

First Quarter Report 2021



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Main figures

	Jan-March					
	2021		2020		2020	
From the income statement	NOKm	% ¹⁾	NOKm	% ¹⁾	NOKm	% ¹⁾
Net interest	668	1.40	710	1.61	2,759	1.50
Net commission income and other income	808	1.69	570	1.30	2,572	1.40
Net return on financial investments	289	0.61	101	0.23	951	0.52
Total income	1,766	3.70	1,381	3.14	6,281	3.42
Total operating expenses	806	1.69	716	1.63	2,952	1.61
Results before losses	960	2.01	665	1.51	3,329	1.81
Loss on loans, guarantees etc	59	0.12	308	0.70	951	0.52
Results before tax	901	1.89	357	0.81	2,378	1.30
Tax charge	133	0.28	67	0.15	400	0.22
Result investment held for sale, after tax	0	0.00	0	0.00	1	0.00
Net profit	768	1.61	290	0.66	1,978	1.08
Interest Tier 1 Capital	20		24		59	
Net profit excl. Interest Tier 1 Capital	748		266		1,919	
	31 March 2021		31 March 2020		31 Dec 2020	
Key figures						
Profitability						
Return on equity ²⁾	14.8 %		5.7 %		10.0 %	
Cost-income ratio ²⁾	46 %		52 %		47 %	
Balance sheet figures						
Gross loans to customers	137,471		127,272		134,648	
Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt	185,342		170,771		182,801	
Deposits from customers	102,390		88,152		97,529	
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	74 %		69 %		72 %	
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt ²⁾	55 %		52 %		53 %	
Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt) ²⁾	8.5 %		6.0 %		9.0 %	
Growth in deposits last 12 months	16.2 %		8.7 %		13.5 %	
Average total assets	190,867		175,922		183,428	
Total assets	193,822		185,182		187,912	
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt						
Impairment losses ratio ²⁾	0.13 %		0.73 %		0.54 %	
Stage 3 as a percentage of gross loans ²⁾	1.66 %		1.61 %		1.23 %	
Solidity ³⁾						
Capital ratio	21.9 %		20.1 %		22.3 %	
Tier 1 capital ratio	19.7 %		18.0 %		20.0 %	
Common equity Tier 1 capital ratio	18.0 %		16.3 %		18.3 %	
Tier 1 capital	18,636		17,792		18,636	
Total eligible capital	20,741		19,879		20,759	
Liquidity Coverage Ratio (LCR)	190 %		185 %		171 %	
Leverage Ratio	7.0 %		6.9 %		7.1 %	
Branches and staff						
Number of branches	42		46		45	
No. Of full-time positions	1,544		1,553		1,560	

1) Calculated as a percentage of average total assets

2) Defined as alternative performance measures, see attachment to the quarterly report

Key figures ECC	31 March 2021	31 March 2020	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
ECC ratio	64.0 %	64.0 %	64.0 %	64.0 %	64.0 %	64.0 %
Number of certificates issued, millions ²⁾	129.22	129.22	129.39	129.30	129.62	129.38
ECC share price at end of period (NOK)	107.40	67.60	97.60	100.20	84.20	82.25
Stock value (NOKM)	13,878	8,735	12,629	12,956	10,914	10,679
Booked equity capital per ECC (including dividend) ²⁾	96.70	86.85	94.71	90.75	83.87	78.81
Profit per ECC, majority ²⁾	3.40	1.26	8.87	12.14	9.97	8.71
Dividend per ECC			4.40	5.00	5.10	4.40
Price-Earnings Ratio ²⁾	7.91	13.46	11.01	8.26	8.44	9.44
Price-Book Value Ratio ²⁾	1.11	0.78	1.03	1.10	1.00	1.04

²⁾ Defined as alternative performance measures, see attachment to quarterly report

Report of the Board of Directors

First quarter accounts 2021

(Consolidated figures. Figures in parenthesis refer to the same period of 2020 unless otherwise stated)

- Pre-tax profit: NOK 901m (357m)
- Post-tax profit: NOK 768m (290m)
- Return on equity: 14.8 per cent (5.7 per cent)
- CET1 ratio: 18.0 per cent (16.3 per cent)
- Growth in lending: 8.5 per cent (6.0 per cent) and in deposits: 16.2 per cent (8.7 per cent). Growth in lending in the first quarter was 1.4 per cent (1.8 per cent) and in deposits 5.0 per cent (2.6 per cent)
- Growth in lending to personal customers rose by 0.8 per cent in the quarter (1.7 per cent), 0.8 percentage point lower growth than in the fourth quarter. Growth in lending to corporate clients rose by 2.6 per cent (1.9 per cent) which was 0.1 percentage point higher than in the fourth quarter
- Net result of ownership interests: NOK 128m (217m, including an insurance gain of NOK 340m)
- Excellent pre-tax profit of NOK 125m at SpareBank 1 Markets (minus 15m)
- Net result of financial instruments: NOK 158m (loss of 124m)
- Losses on loans and guarantees: NOK 59m (308m)
- Earnings per equity certificate (EC): NOK 3.40 (1.26). Book value per EC: NOK 96.70 (86.85)

Events in the quarter

Vaccines rollout spurs optimism, but much uncertainty remains

Economic developments are closely tied to the expected path and management of the Covid-19 pandemic. For Norway and the country's most important trading partners alike, it is now assumed that the adult section of the population will be vaccinated over the course of autumn 2021. Norges Bank (Norway's central bank) has revised growth for Mainland (non-oil) Norway up to 3.8 per cent for 2021. The downside is primarily unemployment which for the time being appears to be stuck at a higher-than-normal level, especially in sectors most affected by the disease protection measures (services, tourism and transportation). There are clear signs that growth is returning, but much uncertainty persists – in particular as regards the development of mutated viruses and vaccines' effect on them.

One SMN

One SMN is central to achieving the group's strategy in the period to 2023, and provides the basis for a united and forward-looking group. Overarching objectives are an improved customer experience, a strengthened market position and improved profitability. A profit improvement of NOK 400m before tax is targeted through increased synergies, increased revenues, cost efficiencies and improved capital utilisation.

A customer-oriented and simplified distribution system, increased digitalisation along with streamlining of support functions are set to reduce the number of FTEs by 100 in the course of 2021. As of the end of the first quarter a net reduction of FTE of 16 has been achieved, mainly at the bank. Group costs are down, both at the bank and among the subsidiaries as a result of downstaffing and lower operating expenses. Staff numbers will be further reduced over the year, and the resultant cost reduction will increase to year-end.

Simplifying and modernising the group's distribution of products and services has also had a high focus throughout the first quarter. This will strengthen the customer offering and increase sales efficiency. 17 regional centres are being established at which banking, estate agency and accounting services will be co-located.

Work on reinforcing the synergies between the bank's personal banking business and EiendomsMegler 1 Midt-Norge, and between the bank's corporate banking business and SpareBank 1 SMN Regnskapshuset, is well under way. Clear-cut effects are anticipated in the form of an increase in the proportion of house purchases financed by the bank, and an increase in the proportion of clientele that are customers of both banking and accounting services. Use of knowledge of the customer in developing new customer offerings and improved pricing models is a priority.

Sustainability

In December 2020 the board of directors of SpareBank 1 SMN adopted a new strategy for sustainability. SpareBank 1 SMN aims through a responsible business model to stimulate sustainable development in the region by being a

1. Driver for the green transition
2. Partner for the inclusive development of society
3. Guide to building a responsible business culture

The group prioritises five key areas for 2021 as a first step in its transition plan for the period to 2030. The key areas are innovation, customer offering, climate footprint, competence and diversity.

1. Create green growth and business development through collaboration and partnerships. The group will engage customers and partners in the development of innovative local communities
2. Offer products and services that stimulate customers' transition and digitalisation. A target of ten per cent annual increase in loans to projects that qualify for green bond financing has been set
3. Reduce the climate imprint across the entire value chain. To achieve a halving of the group's climate footprint to 2030, a target of eight per cent annual reduction has been set (reference year: 2019)
4. Strengthen (climate risk) competence and reporting. The group will offer a competence-building programme for both customers and employees
5. Contribute to diversity and a fair transition. The group will work to strengthen equal opportunities in working life, everyday life and business and industry

Work is in progress on a broad front across all the group's business lines to concretise key results within the framework of a new, holistic group standard for sustainability.

SpareBank 1 SMN issued in February 2021 a senior green bond of EUR 500m with a 7-year maturity. More than 100 investors participated.

SpareBank 1 SMN has launched Mitt Klimaspor, a solution in the online and mobile bank where customers get an overview and insight into their own climate footprint by translating purchases of products and services into climate footprints. The solution will make consumers aware by helping them to understand what creates emissions and understand how simple behavioral changes can create a reduction in the climate footprint.

Results for the first quarter of 2021

SpareBank 1 SMN posted a net profit of NOK 768m (290m), and a return on equity of 14.8 per cent (5.7 per cent), in the first quarter. The first quarter figure is NOK 318m higher than in the fourth quarter of 2020. The profit improvement compared with the preceding quarter and last year's first quarter is largely related to lower losses.

Earnings per equity certificate (EC) in the first quarter were NOK 3.40 (1.26) and book value per EC was NOK 96.70 (86.85). Earnings per EC in the fourth quarter of 2020 were NOK 1.99.

Overall operating income in the first quarter of 2021 totalled NOK 1,477m (1,280m), an increase of NOK 197m over the same period of the previous year and an increase of NOK 32m over the fourth quarter. Compared with the first quarter of 2020, the income growth derives from the bank's subsidiaries, mainly SpareBank 1 Markets.

The Group's profit share from owner interests and related companies was NOK 128m (217m, including an insurance gain of NOK 340m). The profit share in the fourth quarter was NOK 117m. SpareBank 1 Gruppen delivered a profit in line with the expectations, while BN Bank posted profit growth due to reduced losses.

Return on financial instruments was NOK 158m (minus 124m) in the first quarter of 2021 and NOK 53m in the fourth quarter of 2020. The first quarter of 2021 brought capital gains of NOK 102m, whereas the first quarter of last year was marked by the Covid-19 crisis.

Operating expenses totalled NOK 806m (716m) in the first quarter of 2021 compared with operating expenses of NOK 845m in the fourth quarter of 2020. The increase compared with last year's first quarter is down to higher expenses at SpareBank 1 Markets due to the excellent performance. Apart from this, the group recorded a reduction on costs compared with the first quarter of 2020.

