-INCOME RATIO ADJUSTED FOR CONVERSION COSTS[1]					
(Total operating costs **–** conversion costs) **/** (net interest income **+** total other operating income)	Total operating costs	368 707	324 093	321 947	284 363
	Conversion costs[1]	25 765	11 775	25 765	11 775
	Net interest income	615 567	495 687	529 650	417 591
	Other operating income	159 563	153 790	182 005	132 114
	Cost-to-income ratio (adjusted)	**44.2 %**	**48.1 %**	**41.6 %**	**49.6 %**
16 RETURN ON EQUITY AFTER TAX ADJUSTED FOR CONVERSION COSTS[1]					
((Profit after tax **+** conversion costs after tax) **/** days in period **x** days in year) **/** (average equity adjusted) excl. hybrid capital	Profit after tax	329 890	266 166	327 476	218 786
	Conversion costs after tax[2]	19 324	8 831	19 324	8 831
	Average equity in the period (adjusted)	3 340 173	3 151 258	2 975 948	2 827 642
	Return on equity after tax (adjusted)	**10.5 %**	**8.7 %**	**11.7 %**	**8.0 %**

1 As a consequence of the bank converting to a new core banking system (TietoEvry) some extraordinary costs. Adjusted key figures represent financial position exclusive of these costs.
2 Conversion costs adjusted for tax effects (25% tax rate).

TCFD disclosures

Climate-related risk - reporting for the Task Force on Climate Related Financial Disclosure

Governance	Disclose the organisation's governance around climate-related risks and opportunities.	Reference
A Describe the board's oversight of climate-related risks and opportunities	The Board of Directors discussed and assessed climate-related risk on several occasions in 2023: • Strategy meetings, discussion and review of sustainability strategy and future goals and planned work related to the area. • Quarterly risk assessments, including climate-related risk. Primarily related to the loan portfolio. • When dealing with credit cases that required decisions and follow-up from the bank's Board of Directors. • While considering the Group's ICAAP, which includes ESG risk. • When reviewing and approving procedures and guidelines related to climate-related risk and opportunities.	Board of Directors' Report
B Describe management's role in assessing and managing climate-related risks and opportunities	The management group has specified its ambitions for the bank's work on climate-related risk in the sustainability strategy, which has been approved by the Board of Directors. The Risk Manager is responsible for incorporating climate-related risk into risk management, in cooperation with the Sustainability Manager, both of whom report to the CFO. Resources and expertise are also drawn on from Corporate Market and the Eika Alliance.	Corporate governance

Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Reference
A Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	The general analyses that have been conducted conclude that the climate-related risk in both the retail market portfolio and the corporate market portfolio is relatively low. Part of the reason for this is that the bank does not finance fossil energy production at all and its exposure to emission-intensive industry is low. Nevertheless, the climate-related risk the bank is exposed to comes from loans to the corporate market. Most of these are medium to long-term, although there are some shorter-term loans. The bank regards commercial property, building and construction, and agriculture as the sectors with the highest inherent climate-related risk, while at the same time seeing great potential for having a positive impact in these sectors. This is also the reason why the bank has started developing green products for these sectors and currently offers green agriculture loans, green business loans, green energy loans and green mortgages. The bank's sustainability and social responsibility policies also cover the bank's liquidity management. Our liquidity portfolio mainly consists of bond investments in covered bond companies, the state and municipalities where exposure to climate-related risk is considered low. The climate-related risk in the customers' investment fund portfolios is also considered to be relatively low. Please refer to Eika Kapitalforvaltning's website for a description of its investment strategy, ESG criteria and management of climate-related risk in investment portfolios.	Sustainability and social responsibility, and Notes to the annual financial statements – note 7 and 8
B Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	SDG 13 Climate Action is one of the SDGs that the bank specifically works towards. Analysing and managing exposure to climate-related risk have been incorporated into the bank's strategy and governing documents, including our credit policy. Sandnes Sparebank partners with Eika Gruppen on the development and enhancement of tools and risk models that take into account climate-related risk.	Sustainability and social responsibility
C Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We are in discussions with Eika Gruppen about conducting scenario analyses. The challenges associated with conducting appropriate scenario analyses involve the availability and quality of data. Being able to conduct scenario analyses therefore depends on the work that has started on increasing access to data about our loan portfolio, see point (a) under risk management below.	Sustainability and social responsibility

TCFD disclosures cont.