Losses on loans and guarantees totalled NOK 59m (308m) in the first quarter and NOK 242m in the fourth quarter. Lower losses compared with the first quarter of last year are mainly related to high Covid-related losses last year recorded by Retail Banking and Corporate Banking alike, while the decline compared with the last quarter of 2020 is largely ascribable to reduced losses in the offshore portfolio.

Good growth was seen in loans and deposits, and overall lending rose by 8.5 per cent (6.0 per cent) and deposits by 16.2 per cent (8.7 per cent) in the 12 months to end-March. In the first quarter, lending grew by 1.4 per cent and deposits by 5.0 per cent. High growth in lending to and deposits from corporate clients draws attention.

The CET1 ratio as at 31 March 2021 was 18.0 per cent (16.3 per cent). The target CET1 ratio is 16.9 per cent. At yearend 2020 the CET1 ratio stood at 18.3 per cent.

The price of the bank's equity certificate (MING) at quarter end was NOK 107.40 (67.60). A cash dividend of NOK 4.40 (5.00) was declared for 2020. Of this, a dividend of NOK 1.30 per EC was paid for 2020 in light of the Ministry of Finance's recommendation. The board of directors is authorised to pay out all or parts of the remaining dividend and community dividend after 30 September 2021 if conditions permit.

Increased net interest income

In spring 2020 Norges Bank lowered its base rate from 1.50 per cent to zero. SpareBank 1 SMN subsequently lowered its mortgage lending rate and deposit rates. NIBOR was reduced by about 145 points over the course of 2020.

Net interest income came to NOK 668m (710m) in the first quarter of 2021, and to NOK 688m in the fourth quarter of 2020. The change of NOK 20m in net interest income compared with the fourth quarter of 2020 is mainly ascribable to reduced margins on residential mortgages due to a higher NIBOR in the quarter and fewer interest days. This is partially compensated for by increased deposit margins and growth in lending and deposits. Weaker net interest income compared with the first quarter of 2020 is due to lower return on equity after a substantial fall in the interest rate level.

Norges Bank retains an unchanged base rate, but has signalled a possible increase in autumn 2021. Norges Bank anticipates a gradual increase in the base rate thereafter as conditions in the economy normalise.

Increased commission and other operating income

Commission income and other operating incomes totalled NOK 808m (570m) in the first quarter of 2021 and NOK 757m in the fourth quarter of 2020.

Commission income (NOKm)	1Q 2021	4Q 2020	1Q 2020
Payment transfers	49	56	59
Creditcard	14	14	16
Saving products	32	32	22
Insurance	52	51	47
Guarantee commission	14	6	13
Real estate agency	103	93	83
Accountancy services	148	111	148
Markets	275	245	81
Other operating income	5	9	10
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	693	617	479
Commissions SB1 Boligkreditt	112	136	88
Commissions SB1 Næringskreditt	4	4	4
Total commissions	808	757	570

Net interest income on loans sold to SpareBank 1 Boligkreditt (residential mortgage company) and SpareBank 1 Næringskreditt (commercial mortgage company) is recognised as commission income. Commission income on loans sold to these two companies totalled NOK 116m (91m) in the first quarter of 2020. In the fourth quarter of 2020 commissions totalled NOK 140m. The reduction from the fourth quarter is due to reduced margins on mortgages. The increase from last year is due to a larger volume of loans sold to SpareBank 1 Boligkreditt.

The increase of NOK 214m in other commission income compared with the first quarter of 2020 is mainly due to strong growth of NOK 194m in income on securities services at SpareBank 1 Markets. In addition, income growth of NOK 20m is recorded on estate agency services.

Reduced incomes from payments and credit cards are due to less travel and lower activity levels in general.

A high proportion of multi-product customers is important for SpareBank 1 SMN. It makes for high customer satisfaction and a diversified income flow for the group.

Return on financial investments

Overall return on financial investments in the first quarter of 2021 came to NOK 158m (minus 124m). This breaks down as follows compared with last year's first quarter:

- Capital gains on shares came to NOK 102m (loss of 42m) and are gains on shareholdings in SpareBank 1 Invest
- Gains on financial instruments, including bonds and CDs, totalled NOK 20m in the first quarter (loss of 161m). The first quarter of 2020 was marked by substantial market uncertainty after the lockdown on 12 March
- Income of NOK 15m (65m) from forex transactions comprises income from currency trading at SpareBank 1 Markets
- Capital gains on shares and derivatives of shares at SpareBank 1 Markets totalled NOK 20m (14m)

Return on financial investments (NOKm)	1Q 2021	4Q 2020	1Q 2020
Capital gains/losses shares	102	-3	-42
Gain/(loss) on financial instruments	20	51	-161
Foreign exchange gain/(loss)	15	3	65
Gain/(loss) on shares and share derivatives at SpareBank 1 Markets	20	2	14
Net return on financial instruments	158	53	-124

Product companies and other related companies

The product companies provide the banks with a broader product range and commission incomes, as well as return on invested capital. The overall result of the product companies and other related companies was a net profit of NOK 128m (217m) in the first quarter of 2021. In the first quarter of 2020 SpareBank 1 SMN recorded a gain of NOK 340m on the transfer of personal risk products from SpareBank 1 Forsikring to Fremtind Livsforsikring.

Income from investment in associated companies	1Q 2021	4Q 2020	1Q 2020
SpareBank 1 Gruppen (19,5%)	67	87	-115
Gain Fremtind	-	-	340
SpareBank 1 Boligkreditt (22,4%)	4	-4	-31
SpareBank 1 Næringskreditt (29,8%)	3	5	2
SpareBank 1 Kreditt (19,2%)	0	0	0
BN Bank (35,0%)	40	36	23
SpareBank 1 Betaling (21,5%)	-1	1	-2
Other companies	14	-9	0
Income from investment in associated companies	128	117	217

SpareBank 1 Gruppen

SpareBank 1 Gruppen owns 100 per cent of the shares of SpareBank 1 Forsikring, ODIN Forvaltning and SpareBank 1 Gruppen Finans, and 65 per cent of the non-life insurer Fremtind Forsikring. DNB owns the remainder shares in Fremtind.

SpareBank 1 Gruppen's post-tax profit in the first quarter of 2021 was NOK 507m (minus 780m). The first quarter of 2020 was heavily affected by the Covid crisis, substantial insurance provisioning, high costs and negative financial return on all asset classes, along with write-downs of property portfolios.

Fremtind Forsikring recorded a creditable profit of NOK 624m (minus 659m) in the first quarter of 2021. Both the insurance result and the financial result were satisfactory.

SpareBank 1 Forsikring recorded a deficit of NOK 26m (minus 252m) due to a weak risk outcome.

ODIN Forvaltning achieved a profit of NOK 48m (25m). The profit growth is largely attributable to growth in new subscriptions in 2021.

The profit share from SpareBank 1 Gruppen in the first quarter of 2021 totalled NOK 67m (minus 115m). In 2020 a profit effect of NOK 340m from the Fremtind Forsikring merger was included in the profit.

SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt was established by the banks making up SpareBank 1-alliansen to draw benefit from the market for covered bonds. The banks sell well-secured residential mortgages to the company and achieve reduced funding costs.

As at 31 March 2021 the bank had sold loans totalling NOK 46.3bn (42.0bn) to SpareBank 1 Boligkreditt, corresponding to 36.9 per cent (35.9 per cent) of the bank's overall lending to retail customers.

The bank's share of the company's profit for the first quarter of 2021 was NOK 4m (minus 31m).

SpareBank 1 Næringskreditt

SpareBank 1 Næringskreditt was established along the same lines and with the same administration as SpareBank 1 Boligkreditt. As at 31 March 2021, loans worth NOK 1.5bn (1.5bn) had been sold to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's share of the company's profit for the first quarter of 2021 was NOK 3m (2m). The bank's holding reflects the bank's relative share of sold loans to commercial property and the bank's stake in BN Bank.

SpareBank 1 Kreditt

SpareBank 1 SMN's share of the profit for the first quarter of 2021 was NOK 0.2m (0.4m), and the bank's share of the portfolio is NOK 882m (882m). A weak profit performance is due mainly to lower activity levels among the general public and thus lower credit card turnover.

BN Bank

BN Bank specialises in residential mortgages and loans to commercial property, and its main market is Oslo and south-eastern Norway.

BN Bank's result for the first quarter of 2021 was NOK 117m (69m), yielding a return on equity of 10.5 per cent (6.5 per cent). The profit growth is attributable to lower losses. SpareBank 1 SMN's share of BN Bank's profit for the first quarter of 2021 was NOK 40m (23m) adjusted for interest on hybrid capital.

SpareBank 1 Betaling

SpareBank 1 Betaling is the SpareBank 1 banks' parent company for Vipps' payment solutions. Vipps aims to take its place as the Nordic region's leading financial technology company, and for SpareBank 1 SMN Vipps will be important with a view to retaining customer relationships after the introduction of PSD2 (Revised Payment Services Directive).

SpareBank 1 Betaling recorded a deficit of NOK 4m in the first quarter of 2021 (deficit of 11m), and SpareBank 1 SMN's share of the deficit is NOK 0.8m (minus 2.3m).

Operating expenses

Overall group operating expenses came to NOK 806m (716m) in the first quarter of 2021, an increase of NOK 90m compared with the same period of 2020, corresponding to 12.6 per cent.

Operating expenses	1Q 21	4Q 20	1Q 20
Staff costs	538	570	443
IT costs	89	84	86
Marketing	20	15	24
Ordinary depreciation	54	45	42
Operating expenses, real properties	18	21	9
Purchased services	47	56	53
Other operating expense	41	55	58
Total operating expenses	806	845	716

At the parent bank, costs were reduced by NOK 23m to NOK 344m compared with the first quarter of 2020. The reduction measures 6.2 per cent. Reduced costs are a result of efficiency gains, less travel and measures implemented under the improvement programme One SMN. Costs were NOK 39m lower than in the fourth quarter of 2020, however a provision of NOK 83m for readjustments was included in the fourth quarter. The cost growth in the first quarter refers in all essentials to SpareBank 1 Markets. In the first quarter of 2021 the company saw very strong income growth compared with the first quarter of 2020, and has set aside NOK 119m for variable remuneration (zero in the first quarter of 2020).

SpareBank 1 Finans Midt-Norge and SpareBank 1 Spire Finans were merged in the first quarter, and the merged entity carries lower costs. The group's cost-income ratio was 46 per cent (52 per cent) while the parent bank's cost-income ratio was 36 per cent (44 per cent). The other subsidiaries report the same cost level as in 2020, although the activity level is higher.

Reduced losses

Loan losses in the first quarter of 2021 totalled NOK 59m (308m).