Risk management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Reference
A Describe the organisation's processes for identifying and assessing climate-related risks	The bank carries out an annual risk assessment, which includes ESG and climate-related risk. Risk and Compliance have, together with the Sustainability Manager and the Credit Manager Corporate Market, carried out a general risk analysis of climate-related risk for the loan portfolio. We carry out assessments of ESG factors in general and climate-related risk in particular when granting credit in the corporate market. See the more detailed description in the report in the chapter on responsible lending. We will prioritise enhancing system support and the risk model in order to take adequate account of ESG risk factors going forward as well. Eika Gruppen has an ongoing project with Eiendomsverdi aimed at integrating data on the physical risk associated with the bank's collateral in residential and commercial properties.	Corporate governance, Sustainability and social responsibility, and notes 7 and 8
B Describe the organisation's processes for managing climate-related risks	We carry out quarterly evaluations of risk exposure in the bank, including ESG risk. The reports are presented to the management group and Board of Directors. Otherwise, please refer to the description in the annual report of the measures carried out and future goals designed to manage climate-related risk both in lending and also operationally.	Sustainability and social responsibility, and Notes to the annual financial statements – notes 7 and 8
C Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	The heads of sections in Risk and Compliance are responsible for carrying out an annual survey of risk exposure where ESG and climate-related risk are included as part of the total identification and assessment of risk. The Risk Manager is responsible for quarterly status reporting.	Corporate governance, and notes 7 and 8

Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Referanse
A Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	In 2023, the bank carried out a qualitative assessment of ESG factors in general and climate-related risk in particular as an integral part of the credit assessment in Corporate Market and through the ICAAP. In 2023, the physical climate-related risk in the bank's loan portfolio was calculated using data capture from Eiendomsverdi and the findings reported in the annual report. In 2024, we will further enhance our competence, system support and model for calculating exposure and capital requirements for climate-related risk factors.	Notes to the annual financial statements – notes 7 and 8
B Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Please refer to the climate report appended to the annual report for details concerning the reporting of Scopes 1, 2 and 3, as well as our reduction targets. As far as risk assessments are concerned, we regard our emissions as less crucial, while climate considerations in lending and investments are of far greater significance. This is also assumed in our materiality analysis and prioritisation of measures and goals. In 2023, Finance Norway launched its guide for calculating financed emissions, and this was used to calculate parts of the bank's financed emissions in the annual report for 2023. One priority project for 2024 will be to improve data quality and at the same time include a larger proportion of the loan portfolio in these calculations. This will provide an important starting point for setting relevant targets for net zero emissions.	Ref page. 157 (appendix Energy and Climate Report).
C Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See the comments above, and refer to the overview of our goals and priorities sustainability reporting.	Sustainability and social responsibility