Impairment losses	1Q 21	4Q 20	1Q 20
RM	-2	6	49
CM	61	236	259
Of which			
Offshore	56	155	42
Tourism	-	8	-
Total impairment losses	59	242	308

Losses of NOK 61m (259m) were recorded on loans to the group's corporate customers. The losses refer mainly to customers in the offshore portfolio. Net loan losses measure 0.13 per cent (0.73 per cent) of total outstanding loans.

Overall losses on loans to retail customers totalled minus NOK 2m (loss of 49m). This is largely attributable to migration from stage 2 which entails reduced loss provisioning.

Write-downs on loans and guarantees totalled NOK 1,665m (1,276m) as at 31 March 2021.

Problem loans (stage 3) amount to NOK 3,073m (2,746m), corresponding to 1.66 per cent (1.61 per cent) of gross outstanding loans, including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

The increase in problem loans relates essentially to the implementation of a new default definition as from 1 January 2021. See the description in note 1.

The new default definition has not altered the group's assessment of credit risk attending the individual exposures, and thus has no significant effect on the group's first-quarter losses.

No changes are made in scenario weighting or other assumptions in the group's loss model.

A small proportion of the bank's overall loan exposure is in sectors most affected by the Covid crisis and the oil crisis, and only 5 per cent of the overall exposure is to sectors regarded as highly exposed – oil, offshore, wholesale and retail trade, hotels and service industries.

Total assets of NOK 194bn

The bank's assets totalled NOK 194bn (185bn) as at 31 March 2021, having risen by NOK 9bn, i.e. by 4.7 per cent, over the last 12 months. Total assets have risen as a result of higher lending and higher liquidity reserves.

As at 31 March 2021 loans worth a total of NOK 48bn (43bn) had been sold from SpareBank 1 SMN to SpareBank 1 Boligkreditt and to SpareBank 1 Næringskreditt. These loans are not recognised as loans in the bank's balance sheet. The comments covering lending growth do however take account of loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

Lending

Total outstanding loans rose in the last 12 months by NOK 14.6bn (9.7bn) to reach NOK 185.3bn (170.8bn) as at 31 March 2021. This corresponds to growth of 8.5 per cent (6.0 per cent). Growth in the first quarter was 1.4 per cent (1.8 per cent).

- Lending to personal customers rose in the last 12 months by NOK 8.5bn (8.3bn) to NOK 125.5bn (117.0bn). Growth in the period was 7.3 per cent (7.6 per cent). Growth in the first quarter was 0.8 per cent (1.7 per cent)
- Lending to corporate customers rose in the last 12 months by NOK 6.1bn (1.4bn) to NOK 59.8bn (53.8bn). Growth in the period was 11.3 per cent (2.7 per cent). Growth in the first quarter was 2.6 per cent (1.9 per cent)
- Lending to personal customers accounted for 68 per cent (69 per cent) of total outstanding loans to customers as at 31 March 2021

The group shows good growth in loans to personal customers and is strengthening its market position, and a substantial portion of the growth is in the LO (Norwegian Trade Union Confederation) segment. The growth in lending to corporate customers is mainly to small and medium-sized businesses across the entire market area. In addition growth is noted in lending to a small number of large customers in the property and aquaculture segments, with no consequent increase in concentration risk in the portfolio.

(For distribution by sector, see note 5).

Deposits

Customer deposits increased in the last 12 months by NOK 14.2bn (7.0bn) to NOK 102.4bn (88.2bn). This represents a growth of 16.2 per cent (8.7 per cent). Growth in the first quarter was 5.0 per cent (2.6 per cent).

- Personal deposits rose by NOK 8.5bn (3.1bn), or 7.3 per cent (9.2 per cent), to reach NOK 37.2bn. Growth in the first quarter was 1.8 per cent (4.3 per cent)
- Corporate deposits rose by NOK 10.1bn (3.9bn), or 19.8 per cent (8.3 per cent), to reach NOK 61.1bn. Growth in the first quarter was 7.3 per cent (1.4 per cent)
- The deposit-to-loan ratio including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 55 per cent (52 per cent)

The growth in deposits by retail customers was very high in 2020 due to reduced consumption. Growth is expected to be somewhat lower in 2021 as the economy reopens. Very high growth in deposits by corporate customers is also noted. Growth in deposits by public sector customers is noted, but also by other corporate customers across the entire market area.

(For distribution by sector, see note 9).

Retail Banking

Of the group's business lines, the bank's personal banking business and EiendomsMegler 1 offer private individuals a broad range of financial services. Continual improvement of the interaction between the banking and estate agency arms aims to provide customers with a better service offering and to contribute to increased growth for the group.

Result before tax	1Q 21	4Q 20	1Q 20
Personal market	280	320	260
EiendomsMegler 1 Midt-Norge (87%)	21	2	-0

The Bank's Personal banking business achieved a profit before tax of the first quarter of 2021 of NOK 280m (260m). Return on capital employed in the personal segment was 12.5 per cent (12.0 per cent).

Overall lending to personal customers stands at NOK 130bn (121bn) and deposits total NOK 48bn (44bn) as at 31 March 2021. These are loans to and deposits by wage earners, agricultural customers and sole proprietorships.

Operating income totalled NOK 496m (550m) in the first quarter of 2021. Net interest income accounted for NOK 346m (354m) and commission income for NOK 149m (196m). Net interest income declined mainly as a result of lower return on the business line's share of the group's equity capital and a reduced deposit margin. Increased lending and deposits partially compensate for this. Commission income is reduced as a result of lower commissions from SpareBank 1 Boligkreditt.

The lending margin in the first quarter of 2021 was 1.59 per cent (1.63 per cent), while the deposit margin was 0.08 per cent (0.50 per cent) measured against three-month NIBOR. The market interest rate in terms of three-month NIBOR rose in the fourth quarter of 2020 and the first quarter of 2021, which has reduced the lending margin and increased the deposit margin in the latest quarters.

Lending to and deposits by personal customers grew by 7.4 per cent (7.3 per cent) and 10.2 per cent (7.9 per cent) respectively in the last 12 months.

Lending to retail borrowers consistently carries low risk, as reflected in continued low losses. The loan portfolio is secured by residential property. Net incomings of NOK 12m (loss of 44m) were noted on loan losses in the first quarter of 2021.

In the first quarter, adjustments as regards organisation and distribution structure have been at centre-stage at the same time as staffing reductions are being carried out. 17 finance houses are under establishment with the key aim of co-locating banking, estate agency and accounting services. This is a demanding process which has yet to realise gains. Gains will however ensue, and customer recruitment, sales efficiencies and gains resulting from increased interaction between the personal banking business and EiendomsMegler 1 will be strengthened.

EiendomsMegler 1 Midt-Norge is the market leader in Trøndelag and in Møre and Romsdal. Operating income in the first quarter of 2021 totalled NOK 114m (83m), while operating expenses were NOK 93m (83m). EiendomsMegler 1 Midt-Norge recorded a pre-tax profit of NOK 21m (NOK 0) in the first quarter of 2021. Activity in the housing market is very high, and sales (dwelling and commercial units) in the first quarter of 2021 totalled 1,830 compared with 1,459 in the same period of 2020. The company's market share as at 31 March 2020 was 36 per cent (37.0 per cent).

Corporate Banking

The Corporate Banking business at SpareBank 1 SMN comprises the bank's corporate banking arm, SpareBank 1 SMN Regnskapshuset, SpareBank 1 Finans Midt-Norge and SpareBank 1 Markets. These lines provide business and industry in the region with a complete range of banking and capital market services. There is a particular potential for additional growth in clientele that are customers of both the bank's corporate banking arm and SpareBank 1 SMN Regnskapshuset.

Result before tax	1Q 21	4Q 20	1Q 20
Corporate banking	167	-31	3
SpareBank 1 Regnskapshuset SMN (88,7%)	27	22	27
SpareBank 1 Finans Midt-Norge (61,2%)	55	52	39
SpareBank 1 Markets (66,7%)	125	90	-15

The bank's corporate banking arm achieved a profit before tax of NOK 167m (3m) for the first quarter. The profit growth is due to lower losses. Return on capital employed for the corporate segment was 9.6 per cent (0.2 per cent) in the first quarter of 2021.

Outstanding loans to corporates total NOK 46bn (41bn) and deposits total NOK 53bn (43bn) as at 31 March 2021. This is a diversified portfolio of loans to and deposits from corporate customers in Trøndelag and in Møre and Romsdal.

Operating income totalled NOK 337m (373m) in the first quarter of 2021. Net interest income came to NOK 273m (308m), and commission income to NOK 64m (65m). Reduced return on the business line's share of the group's equity capital and reduced deposit margins explains most of the decline. This is partially compensated for by increased lending and deposits.

The lending margin was 2.68 per cent (2.69 per cent) and the deposit margin was minus 0.29 per cent (plus 0.04 per cent) in the first quarter of 2021. Lending increased by 13.0 per cent (1.2 per cent) and deposits by 24.6 per cent (8.2 per cent) in the last 12 months.

Net losses in the corporate segment amounted to NOK 62m (258m) in the first quarter.

SpareBank 1 SMN and SpareBank 1 SMN Regnskapshuset each have a large share of businesses in the market area as customers. The bank wishes to develop the customer offering to encourage customers to avail themselves to a greater degree of the services of both entities.

The first quarter of 2021 has seen good recruitment of new customers both in the branch network and in digital channels. This is a result of a heightened focus on the SMB segment. Corporate customers have strong links to the bank, and customer turnover is very low.

Increased interaction between the banking and the accounting business has a high priority. This work is still at an early stage, but the bank is seeing an increase in the number of shared customers.

SpareBank 1 Finans Midt-Norge delivered a pre-tax profit of NOK 55m in the first quarter of 2021 (39m). In the first quarter SpareBank 1 Finans Midt-Norge merged with SpareBank 1 Spire Finans. SpareBank 1 Finans Midt-Norge's focal areas are accordingly leasing to SMB customers, car loans to personal customers and invoice purchases from small businesses. Last year's figures include SpareBank 1 Spire Finans.

The company has shown good income growth with incomes totalling NOK 90.9m (76.0m). Cost gains were achieved by the merger, and costs in the first quarter of 2021 came to NOK 29m. Losses in the first quarter of 2021 totalled NOK 7.1m (4.9m).

As at 31 March 2021 the company manages leases worth NOK 3.9bn (3.5bn) and car loan worth NOK 5.5bn (5.2bn).

SpareBank 1 Regnskapshuset SMN posted a pre-tax profit of NOK 27.0m (27.3m) in the first quarter of 2021. Both operating income and expenses are at the same level as in last year's first quarter, i.e. NOK 150m and NOK 123m respectively.

SpareBank 1 SMN Regnskapshuset works continuously to achieve efficiency gains in order to increase operating income per person-year, while at the same time maintaining a strong focus on costs to keep the underlying cost trend well under control. The company can point to growth and profitability in excess of the industry average. In addition, the company is working to create new income flows beyond the traditional accounting industry.

The company's market share in Trøndelag, Møre and Romsdal and Gudbrandsdal is 25 per cent.

SpareBank 1 Markets is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It has 138 FTEs. SpareBank 1 Markets wholly owns SpareBank 1 Kapitalforvaltning. That company has assets of NOK 20bn under management and 21 FTEs.

SpareBank 1 Markets' pre-tax profit was NOK 125m (minus 15m). High activity in the business areas has yielded higher incomes than a normal first quarter. Incomes from Investment Banking have been strong due to a large number of stock issues. SpareBank 1 Markets was largest in terms of stock exchange introductions in the first quarter. This also entailed high earnings from primary share trading. SpareBank 1 Kapitalforvaltning's income is on a par with preceding quarters. Overall group income came to NOK 357m (105m). This is the company's best ever quarter. The first quarter of 2020 was affected by Covid-19 which had a markedly negative impact on profit. Operating expenses were NOK 227m (118m). The increase in operating expenses is due to allocations to variable remuneration as a result of the good results achieved.

SpareBank 1 Markets is the leading capital market unit in SpareBank 1 SMN's market area.

Other businesses

Other business consists of SpareBank 1 SMN Invest and the real estate companies SpareBank 1 SMN Kvartalet, SpareBank 1 Bygget Steinkjer and St. Olavs plass.

Sparebank 1 SMN Invest invests in shares, mainly in regional businesses. In the first quarter of 2021 the company posted a pre-tax profit of NOK 108.5m (minus 18.8m). The first-quarter profit is mainly related to unrealised capital gains on the share portfolio, and to contributions from a stake in a development project.

The company holds shares worth NOK 548m (405m) as at 31 March 2021. The portfolio result from the company's shareholding accounts for NOK 100m, and incomes from the stake in Grilstad Marina for NOK 9m, of the company's result for the first quarter. SpareBank 1 SMN is in the process of winding up SpareBank 1 SMN Invest. Investing in shares is no longer a part of the group's strategy. The share portfolio will be managed together with other long-term shareholdings of the bank and will be scaled back over time.

Satisfactory funding and good liquidity

The bank follows a conservative liquidity strategy maintaining liquidity reserves that ensure the bank's ability to survive 12 months of ordinary operation without need of fresh external funding.

The government authorities require all credit institutions to maintain sufficient liquidity buffers to withstand periods of limited access to market funding. The liquidity coverage ratio (LCR) measures the size of banks' liquid assets relative to net liquidity outflow 30 days ahead given a stressed situation.

The LCR is calculated at 190 per cent as at 31 March 2021 (185 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 31 March 2021, including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, was 55 per cent (52 per cent).

The bank's funding sources and products are amply diversified. At end-March 2021 the proportion of the bank's overall money market funding in excess of one year's maturity was 89 per cent (89 per cent).

SpareBank 1 Boligkreditt is the bank's most important funding source, and residential mortgages totalling NOK 46bn (42bn) had been sold to the company as at 31 March 2021.

SpareBank 1 SMN has established a framework for issuing green bonds. The framework is verified by the rating agency Sustainalytics.

SpareBank 1 SMN issued in February 2021 a senior green bond of EUR 500m with a 7-year maturity. More than 100 investors participated. The issuance supports the bank's ESG strategy, provides a broader investor base and reduces the bank's funding risk in euros.

Rating

The bank has a rating of A1 (stable outlook) with Moody's.

Financial soundness

The CET1 ratio at 31 March 2021 was 18.0 per cent (16.3 per cent). The CET1 requirement is 14.4 per cent, including combined buffer requirements, and a Pillar 2 requirement of 1.9 per cent. Finanstilsynet (Norway's FSA) will set new Pillar 2 requirements for SpareBank 1 SMN in the course of 2021.

SpareBank 1 SMN aims for a management buffer of about 1 per cent over and above the combined Pillar 1 and Pillar 2 requirements with a view to absorbing fluctuations in risk weighted assets and in the group's financial results.

The Ministry of Finance increased the systemic risk buffer for IRB banks by 1.5 per cent to 4.5 per cent with effect from 31 December 2020. The group includes a full countercyclical buffer in its planning, and aims for a CET1 ratio of 16.9 per cent.

The CET1 ratio declined by 0.3 percentage point to 18 per cent in the first quarter of 2021. Risk weighted assets increased by 1.7 percentage point in the first quarter of 2021. CET1 capital remains unchanged in 2021 despite a sound performance in the first quarter. This is mainly due to one-time effects of the introduction of a new default definition entailing an increased deduction for expected loss in the IRB models. A payout ratio of 50 per cent of the period's net profit is assumed.

A leverage ratio of 7.0 per cent (6.9 per cent) shows that the bank is financially very solid. The bank will continue to focus on capital efficiency and effectiveness with a view to strengthening its profitability and financial soundness.

The bank's equity certificate (MING)

The book value of the equity certificate (EC) at 31 March 2021 was NOK 96.70 (86.85), and earnings per EC were NOK 3.40 (1.26).

The Price / Income ratio was 7.91 (13.46) and the Price / Book ratio was 1.11 (0.78).

At quarter-end the EC was priced at NOK 107.40 (67.60). A dividend of NOK 4.40 (5.00) per EC was set for 2020. Of this, a dividend of NOK 1.30 per EC was paid for the year 2020 in light of the Ministry of Finance's recommendation. The board of directors is authorised to pay out all or parts of the remaining dividend and community dividend after 30 September 2021 if conditions permit.

Outlook

Good progress made in the rollout of vaccines in Norway gives cause for increased optimism. There are clear signs that society can return to normal, with a positive impact on the Norwegian economy. Norges Bank has signalled an interest rate hike in the autumn, which is expected to increase the bank's net interest income.

Disease-protection measures have created challenges for some industries. Covid-related loan losses have thus far been low. Unemployment has fallen from a high level, but the development ahead will depend on the pace of reopening. The bank has limited exposure to industries that are particularly exposed, but monitors these closely with any measures.

Good results across all business lines provided a very high return on equity in the first quarter of 2021, and have demonstrated the value of a broadly diversified business model.

The improvement project One SMN has progressed to an implementation phase. The board of directors expect better interaction between the business lines to provide increased customer recruitment, increased cross-sales, an improved customer offering and reduced costs.

Sustainability is important for ensuring long-term return and a basis for value creation. The group will stimulate sustainable development by being a driver for the green transition, a partner for the inclusive development of society and a guide to building a responsible business culture. In the first quarter the strategy was concretised in terms of five main goals with associated key targets.

At the end of the first quarter the bank is well positioned in the market, very solid, and its liquidity position is good. This provides the scope for action needed to achieve the group's ambitions. The group's financial goals remain unchanged.

Of the dividend of NOK 4.40 set aside for 2020, NOK 1.30 has been paid per equity certificate. The board of directors is authorised to pay out all or parts of the remaining dividend and community dividend, and assume that it will be disbursed in the course of the fourth quarter given the present assessment of prospects for the future.

Trondheim, 6. May 2021
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal
(chair)

Christian Stav
(deputy chair)

Freddy Aursø

Mette Kamsvåg

Morten Loktu

Janne Thyø Thomsen

Tonje Eskeland Foss

Inge Lindseth
(employee rep.)

Christina Straub
(employee rep.)

Jan-Frode Janson
(Group CEO)

Income statement

Parent bank					Group		
Jan-March					Jan-March		
2020	2020	2021	(NOKm)	Note	2021	2020	2020
3,274	1,002	729	Interest income effective interest method		843	1,102	3,722
478	149	97	Other interest income		96	148	475
1,423	533	267	Interest expenses		271	540	1,439
2,329	618	558	Net interest	10	668	710	2,759
1,205	286	310	Commission income		392	349	1,510
97	25	22	Commission expenses		51	50	207
41	9	9	Other operating income		468	271	1,269
1,149	270	297	Commission income and other income	11	808	570	2,572
528	76	114	Dividends		4	8	39
-	-	-	Income from investment in related companies	3	128	217	681
14	-139	-19	Net return on financial investments	3	158	-124	230
542	-62	95	Net return on financial investments	13	289	101	951
4,019	826	951	Total income		1,766	1,381	6,281
732	176	166	Staff costs		538	443	1,883
744	191	177	Other operating expenses		269	273	1,069
1,477	367	344	Total operating expenses	12	806	716	2,952
2,543	459	607	Result before losses		960	665	3,329
902	302	51	Loss on loans, guarantees etc.	6,7	59	308	951
1,641	157	556	Result before tax	3	901	357	2,378
284	51	106	Tax charge		133	67	400
-	-	-	Result investment held for sale, after tax	2,3	0	0	1
1,356	106	450	Net profit		768	290	1,978
56	23	19	Attributable to additional Tier 1 Capital holders		20	24	59
831	53	276	Attributable to Equity capital certificate holders		439	162	1,147
469	30	155	Attributable to the saving bank reserve		247	91	646
			Attributable to non-controlling interests		61	12	126
1,356	106	450	Net profit		768	290	1,978
			Profit/diluted profit per ECC	19	3.40	1.26	8.87

Other comprehensive income

Parent bank				Group		
Jan-March				Jan-March		
2020	2020	2021	(NOKm)	2021	2020	2020
1,356	106	450	Net profit	768	290	1,978
Items that will not be reclassified to profit/loss						
-34	-40	-	Actuarial gains and losses pensions	-	-40	-34
8	10	-	Tax	-	10	8
-	-	-	Share of other comprehensive income of associates and joint venture	0	3	15
-25	-30	-	Total	0	-26	-11
Items that will be reclassified to profit/loss						
9	3	-1	Value changes on loans measured at fair value	-1	3	9
-	-	-	Share of other comprehensive income of associates and joint venture	-28	8	16
9	3	-1	Total	-29	11	25
-16	-27	-1	Net other comprehensive income	-28	-16	15
1,340	79	450	Total other comprehensive income	739	274	1,993
56	23	19	Attributable to additional Tier 1 Capital holders	20	24	59
821	36	275	Attributable to Equity capital certificate holders	421	152	1,156
463	20	155	Attributable to the saving bank reserve	237	86	652
			Attributable to non-controlling interests	61	12	126
1,340	79	450	Total other comprehensive Income	739	274	1,993