GRI index 2023

GRI disclosure	Description	Reporting 2023	Omissions: Omitted requirements	Omissions: Reason	Omissions: Explanation
	GENERAL DISCLOSURES				
	The organisation and its reporting practices				
2-1	Organisational details: name of the organisation, ownership and legal form, headquarters, countries of operation.	AR – Corporate governance Den Gule Banken, Sandnes Sparebank Rådhusgata 3, 4306 Sandnes			
2-2	Entities included in the organisation's sustainability reporting	Den Gule Banken, Sandnes Sparebank and SSB Boligkreditt AS			
2-3	Reporting period, frequency and contact point	Financial year 2023, contact person is CFO Tomas Nordbø.			
2-4	Restatements of information	No material changes.			
2-5	External assurance: policy and practice for seeking external assurance	AR – Auditor's report and certification of sustainability report for 2023 (Deloitte).			
	Activities and workers				
2-6	Activities, value chain and other business relationships	AR – Corporate governance AR – Board of Directors' Report 2023			
2-7	Employees	AR – Responsible employer			
2-8	Workers who are not employees	AR – Responsible employer			
	Governance				
2-9	Governance structure and composition	AR – Organisation and management group AR – Board of Directors' Report 2023			
2-10	Nomination and selection of the highest governance body	AR – Organisation and management group			
2-11	Chair of the highest governance body	AR – Board			
2-12	Role of the highest governance body in overseeing the management of impacts	AR – Corporate governance			
2-13	Delegation of responsibility for managing impacts	AR – Corporate governance			
2-14	Role of the highest governance body in sustainability reporting	AR – Corporate governance			
2-15	Conflicts of interest	AR – Board			
2-16	Communication of critical concerns	AR – Responsible employer			
2-17	Collective knowledge of the highest governance body	AR – Board AR – Responsible employer			
2-18	Evaluation of the performance of the highest governance body	AR – Corporate governance			
2-19	Remuneration policies	AR – Responsible employer			
2-20	Process to determine remuneration	AR – Responsible employer			
2-21	Annual total compensation ratio	AR – Responsible employer			
	Strategy, policies and practices				
2-22	Statement on sustainable development strategy	AR – Sustainability and social responsibility			
2-23	Policy commitments	AR – Sustainability and social responsibility			
2-24	Embedding policy commitments	AR – Sustainability and social responsibility			
2-25	Processes to remediate negative impacts	AR – Responsible employer			
2-26	Mechanisms for seeking advice and raising concerns	AR – Responsible employer			
2-27	Compliance with laws and regulations	AR – Responsible employer AR – Responsible operations			
2-28	Membership associations	Finance Norway			
	Stakeholder engagement				
2-29	Approach to stakeholder engagement	AR – Stakeholder engagement			
2-30	Collective bargaining agreements	AR – Responsible employer			

AR = Annual Report

GRI index 2023 cont.

GRI disclosure	Description	Reporting 2023	Utelatelser Omitted requirements	Reason	Explanation
	SPECIFIC INFORMATION ON MATERIAL TOPICS				
	Disclosures on material topics				
3-1	Process to determine material topics	AR – Materiality analysis			
3-2	List of material topics	AR – Materiality analysis			
3-3	Management of material topics	AR – Materiality analysis			
	ECONOMICS – ECONOMIC PERFORMANCE AND ECONOMIC CRIME				
3-3	Management of material topics	AR – Key figures as at 31.12.2023 AR – Materiality analysis, AR – Social responsibility AR – Economic crime, AR – Annual financial statements AR – Note 7 – Risk management AR – Note 9 – Loans and advances by customer group and geographic area AR – TCFD disclosures			
	Economic performance				
201-1	Direct economic value generated and distributed	AR – Annual financial statements			
201-2	Financial implications and other risks and opportunities due to climate change	AR – Responsible employer AR – Risk management AR – Credit risk AR – TCFD disclosures			
201-3	Defined benefit plan obligations and other retirement plans	AR – Remuneration			
201-4	Financial assistance received from government	None			Not applicable. The bank has not received public financial support.
	Anti-corruption and economic crime				
205-1	Operations assessed for risks related to corruption	AR – Economic crime			
205-2	Communication and training about anti-corruption policies and procedures	AR – Economic crime			
205-3	Confirmed incidents of corruption and actions taken	AR – Economic crime			
SADG-1	Work against money laundering and terrorist financing	AR – Economic crime			
	RESPONSIBLE OPERATIONS				
3-3	Management of material topics	AR – Materiality analysis AR – Responsible operations AR – GRI table 2023			
	Emissions and compliance with environmental regulations				
305-1	Direct (Scope 1) GHG emissions	AR – Energy and Climate Report			
305-2	Energy indirect (Scope 2) GHG emissions	AR – Energy and Climate Report			
305-3	Other indirect (Scope 3) GHG emissions	AR – Energy and Climate Report	GR 305-3 d	Information incomplete	Only parts of the emissions from investments and the loan portfolio have been reported. The calculated financed emissions related to financing residential properties, commercial properties and agri-culture have been included. The bank used Finance Norway's guidelines to calculate financed emissions. Going forward, we will work to improve our data capture such that a larger proportion of the portfolio is included in the calculations.
305-4	GHG emissions intensity	AR – Responsible operations			
305-5	Reduction of GHG emissions	AR – Responsible operations			
305-6	Emissions of ozone-depleting substances (ODS)		GRI 305-6	Not applicable	Not relevant since the bank has no such types of emission.
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions		GRI 305-7	Not applicable	Not relevant since the bank has no such types of emission.
	Supplier environmental assessment				
308-1	New suppliers that were screened using environmental criteria	AR – Responsible operations			
308-2	Negative environmental impacts in the supply chain and actions taken	AR – Responsible operations			

AR = Annual Report

GRI index 2023 cont.