Balance sheet

Parent bank				Note	Group		
31 Dec 2020	31 March 2020	31 March 2021			31 March 2021	31 March 2020	31 Dec 2020
			(NOKm)				
2,764	5,848	37	Cash and receivables from central banks		37	5,848	2,764
12,901	9,408	17,265	Deposits with and loans to credit institutions		9,487	2,239	5,091
124,214	117,784	126,954	Net loans to and receivables from customers	5	135,919	126,128	133,131
26,684	27,473	30,953	Fixed-income CDs and bonds	17	30,875	27,395	26,606
7,175	11,379	4,345	Derivatives	17	4,395	11,757	7,226
319	358	296	Shares, units and other equity interests	17	2,051	1,437	2,366
4,933	4,525	4,922	Investment in related companies		7,374	6,652	7,324
2,317	2,362	2,339	Investment in group companies		-	-	-
82	82	82	Investment held for sale	2	40	40	41
515	507	511	Intangible assets		889	876	905
963	1,654	1,108	Other assets	14	2,754	2,810	2,457
182,870	181,379	188,813	Total assets		193,822	185,182	187,912
12,630	12,740	12,016	Deposits from credit institutions		12,166	13,150	13,095
98,166	89,007	103,094	Deposits from and debt to customers	9	102,390	88,152	97,529
43,919	49,303	47,273	Debt created by issue of securities	16	47,273	49,303	43,919
6,845	7,932	4,671	Derivatives	17	4,879	8,004	7,179
1,466	3,503	1,748	Other liabilities	15	3,584	4,900	3,084
-	-	-	Investment held for sale	2	0	1	1
1,752	2,026	1,752	Subordinated loan capital	16	1,795	2,071	1,795
164,778	164,513	170,554	Total liabilities		172,088	165,582	166,602
2,597	2,597	2,597	Equity capital certificates		2,597	2,597	2,597
-0	-0	-0	Own holding of ECCs		-12	-12	-9
895	895	895	Premium fund		895	895	895
6,556	6,338	6,556	Dividend equalisation fund		6,511	6,311	6,536
569	-	401	Recommended dividends		401	-	569
321	-	226	Provision for gifts		226	-	321
5,664	5,541	5,664	Ownerless capital		5,664	5,541	5,664
239	189	239	Unrealised gains reserve		239	189	239
-	-27	-1	Other equity capital		2,282	1,760	2,366
1,250	1,227	1,231	Additional Tier 1 Capital		1,273	1,268	1,293
	106	450	Profit for the period		768	290	
			Non-controlling interests		891	760	838
18,092	16,866	18,259	Total equity capital		21,734	19,600	21,310
182,870	181,379	188,813	Total liabilities and equity		193,822	185,182	187,912

Cash flow statement

Parent bank				Group		
Jan-March				Jan-March		
2020	2020	2021	(NOKm)	2021	2020	2020
1,356	106	450	Net profit	768	290	1,978
102	109	24	Depreciations and write-downs on fixed assets	54	172	166
902	302	51	Losses on loans and guarantees	59	308	951
2,360	517	526	Net cash increase from ordinary operations	880	770	3,096
-4,093	-8,936	2,691	Decrease/(increase) other receivables	2,566	-9,527	-4,681
3,582	6,707	-1,893	Increase/(decrease) short term debt	-1,801	6,537	3,896
-8,075	-1,051	-2,791	Decrease/(increase) loans to customers	-2,847	-1,155	-8,795
-3,721	-227	-4,364	Decrease/(increase) loans credit institutions	-4,396	-129	-2,981
11,296	2,137	4,928	Increase/(decrease) deposits to customers	4,861	2,235	11,611
5,045	5,155	-614	Increase/(decrease) debt to credit institutions	-929	4,297	4,242
-3,490	-4,278	-4,269	Increase/(decrease) in short term investments	-4,269	-4,281	-3,491
2,905	24	-5,785	A) Net cash flow from operations	-5,933	-1,252	2,896
-38	270	-25	Increase in tangible fixed assets	-71	414	-136
-418	-52	-11	Paid-up capital, associated companies	-87	-229	-873
37	-2	23	Net investments in long-term shares and partnerships	315	1,516	587
-420	216	-13	B) Net cash flow from investments	158	1,701	-422
-295	-21	0	Increase/(decrease) in subordinated loan capital	-0	-19	-295
3	-0	-0	Increase/(decrease) in equity	-23	-2	14
-647	-647	-168	Dividend cleared	-168	-647	-647
-364	-364	-95	Disbursed from gift fund	-95	-364	-364
-56	-23	-19	Increase/(decrease) in Additional Tier 1 capital	-20	-24	-59
877	5,902	3,354	Increase/(decrease) in other long term loans	3,354	5,694	880
-482	4,847	3,071	C) Net cash flow from financial activities	3,048	4,638	-470
2,003	5,086	-2,727	A) + B) + C) Net changes in cash and cash equivalents	-2,727	5,086	2,003
761	761	2,764	Cash and cash equivalents at 1.1	2,764	761	761
2,764	5,848	37	Cash and cash equivalents at end of quarter	37	5,848	2,764
2,003	5,086	-2,727	Net changes in cash and cash equivalents	-2,727	5,086	2,003

Change in equity

Parent Bank (NOKm)	Issued equity		Earned equity						Total equity
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	
Equity at 1 January 2020	2,597	895	5,432	6,144	1,314	189	-	1,250	17,822
Net profit	-	-	130	230	890	50	-	56	1,356
Other comprehensive income									
Financial assets through OCI	-	-	-	-	-	-	9	-	9
Actuarial gains (losses), pensions	-	-	-	-	-	-	-25	-	-25
Other comprehensive income	-	-	-	-	-	-	-16	-	-16
Total other comprehensive income	-	-	130	230	890	50	-16	56	1,340
Transactions with owners									
Dividend declared for 2019	-	-	-	194	-840	-	-	-	-647
To be disbursed from gift fund	-	-	109	-	-474	-	-	-	-364
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-56	-56
Purchase and sale of own ECCs	-0	-	-	-	-	-	-	-	-0
Direct recognitions in equity	-	-	-7	-12	-	-	16	-	-3
Total transactions with owners	-0	-	103	182	-1,314	-	16	-56	-1,070
Equity at 31 December 2020	2,597	895	5,664	6,556	890	239	-	1,250	18,092

(NOKm)	Issued equity		Earned equity						Total equity
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	
Equity at 1 January 2021	2,597	895	5,664	6,556	890	239	-	1,250	18,092
Net profit	-	-	-	-	-	-	450	-	450
Other comprehensive income									
Value changes on loans measured at fair value	-	-	-	-	-	-	-1	-	-1
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-1	-	-1
Total other comprehensive income	-	-	-	-	-	-	450	-	450
Transactions with owners									
Dividend declared for 2020	-	-	-	-	-168	-	-	-	-168
To be disbursed from gift fund	-	-	-	-	-95	-	-	-	-95
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-19	-19
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-0
Direct recognitions in equity	-	-	-	-	-	-	-	-	-
Total transactions with owners	0	-	-	-0	-263	-	-	-19	-282
Equity at 31 March 2021	2,597	895	5,664	6,556	627	239	450	1,231	18,259

Group	Attributable to parent company equity holders									
	Issued equity		Earned equity							
(NOKm)	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	Non-controlling interests	Total equity
Equity at 1 January 2020	2,586	895	5,432	6,123	1,314	189	1,827	1,293	761	20,420
Net profit	-	-	130	230	890	50	493	59	126	1,978
Other comprehensive income										
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	31	-	-	31
Value changes on loans measured at fair value	-	-	-	-	-	-	9	-	-	9
Actuarial gains (losses), pensions	-	-	-	-	-	-	-25	-	-	-25
Other comprehensive income	-	-	-	-	-	-	15	-	-	15
Total other comprehensive income	-	-	130	230	890	50	508	59	126	1,993
Transactions with owners										
Dividend declared for 2019	-	-	-	194	-840	-	-	-	-	-647
To be disbursed from gift fund	-	-	109	-	-474	-	-	-	-	-364
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-59	-	-59
Purchase and sale of own ECCs	-0	-	-	-0	-	-	-	-	-	-0
Own ECC held by SB1 Markets*)	2	-	-	2	-	-	-11	-	-	14
Direct recognitions in equity	-	-	-7	-12	-	-	17	-	-	-
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	3	-	-	3
Change in non-controlling interests	-	-	-	-	-	-	-	-	-49	-49
Total transactions with owners	2	-	103	183	-1,314	-	31	-59	-49	-1,103
Equity at 31 December 2020	2,588	895	5,664	6,536	890	239	2,366	1,293	838	21,310

*) Holding of own equity certificates as part of SpareBank 1 Markets' trading activity

(NOKm)	Attributable to parent company equity holders									
	Issued equity		Earned equity							
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	Non-controlling interests	Total equity
Equity at 1 January 2021	2,588	895	5,664	6,536	890	239	2,366	1,293	838	21,310
Net profit	-	-	-	-	-	-	706	-	61	768
Other comprehensive income										
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-28	-	-	-28
Value changes on loans measured at fair value	-	-	-	-	-	-	-1	-	-	-1
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-28	-	-	-28
Total other comprehensive income	-	-	-	-	-	-	678	-	61	739
Transactions with owners										
Dividend declared for 2020	-	-	-	-	-168	-	-	-	-	-168
To be disbursed from gift fund	-	-	-	-	-95	-	-	-	-	-95
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-20	-	-20
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-	-0
Own ECC held by SB1 Markets*)	-3	-	-	-25	-	-	6	-	-	-23
Direct recognitions in equity	-	-	-	-	-	-	2	-	-	2
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-3	-	-	-3
Change in non-controlling interests	-	-	-	-	-	-	-	-	-9	-9
Total transactions with owners	-3	-	-	-25	-263	-	6	-20	-9	-315
Equity at 31 March 2021	2,584	895	5,664	6,511	627	239	3,050	1,273	891	21,734

*) Holding of own equity certificates as part of SpareBank 1 Markets' trading activity

Notes

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Note 1 - Accounting principles

Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS) approved by EU, including IAS 34, Interim Financial Reporting. The quarterly accounts do not include all the information required in a complete set of annual financial statements and should be read in conjunction with the annual accounts for 2020. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts with the exception noted below.

Definition of default

The group implemented a new definition of default on 1 January 2021.

The new definition is formulated in accordance with the European Banking Authority's guidelines on how banks should apply the definition of default in the Capital Requirements Regulation (CRR) and clarifications in the Norwegian CRR/CRD IV regulations.