GRI disclosure	Description	Reporting 2023	Utelatelser Omitted requirements	Reason	Explanation
	RESPONSIBLE EMPLOYER				
3-3	Management of material topics	AR – Materiality analysis AR – Responsible employer			
	Employment				
401-1	New employee hires and employee turnover	AR – Responsible employer			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	AR – Responsible employer			
401-3	Parental leave	AR – Responsible employer			
	Training and education				
404-1	Average hours of training per year per employee	AR – Responsible employer			
404-2	Programmes for upgrading employee skills and transition assistance programmes	AR – Responsible employer			
404-3	Percentage of employees receiving regular performance and career development reviews	AR – Responsible employer			
	Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	AR – Responsible employer			
405-2	Ratio of basic salary and remuneration of women to men	AR – Responsible employer			
	Non -discrimination				
406-1	Incidents of discrimination and corrective actions taken	ÅR – Ansvarlig arbeidsgiver			
	RESPONSIBLE COMMUNICATIONS				
3-3	Management of material topics	AR – Materiality analysis AR – Responsible communication and marketing AR – Privacy			
	Marketing and labelling				
417-1	Requirements for product and service information and labelling	AR – Responsible communication and marketing			
417-2	Incidents of non-compliance concerning product and service information and labelling	AR – Responsible communication and marketing			
417-3	Incidents of non-compliance concerning marketing communications	AR – Responsible communication and marketing			
	Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	AR – Privacy			
	RESPONSIBLE FINANCING AND RESPONSIBLE INVESTMENT				
3-3	Management of material topics	AR – Materiality analysis AR – Responsible funding AR – Responsible lending AR – Responsible insurance AR – Responsible insurance			
	Product responsibility				
FS 7	Monetary value of products and services designed to deliver a specific social benefit	AR – Responsible lending			
FS 8	Monetary value of products and services designed to deliver a specific environmental benefit	AR – Responsible lending			
	Active ownership				
FS 10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	AR – Responsible investment			
FS 11	Percentage of assets subject to positive and negative environmental or social screening	AR – Responsible investment			

AR = Annual Report

Energy and Climate Report

Category	Unit	2023	2022	2021	Change from previous year
SCOPE 1					
Transport					
Diesel (NO)	tCO_2e				
Scope 1 Total emissions	**tCO_2e**				
SCOPE 2					
District heating/cooling					
District cooling	tCO_2e	0.2	1.4	0.9	-85.7 %
District heating	tCO_2e	0.1			
Electricity					
Electricity Nordic Mix	tCO_2e	10.4	9.1	9.2	14.3 %
Electric car total					
Electric car Nordic					
Scope 2 Total emissions	**tCO_2e**	**10.7**	**10.6**	**10.1**	**0.9 %**
SCOPE 3					
Commuting home - office *					
Bus	tCO_2e	3.4	0.6	3.2	466.7 %
Train	tCO_2e	0.6	1.1	1.6	-45.5 %
Car, fossil	tCO_2e	4.0	4.9	6.3	-18.4 %
Electric car, hybrid and motorcycle	tCO_2e	1.8	1.9	2.1	-5 %
Total, commuting	**tCO_2e**	**9.8**	**8.6**	**13.2**	**14.0 %**
Flights					
Domestic	tCO_2e	32.6	15.7	3.9	107.6 %
Nordics	tCO_2e		5.7	0.3	-100.0 %
Europe	tCO_2e	0.7	29.8		-97.7 %
Total, flights	**tCO_2e**	**33.3**	**51.2**	**4.2**	**-35.0 %**
Business travel					
Train	tCO_2e	0.1	0.1	0.1	0.00 %
Car, Taxi	tCO_2e	0.8	0.7	0.8	14.29 %
Guest nights	tCO_2e	0.8			100.00 %
Total, business travel, excl. air	**tCO_2e**	**1.7**	**0.8**	**0.9**	**112.50 %**
Waste					
Paper waste, recycling	tCO_2e	0.2	0.4	0.6	-50.0 %
Loan portfolio					
Residential mortgages	tCO_2e	2 753.6			100 %
Agriculture	tCO_2e	27 963.0			100 %
Commercial property	tCO_2e	92.8			100 %
Scope 3 Total emissions	**tCO_2e**	**30 854.4**	**61.1**	**19.0**	**50 398.2 %**
Total (S1+S2+S3)	**tCO_2e**	**30 865.2**	**71.6**	**29.1**	**43 007.8 %**

Statement pursuant to § 5-5 of the Norwegian Securities Trading Act

Den Gule Banken
Sandnes Sparebank

Rådhusgata 3, 4306 Sandnes
Boks 1133, 4391 Sandnes
Telefon 51 67 67 00
kundeservice@sandnes-sparebank.no
www.sandnes-sparebank.no
Org.nr. 915 691 161
Swiftadr. saskno22

Statement pursuant to§ 5-5 of the Norwegian Securities Trading Act

We confirm that the annual financial statements for the period from 1 January to 31 December 2023, to the best of our knowledge, have been prepared in accordance with IFRS, and that the information contained by the financial statements provides a true picture of the company's and the Group's assets, liabilities, financial position, and overall profits, and that the information in the Annual Report provides a true summary of developments, results and the position of the company and the Group, together with the key risk and uncertainty factors facing the companies.

Sandnes, 22 March 2024
The Board of Directors of Sandnes Sparebank

Harald Espedal Chairman of the Board	Frode Svaboe Deputy Chairman	Bjørg Tomlin Director	Sven Chr Ulvatne Director	Astrid Rebekka Norheim Director
Wenche Drønen Christensen Director	Ingrunn Ruud Employee representative	Joakin De Haas Employee representative	Trine Karin Stangeland CEO	

Auditor's report

Deloitte AS
Strandsvingen 14 A
NO-4032 Stavanger
Norway

+47 51 81 56 00
www.deloitte.no

To the Board of Trustees of Sandnes Sparebank

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sandnes Sparebank, which comprise:

- The financial statements of the parent company Sandnes Sparebank (the Company), which comprise the balance sheet as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.
- The consolidated financial statements of Sandnes Sparebank and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Sandnes Sparebank for 13 years from the election by the Board of Trustees on 31 March 2011 for the accounting year 2023 (with a renewed election on 23 March 2022).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Auditor's report cont.

IT SYSTEMS AND INTERNAL CONTROLS RELEVANT FOR FINANCIAL REPORTING

Description of the Key Audit Matter	How the matter was addressed in the audit
The IT systems within Sandnes Sparebank are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates and calculations, and in obtaining relevant information to be disclosed. The IT systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers. Reference is made to note 7 in the financial statements, for a description of the management and operation IT systems in Sandnes Sparebank. Proper management and control of these IT systems both from Sandnes Sparebank and their service providers are of high importance to ensure precise, complete and reliable financial reporting, and this area is therefore considered to be a key audit matter. Sandnes Sparebank has during 2023 changed their core banking system and service provider from SDC to TietoEvry.	Sandnes Sparebank has established a general governance model and internal controls on their IT systems. We have obtained an understanding of Sandnes Sparebanks IT governance model relevant for financial reporting. We assessed and tested the design of selected internal control activities relevant for financial reporting, including selected controls related to access management. For a sample of these controls, we tested their operating effectiveness in the reporting period. We also considered the third party report (ISAE 3402 Report) on Sandnes Sparebanks service provider of the core banking system focusing on whether they had adequate internal controls on areas that are of importance for the financial reporting of Sandnes Sparebank. In addition, we considered a third party confirmation (ISAE 3000 and ISRS 4400) related to the service provider with regards to the design and implementation of selected automated control activities in the IT-systems, including among others the calculation of interests and fees as well as if system generated reports was adequately designed and implemented. We have engaged our internal IT experts in the work related to understanding the governance model on IT and in assessing and testing the internal control activities related to IT. We have engaged our internal IT experts to assess and test selected control activities relevant for the conversion from SDC to TietoEvry. The audit team has performed substantive testing to verify that data has been accurately transferred from SDC to TietoEvry.

Auditor's report cont.