Default is defined in two categories: 1) payment default or 2) default based on manual default marking.

1) Payment default is defined as material payment arrears or overdrafts of more than 90 days' duration. Threshold values for material arrears or overdrafts are set out in the Norwegian CRR/CRD IV regulations.

2) Default resulting from manual default marking is based to a larger degree on individual credit assessments, and to a lesser degree on automatic mechanisms. Events included in this category are provision for loss on a customer loan, bankruptcy/debt restructuring, forbearance assessments, deferment of interest and instalment payments for more than 180 days, or other indications suggesting considerable doubt as to whether the borrower will perform his obligations.

The new default definition entails the introduction of a 'waiting period' during which borrowers are categorised as still in default after the default has been rectified. The waiting period is three months or 12 months depending on the underlying cause of the default.

Furthermore, rules on default marking at group level are introduced whereby corporate customers in default to a group company (e.g. SpareBank 1 SMN Finans Midt-Norge) will also be considered to be in default to the bank. For personal customers, threshold values are specified for default contagion in the group. Where a defaulted exposure exceeds 20% of total exposure, the exposure will be considered to be in default at group level.

The group has with effect from 1 January 2021 also applied the new default definition for accounting purposes for transfer of loans to stage 3. As at 31 March 2021 this entailed an increase of NOK 818m in loan volume in stage 3, primarily as a result of the new definition. However, there was no significant change in the underlying credit risk over the course of the first quarter of 2021. Comparatives have not been restated.

Note 2 - Critical estimates and assessment concerning the use of accounting principles

When it prepares the consolidated accounts the management team makes estimates, discretionary assessments and assumptions which influence the application of accounting principles. This accordingly affects recognised amounts for assets, liabilities, revenues and expenses. Last year's annual accounts give a closer explanation of significant estimates and assumptions in Note 3 Critical estimates and assessments concerning the use of accounting principles.

Pensions

Sparebank1 SMN Group has one pension arrangement; defined contribution plan. For a further description of the pension scheme, see note 25 in the 2020 annual report.

The group's pension liabilities are accounted for under IAS 19R. Estimate variances are therefore directly reflected in equity capital and are presented under other comprehensive income. It was decided to terminate the defined benefit scheme at a board meeting on 21 October 2016. Employees on this scheme transferred to the defined contribution scheme from 1 January 2017, and received a paid-up policy showing rights accumulated under the defined benefit scheme. Paid-up policies are managed by the pension fund, which has been a paid-up pension fund as from 1 January 2017. A framework agreement has been established between SpareBank 1 SMN and the pension fund which covers funding, asset management etc. In view of the responsibility still held by SpareBank 1 SMN, future liabilities will need to be incorporated in the accounts. The board of the pension fund is required to be composed of representatives from the Group and participants in the pension schemes in accordance with the articles of association of the pension fund.

A new calculation of the Group's pension liabilities has not been carried out as per 31 March 2021.

Investment held for sale

SpareBank 1 SMN's strategy is that ownership due to defaulted exposures should at the outset be of brief duration, normally not longer than one year. Investments are recorded at fair value in the Parent Bank's accounts, and is classified as investment held for sale.

2021 Q1 (NOKm)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	40	0	1	1	-	100 %
Total Held for sale	40	0	1	1	-	

Losses on loans and guarantees

For a detailed description of the Bank's model for expected credit losses, refer to note 2 and 3 in the annual accounts for 2020.

In the first quarter 2020 some changes were made in the input in the credit loss model as a result of changed expectations due to the corona situation. The crisis and the significant increase in macroeconomic uncertainty have made the assessments extra demanding. We are in the early stages of the crisis and the consequences for the bank's customers and the industries we are exposed to are difficult to estimate. The regulators have emphasized the importance of focusing on the expected long-term effects of the crisis and this has also been the bank's focus.

In the first quarter 2020 the bank changed the assumptions for the base scenario in a negative direction. This has been continued for the rest of 2020 and in the first quarter of 2021. The bank's exposure to hotels and tourism, including commercial real estate with the income mainly towards this industry, is separated into a separate portfolio with its own assessments of PD and LGD courses as well as special scenarios and weighting of these to reflect this portfolio's exposure to the effects of corona. In addition, this entire portfolio is included in stage 2 or 3.

The development in the base scenario is prepared using adjustment factors where the development in the business cycle is projected by assumptions about how much the probability of default (PD) or loss of default (LGD) will increase or decrease compared to the base scenario in a five-year period. We expect increased losses related to debtors that have a demanding starting point before the crisis - typically debtors in stage 2. We have therefore chosen to increase the trajectories for PD and LGD as well as reduce expected repayments in the base scenario, especially from year 2 onwards, since this will affect expected losses mainly for debtors in stage 2. To adjust for migration into stage 2, PD and LGD estimates are also increased in the first year. No first year repayments are assumed for all portfolios in the downside scenario.

The applied scenario weighting was changed in the fourth quarter of 2020 to reflect further increased uncertainty. For corporate market including offshore, as well as agriculture, the downside scenario was changed from a weighting with a 10 percent probability, to a

weighting of a 20 percent probability. For retail market, the weighting of the downside scenario was changed from 10 to 15 per cent. This has been continued in first quarter 2021.

The effect of changes in input assumptions is shown as "Effect of changed assumptions in ECL model" in note 7. The effect is NOK 11 million for the Bank and 5 million for the Group.

Sensitivities

The first part of the table below show total calculated expected credit loss as of 31 March 2021 in each of the three scenarios, distributed in the portfolios retail market (RM) corporate market (CM), and offshore, travel and agriculture which adds up to parent bank. In addition the subsidiary SB 1 Finans Midt-norge is included. ECL for the parent bank and the subsidiary is summed up in the column "Group"

The second part of the table show the ECL distributed by portfolio using the scenario weight applied, in addition to a alternative weighting where worst case have been doubled.

If the downside scenario's probability were doubled at the expense of the baseline scenario at the end of March 2021, this would have entailed an increase in loss provisions of NOK 284 million for the parent bank and NOK 291 million for the group.

	CM (excl offshore and agriculture)					Total parent	SB 1 Finans MN Group	
		RM	Offshore	Agriculture	Tourism			
ECL base case	346	92	836	26	47	1,346	63	1,408
ECL worst case	1,215	314	1,086	88	94	2,797	130	2,927
ECL best case	278	41	708	14	11	1,052	47	1,099
	-	-	-	-	-	-	-	-
ECL with scenario weights used 80/10/10	-	-	-	-	-	-	68	69
ECL with scenario weights used 65/25/15	509	-	867	36	-	1,412	-	1,412
ECL with scenario weights used 60/30/10	-	-	-	-	57	57	-	57
ECL with scenario weights used 70/15/15	-	118	-	-	-	118	-	118
Total ECL used	509	118	867	36	57	1,554	68	1,656
	-	-	-	-	-	-	-	-
ECL alternative scenario weights 70/20/10	-	-	-	-	-	-	75	76
ECL alternative scenario weights 45/40/15	683	-	917	49	-	1,649	-	1,649
ECL alternative scenario weights 30/60/10	-	-	-	-	71	71	-	71
ECL alternative scenario weights 55/30/15	-	151	-	-	-	151	-	151
Total ECL alternative weights	683	151	917	49	71	1,871	75	1,946
Change in ECL if alternative weights were used	174	33	50	13	14	284	7	291

The Tourism portfolio includes commercial real estate with more than 50% of the income from actors in hotels and tourism companies.

The table reflects that there are some significant differences in underlying PD and LGD estimates in the different scenarios and that there are differentiated levels and level differences between the portfolios. At group level, the ECL in the upside scenario, which largely reflects the loss and default picture in recent years, is about 80 per cent of the ECL in the expected scenario. The downside scenario gives about double the ECL than in the expected scenario. Applied scenario weighting gives about 18 percent higher ECL than in the expected scenario

Note 3 - Account by business line

For the subsidiaries the figures refer to the respective company accounts, while for joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

Group 31 March 2021

Profit and loss account (NOKm)	RM	CM	SB 1 Markets	EM 1	SB 1 Finans MN	SB 1 Regnskaps- huset SMN	SB 1 Gruppen	BN Bank	Un- collated	Total
Net interest	337	270	-5	0	113	0	-	-	-47	668
Interest from allocated capital	9	3	-	-	-	-	-	-	-12	-
Total interest income	346	273	-5	0	113	0	-	-	-59	668
Comission income and other income	149	59	321	103	-22	155	-	-	42	808
Net return on financial investments **)	0	5	37	10	-	-	67	40	130	289
Total income	496	337	353	114	91	155	67	40	114	1,766
Total operating expenses	228	107	227	93	29	128	-	-	-6	806
Ordinary operating profit	268	230	125	21	62	27	67	40	119	960
Loss on loans, guarantees etc.	-12	62	-	-	7	-	-	-	1	59
Result before tax including held for sale	280	167	125	21	55	27	67	40	118	901
Post-tax-return on equity *)	12.5 %	9.6 %								14,8 %
Balance										
Loans and advances to customers	130,296	46,190	-	-	9,678	-	-	-	-821	185,342
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-46,611	-1,360	-	-	-	-	-	-	100	-47,871
Allowance for credit loss	-130	-1,351	-	-	-69	-	-	-	-3	-1,553
Other assets	119	12,286	3,112	376	76	553	2,230	1,554	37,598	57,903
Total assets	83,674	55,765	3,112	376	9,685	553	2,230	1,554	36,874	193,822
Deposits to customers	48,439	53,200	-	-	-	-	-	-	751	102,390
Other liabilities and equity	35,235	2,565	3,112	376	9,685	553	2,230	1,554	36,123	91,432
Total liabilities and equity	83,674	55,765	3,112	376	9,685	553	2,230	1,554	36,874	193,822

Group 31 March 2020

			SB 1	SB 1	SB 1	SB 1	SB 1	BN	Un-	
Profit and loss account (NOKm)	RM	CM	Markets	EM 1	Finans MN	Regnskaps- huset SMN	Gruppen	Bank	collated	Total
Net interest	301	271	-2	-0	82	0	-	-	59	710
Interest from allocated capital	53	38	-	-	-	-	-	-	-91	-
Total interest income	354	308	-2	-0	82	0	-	-	-32	710
Commission income and other income	198	54	60	83	-6	156	-	-	24	570
Net return on financial investments **)	-2	10	45	-	-	-	-115	23	140	101
Total income	550	373	103	83	76	156	-115	23	132	1,381
Total operating expenses	246	113	118	83	24	129	-	-	2	716
Ordinary operating profit	304	261	-15	-0	52	27	-115	23	130	665
Loss on loans, guarantees etc.	44	258	-	-	5	-	-	-	1	308
Result before tax including held for sale	260	3	-15	-0	47	27	-115	23	128	357
Post-tax return on equity*)	9.5 %	0.2 %								5.7 %
Balance										
Loans and advances to customers	121,269	41,174	-	-	8,957	-	-	-	-629	170,771
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-42,254	-1,245	-	-	-	-	-	-	-0	-43,498
Allowance for credit losses	-157	-930	-	-	-52	-	-	-	-6	-1,144
Other assets	197	7,932	2,636	301	23	551	1,834	1,449	44,132	59,054
Total assets	79,055	46,931	2,636	301	8,928	551	1,834	1,449	43,497	185,182
Deposits to customers	43,961	42,710	-	-	-	-	-	-	1,482	88,152
Other liabilities and equity	35,095	4,222	2,636	301	8,928	551	1,834	1,449	42,015	97,030
Total liabilities and equity	79,055	46,931	2,636	301	8,928	551	1,834	1,449	43,497	185,182

Group 31 December 2020

Profit and loss account (NOKm)	RM	CM	SB 1 Markets	EM 1	SB 1 Finans MN	SB 1 Regnskaps- huset SMN	SB 1 Gruppen	BN Bank	Un- collated	Total
Net interest	1,112	1,085	-14	2	371	1	-	-	202	2,759
Interest from allocated capital	101	63	-	-	-	-	-	-	-165	-
Total interest income	1,213	1,149	-14	2	371	1	-	-	37	2,759
Comission income and other income	867	211	693	392	-22	533	-	-	-102	2,572
Net return on financial investments **)	-2	21	137	-	-	-	194	120	481	951
Total income	2,078	1,381	816	394	349	533	194	120	416	6,281
Total operating expenses	929	422	637	342	86	423	-	-	114	2,952
Ordinary operating profit	1,149	959	179	52	263	110	194	120	301	3,329
Loss on loans, guarantees etc.	56	846	-	-	49	-	-	-	1	951
Result before tax	1,093	113	179	52	214	110	194	120	301	2,378
Post-tax-return on equity *)	13.4 %	2.1 %								10.0 %
Balance										
Loans and advances to customers	129,149	44,845	-	-	9,549	-	-	-	-742	182,801
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-46,899	-1,354	-	-	-	-	-	-	100	-48,153
Allowance for credit loss	-148	-1,298	-	-	-67	-	-	-	-4	-1,517
Other assets	156	10,471	3,265	357	116	592	2,151	1,514	36,160	54,781
Total assets	82,258	52,663	3,265	357	9,598	592	2,151	1,514	35,514	187,912
Deposits to customers	47,478	49,420	-	-	-	-	-	-	631	97,529
Other liabilities and equity	34,780	3,244	3,265	357	9,598	592	2,151	1,514	34,883	90,383
Total liabilities and equity	82,258	52,663	3,265	357	9,598	592	2,151	1,514	35,514	187,912

*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 16.9 percent to be in line with the capital plan during the year

	31 March 2021	31 March 2020	31 Dec 2020
**) Specification of net return on financial investments (NOKm)			
Dividends	4	8	39
Capital gains/losses shares	102	-42	-4
Gain/(loss) on certificates and bonds	-84	50	103
Gain/(loss) on derivatives	105	-148	32
Gain/(loss) on financial instruments related to hedging	-11	-6	1
Gain/(loss) on other financial instruments at fair value (FVO)	10	-57	-11
Foreign exchange gain/(loss)	15	65	82
Gain/(loss) on shares and share derivatives at SpareBank 1 Markets	20	14	28
Net return on financial instruments	158	-124	230
SpareBank 1 Gruppen	67	-115	194
Gain Fremtind Forsikring		340	340
SpareBank 1 Boligkreditt	4	-31	18
SpareBank 1 Næringskreditt	3	2	18
BN Bank	40	23	120
SpareBank 1 Kredittkort	0	0	2
SpareBank 1 Betaling	-1	-2	-2
Other companies	14	-0	-10
Income from investment in associates and joint ventures	128	217	681
Total net return on financial investments	289	101	951
Fair value hedging			
Changes in fair value on hedging instrument	-293	359	467
Changes in fair value on hedging item	282	-365	-465
Net Gain or Loss from hedge accounting	-11	-6	1

Note 4 - Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD IV). SpareBank 1 SMN utilises the Internal Rating Based Approach (IRB) for credit risk. Advanced IRB Approach is used for the corporate portfolios. Use of IRB imposes wide-ranging requirements on the bank's organisational set-up, competence, risk models and risk management systems.

As of 31 March 2021 the overall minimum requirement on CET1 capital is 12.5 per cent. The capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement for Norwegian IRB-banks is 4.5 per cent and the Norwegian countercyclical buffer is 1.0 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital. In addition the financial supervisory authority has set a Pillar 2 requirement of 1.9 per cent for SpareBank 1 SMN, however not below NOK 1,794 million in monetary terms.

The systemic risk buffer stands at 4.5 per cent for the Norwegian exposures. For exposures in other countries, the particular country's systemic buffer rate shall be employed. As of 31 March 2021 the effective rate for the parent bank and for the group is accordingly 4.4 per cent.

The countercyclical buffer is calculated using differentiated rates. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. For the first quarter of 2021 both the parent bank and the group is below the capital deduction threshold such that the Norwegian rate is applied to all relevant exposures.

Parent Bank				Group		
31 Dec 2020	31 Mar 2020	31 Mar 2021	(NOKm)	31 Mar 2021	31 Mar 2020	31 Dec 2020
18,092	16,866	18,259	Total book equity	21,734	19,600	21,310
-1,250	-1,227	-1,231	Additional Tier 1 capital instruments included in total equity	-1,273	-1,268	-1,293
-515	-507	-511	Deferred taxes, goodwill and other intangible assets	-1,027	-1,059	-1,044
-890	-	-627	Deduction for allocated dividends and gifts	-627	-	-890
-	-	-	Non-controlling interests recognised in other equity capital	-891	-760	-838
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	489	398	488
-	-106	-450	Net profit	-768	-290	-
-	83	57	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	374	266	-
-43	-50	-43	Value adjustments due to requirements for prudent valuation	-56	-62	-56
-47	-293	-263	Positive value of adjusted expected loss under IRB Approach	-292	-329	-74
-	-	-	Cash flow hedge reserve	8	13	10
-186	-185	-186	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-629	-353	-572
15,160	14,582	15,005	Common equity Tier 1 capital	17,042	16,155	17,041
1,250	1,250	1,250	Additional Tier 1 capital instruments	1,595	1,637	1,595
16,410	15,832	16,255	Tier 1 capital	18,636	17,792	18,636
			Supplementary capital in excess of core capital			
1,750	1,750	1,750	Subordinated capital	2,259	2,240	2,262
-139	-153	-154	Deduction for significant investments in financial institutions	-154	-153	-139
1,611	1,597	1,596	Additional Tier 2 capital instruments	2,105	2,087	2,123
18,020	17,429	17,851	Total eligible capital	20,741	19,879	20,759

			Minimum requirements subordinated capital			
1,053	964	1,112	Specialised enterprises	1,292	1,153	1,240
920	1,269	982	Corporate	992	1,279	930
1,511	1,625	1,463	Mass market exposure, property	2,218	2,310	2,261
107	97	100	Other mass market	102	100	110
1,026	987	1,025	Equity positions IRB	1	1	1
4,617	4,942	4,682	Total credit risk IRB	4,606	4,842	4,541
1	2	3	Central government	5	4	2
93	101	107	Covered bonds	146	152	142
441	567	485	Institutions	336	466	332
-	-	-	Local and regional authorities, state-owned enterprises	28	15	27
32	30	32	Corporate	270	227	281
20	17	18	Mass market	484	474	476
11	16	12	Exposures secured on real property	131	174	136
272	240	272	Equity positions	428	383	408
99	115	89	Other assets	159	150	159
970	1,088	1,018	Total credit risk standardised approach	1,986	2,045	1,962
30	47	43	Debt risk	44	48	31
-	-	-	Equity risk	9	7	18
-	-	-	Currency risk and risk exposure for settlement/delivery	1	3	3
421	407	421	Operational risk	772	720	770
25	98	32	Credit value adjustment risk (CVA)	153	240	123
6,063	6,583	6,196	Minimum requirements subordinated capital	7,571	7,907	7,448
75,785	82,282	77,455	Risk weighted assets (RWA)	94,633	98,832	93,096
3,410	3,703	3,485	Minimum requirement on CET1 capital, 4.5 per cent	4,258	4,447	4,189
			Capital Buffers			
1,895	2,057	1,936	Capital conservation buffer, 2.5 per cent	2,366	2,471	2,327
3,410	2,468	3,485	Systemic risk buffer, 4.5 per cent (3.0 per cent)	4,258	2,965	4,189
758	823	775	Countercyclical buffer, 1.0 per cent (2.5 per cent)	946	988	931
6,063	5,348	6,196	Total buffer requirements on CET1 capital	7,571	6,424	7,448
5,687	5,531	5,323	Available CET1 capital after buffer requirements	5,212	5,284	5,404
			Capital adequacy			
20.0 %	17.7 %	19.4 %	Common equity Tier 1 capital ratio	18.0 %	16.3 %	18.3 %
21.7 %	19.2 %	21.0 %	Tier 1 capital ratio	19.7 %	18.0 %	20.0 %
23.8 %	21.2 %	23.0 %	Capital ratio	21.9 %	20.1 %	22.3 %
			Leverage ratio			
178,219	177,198	181,720	Balance sheet items	258,536	249,366	256,978
6,190	7,719	8,793	Off-balance sheet items	9,568	8,702	7,514
-606	-1,033	-817	Regulatory adjustments	-1,844	-1,820	-1,577
183,803	183,884	189,696	Calculation basis for leverage ratio	266,260	256,248	262,915
16,410	15,832	16,255	Core capital	18,636	17,792	18,636
8.9 %	8.6 %	8.6 %	Leverage Ratio	7.0 %	6.9 %	7.1 %