Deloitte.

side 3
Independent auditor's report
Sandnes Sparebank

CORPORATE LOAN LOSS PROVISIONS

Description of the Key Audit Matter	How the matter was addressed in the audit
Sandnes Sparebank have loans in the corporate segment, and reference is made to notes 8, 10 and 11 for disclosures on credit risk and loss provisions on loans and guarantees. Sandnes Sparebank have considered the need for loan loss provisions as per the implementation date for IFRS 9 and as per 31.12.2023. There is a considerable amount of judgement involved in estimating the loan loss provisions within the corporate segment. The judgement is related to forward-looking assessments of probability of default and loss given default, in order to estimate the expected loss, including an assessment on how expected loss is affected by uncertainties regarding the economic development. Sandnes Sparebank utilizes models and information from a service provider in the calculation of expected loss. The assumptions and estimates used in these assessments are of critical importance for the size of these provisions, and corporate loan loss provisions are therefore a key audit matter in our audit.	Sandnes Sparebank has established internal control activities related to the calculation of loan loss provisions on corporate lending. We performed a reasonability check on the loan loss provisions and the changes in these provisions during the year and collected and assessed Sandnes Sparebanks reasoning behind such changes. We assessed and tested the design of selected key controls concerning loans subject to impairment. The control activities we assessed and tested the design of were related to identification of loans subject to impairment and the assessment of the expected future cash flows on these loans. For a sample of these control activities, we tested if they were operating effectively during the period. On a sample of impaired loans, we tested if these were timely identified, and considered the expected future cash flows the bank had estimated on these loans. On remaining loan loss provisions calculated in models and information from the service provider, we assessed: • Documentation of the models • Calculation of probability of default, loss given default and exposure at default We assessed a selection of applied forward-looking assumptions against external reports on forward-looking data from Norges Bank and Statistics Norway. We considered if the note disclosures on loan loss impairments within corporate lending is in line with requirements set forth in IFRS 7.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material

Auditor's report cont.

side 4
Independent auditor's report
Sandnes Sparebank

inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

Auditor's report cont.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Sandnes Sparebank, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300G2EWXR3BRFKQ37-2023-12-31-no.zip , have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation

Auditor's report cont.

of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stavanger, 22 March 2024
Deloitte AS

Else Høyland Joranger
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Certification of 2023 sustainability report

Deloitte.

Deloitte AS
Strandsvingen 14 A
NO-4032 Stavanger
Norway

Tel: +47 51 81 56 00
www.deloitte.no

To the Board of Directors of Sandnes Sparebank

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON SANDNES SPAREBANK SUSTAINABILITY REPORTING FOR 2023

We have performed a limited assurance engagement for the Board of Directors of Sandnes Sparebank on information out in GRI Index 2023 (the "Selected Information") within the Sustainability Report for the reporting period ended 31 December 2023.

Our limited assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the 2023 ended 31 December 2023, as described below, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Sandnes Sparebank has engaged us to provide independent Limited assurance in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.
The Selected Information in scope of our engagement, as presented in the Sustainability Report for the 2023 ended 31 December 2023 is as follows:

Selected Information	Applicable Criteria
GRI Index 2023	Reporting in accordance with GRI Standards, published by the Global Reporting Initiative (globalreporting.org).

In relation to the Selected Information, as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.
Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

Certification of 2023 sustainability report cont.

Deloitte.

Board of Directors' responsibilities

The Board of Directors are responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Publishing the Applicable Criteria, publicly in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Board of Directors.

Our independence and quality management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment and included, among others, an assessment of the appropriateness of the Applicable Criteria. In carrying out our Limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Through inquiries of relevant personnel, we have obtained an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify areas where material misstatement in the Selected Information is likely to arise, providing a basis for designing and performing procedures to respond to address these areas and to obtain limited assurance to support a conclusion.
- Through inquiries of relevant personnel, we have obtained an understanding of the internal processes relevant to the Selected Information and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information.
- Performed procedures on a sample basis to assess whether the Selected Information has been collected and reported in accordance with the Applicable Criteria, including comparing to source documentation.

Certification of 2023 sustainability report cont.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Stavanger, 22nd March 2024
Deloitte AS

Else Høyland Joranger

State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Design: Fasett 2024

Den Gule Banken

www.sandnes-sparebank.no

Registered business address:
Rådhusgata 3, 4306 Sandnes, Sandnes Municipality