Note 5 - Distribution of loans by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2020	31 Mar 2020	31 Mar 2021		31 Mar 2021	31 Mar 2020	31 Dec 2020
9,160	8,584	9,134	Agriculture and forestry	9,568	8,946	9,591
5,243	4,893	5,344	Fisheries and hunting	5,362	4,907	5,259
1,704	756	2,005	Sea farming industries	2,268	1,053	2,100
2,234	1,870	2,326	Manufacturing	2,848	2,255	2,646
3,195	3,025	3,080	Construction, power and water supply	4,016	3,837	4,077
2,289	2,266	2,537	Retail trade, hotels and restaurants	2,832	2,607	2,586
4,537	5,177	4,822	Maritime sector	4,822	5,177	4,537
15,427	14,614	16,512	Property management	16,595	14,689	15,509
3,644	2,454	3,641	Business services	3,434	2,158	3,423
6,032	5,546	5,377	Transport and other services provision	6,298	6,379	6,942
9	6	2	Public administration	29	17	33
1,626	1,718	1,746	Other sectors	1,757	1,742	1,638
55,099	50,909	56,525	Gross loans in Corporate market	59,830	53,767	58,340
118,714	111,460	119,780	Wage earners	125,512	117,004	124,461
173,814	162,369	176,305	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	185,342	170,771	182,801
46,613	41,972	46,337	of which SpareBank 1 Boligkreditt	46,337	41,972	46,613
1,540	1,526	1,533	of which SpareBank 1 Næringskreditt	1,533	1,526	1,540
125,660	118,871	128,435	Gross loans in balance sheet	137,471	127,272	134,648
1,351	964	1,380	- Loan loss allowance on amortised cost loans	1,451	1,019	1,421
96	123	101	- Loan loss allowance on loans at FVOCI	101	125	96
124,214	117,784	126,954	Net loans to and receivables from customers	135,919	126,128	133,131

Note 6 - Losses on loans and guarantees

	Jan-Mar			Jan-Mar			Jan-Dec		
	2021			2020			2020		
Parent Bank (NOKm)	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses for the period	-8	57	49	44	146	190	49	666	715
Actual loan losses on commitments exceeding provisions made	2	1	3	1	112	112	14	197	212
Recoveries on commitments previously written-off	-1	-0	-1	-1	-0	-1	-7	-18	-25
Losses for the period on loans and guarantees	-7	58	51	44	258	302	56	846	902

	Jan-Mar			Jan-Mar			Jan-Dec		
	2021			2020			2020		
Group (NOKm)	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses for the period	-7	57	50	40	148	188	48	681	729
Actual loan losses on commitments exceeding provisions made	6	4	10	28	115	143	55	213	268
Recoveries on commitments previously written-off	-1	-0	-2	-19	-4	-22	-25	-21	-46
Losses for the period on loans and guarantees	-2	61	59	49	259	308	78	873	951

Note 7 - Losses

Parent Bank (NOKm)	1 Jan 21	Change in provision	Net write-offs / recoveries	31 Mar 21
Loans as amortised cost- CM	1,377	57	-5	1,429
Loans as amortised cost- RM	35	7	-10	32
Loans at fair value over OCI- RM	147	-15	-	132
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,559	49	-14	1,594
Presented as				
Provision for loan losses	1,446	49	-14	1,481
Other debt- provisions	81	0	-	81
Other comprehensive income - fair value adjustment	32	-1	-	31

Parent Bank (NOKm)	1 Jan 20	Change in provision	Net write-offs / recoveries	31 Mar 20
Loans as amortised cost- CM	916	146	-30	1,031
Loans as amortised cost- RM	34	7	-3	39
Loans at fair value over OCI- RM	109	37	-	146
Loans at fair value over OCI- CM	1	-0	-	1
Provision for expected credit losses on loans and guarantees	1,060	190	-33	1,219
Presented as				
Provision for loan losses	937	182	-33	1,086
Other debt- provisions	100	6	-	106
Other comprehensive income - fair value adjustment	23	3	-	26

Parent Bank (NOKm)	1 Jan 20	Change in provision	Net write-offs / recoveries	31 Dec 20
Loans as amortised cost- CM	916	667	-206	1,377
Loans as amortised cost- RM	34	12	-11	35
Loans at fair value over OCI- RM	109	38	-	147
Loans at fair value over OCI- CM	1	-1	-	0
Provision for expected credit losses on loans and guarantees	1,060	715	-217	1,559
Presented as				
Provision for loan losses	937	725	-217	1,446
Other debt- provisions	100	-19	-	81
Other comprehensive income - fair value adjustment	23	9	-	32

Group (NOKm)	1 Jan 21	Change in provision	Net write-offs / recoveries	31 Mar 21
Loans as amortised cost- CM	1,421	57	-6	1,472
Loans as amortised cost- RM	62	8	-10	61
Loans at fair value over OCI- RM	147	-15	-	132
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,630	51	-15	1,665
Presented as				
Provision for loan losses	1,517	51	-15	1,553
Other debt- provisions	81	0	-	81
Other comprehensive income - fair value adjustment	32	-1	-	31

Group (NOKm)	1 Jan 20	Change in provision	Net write-offs/ recoveries	31 Mar 20
Loans as amortised cost- CM	948	149	-32	1,065
Loans as amortised cost- RM	63	3	-3	63
Loans at fair value over OCI- RM	109	37	-	146
Loans at fair value over OCI- CM	1	-0	-	1
Provision for expected credit losses on loans and guarantees	1,121	190	-34	1,276
Presented as				
Provision for loan losses	998	180	-34	1,144
Other debt- provisions	100	6	-	106
Other comprehensive income - fair value adjustment	23	3	-	26

Group (NOKm)	1 Jan 20	Change in provision	Net write-offs/ recoveries	31 Dec 20
Loans as amortised cost- CM	948	682	-209	1,421
Loans as amortised cost- RM	63	10	-11	62
Loans at fair value over OCI- RM	109	38	-	147
Loans at fair value over OCI- CM	1	-1	-	0
Provision for expected credit losses on loans and guarantees	1,121	729	-220	1,630
Presented as				
Provision for loan losses	998	739	-220	1,517
Other debt- provisions	100	-19	-	81
Other comprehensive income - fair value adjustment	23	9	-	32

Accrual for losses on loans

Parent Bank (NOKm)	31 Mar 2021				31 Mar 2020				31 Dec 2020			
	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total
Retail market												
Opening balance	35	97	47	180	25	73	45	143	25	73	45	143
Transfer to (from) stage 1	16	-16	-0	-	13	-13	-0	-	14	-13	-0	-
Transfer to (from) stage 2	-1	1	-0	-	-2	2	-0	-	-1	2	-0	-
Transfer to (from) stage 3	-0	-3	3	-	-0	-3	3	-	-0	-3	3	-
Net remeasurement of loss allowances	-15	17	-11	-10	-15	12	9	6	-17	12	9	5
Originations or purchases	5	2	0	8	4	2	0	6	13	13	0	26
Derecognitions	-4	-11	-1	-15	-2	-6	-1	-10	-8	-23	-2	-33
Changes due to changed input assumptions	1	3	-	4	5	38	-	43	10	38	2	50
Actual loan losses	0	0	-5	-5	-	-	-3	-3	0	0	-11	-11
Closing balance	37	91	34	162	28	104	53	185	35	97	47	180
Corporate Market												
Opening balance	88	387	823	1,299	66	210	540	816	66	210	540	816
Transfer to (from) stage 1	7	-7	-0	-	9	-9	-0	-	14	-14	-0	-
Transfer to (from) stage 2	-2	2	-	-	-4	4	-0	-	-4	4	-0	-
Transfer to (from) stage 3	-2	-78	81	-	-0	-1	1	-	-0	-1	1	-
Net remeasurement of loss allowances	-9	13	50	54	-8	33	148	173	-2	72	486	556
Originations or purchases	13	1	4	18	14	2	1	17	45	99	1	144
Derecognitions	-5	-9	-1	-15	-11	-72	-0	-83	-30	-96	-1	-127
Changes due to changed input assumptions	1	4	-	6	4	30	-	34	-0	113	2	-
Actual loan losses	-	-	-10	-10	-	-	-30	-30	-	-	-206	-206
Closing balance	91	312	948	1,351	70	197	660	927	88	387	823	1,299
Total accrual for loan losses	128	403	981	1,512	98	301	713	1,112	123	484	870	1,478

Group (NOKm)	31 Mar 2021				31 Mar 2020				31 Dec 2020			
	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total
Retail market												
Opening balance	42	107	58	207	32	84	56	172	32	84	56	172
Transfer to (from) stage 1	17	- 17	- 0	-	14	- 14	- 0	-	14	- 13	- 0	-
Transfer to (from) stage 2	- 1	1	- 0	-	- 2	3	- 1	-	0	- 0	- 0	-
Transfer to (from) stage 3	- 0	- 5	5	-	- 0	- 4	4	-	- 1	- 2	3	-
Net remeasurement of loss allowances	- 16	19	- 9	- 6	- 16	12	11	8	- 17	11	11	5
Originations or purchases	6	3	2	11	5	2	0	7	12	15	5	31
Derecognitions	- 4	- 12	- 3	- 19	- 3	- 7	- 7	- 17	- 6	- 20	1	- 25
Changes due to changed input assumptions	1	2	- 1	2	5	38	-	43	7	33	- 6	35
Actual loan losses	-	-	- 5	- 5	-	-	- 3	- 3	-	-	- 11	- 11
Closing balance	43	99	48	190	35	114	61	210	42	107	58	207
Corporate Market												
Opening balance	98	399	845	1,342	71	218	557	846	71	218	560	849
Transfer to (from) stage 1	8	- 8	0	-	9	- 9	- 0	-	14	- 14	- 0	-
Transfer to (from) stage 2	- 2	2	-	-	- 4	4	- 0	-	- 2	2	- 0	-
Transfer to (from) stage 3	- 2	- 79	82	-	- 0	- 1	1	-	- 1	0	1	-
Net remeasurement of loss allowances	- 10	14	53	57	- 9	33	151	175	- 2	72	484	555
Originations or purchases	15	1	4	20	14	2	3	20	46	103	3	151
Derecognitions	- 5	- 10	- 2	- 16	- 11	- 73	- 1	- 85	- 26	- 93	10	- 109
Changes due to changed input assumptions	- 0	3	- 1	2	4	30	-	34	- 2	111	- 4	106
Actual loan losses	-	-	- 10	- 10	-	-	- 31	- 31	-	-	- 209	- 209
Closing balance	101	322	971	1,394	75	204	680	960	98	399	845	1,342
Total accrual for loan losses	145	421	1,019	1,584	110	318	741	1,170	140	507	902	1,549

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	31 Mar 2021				31 Mar 2020				31 Dec 2020			
	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total
Opening balance	27	50	4	81	14	29	57	100	14	29	57	100
Transfer to (from) stage 1	3	- 3	- 0	-	1	- 1	- 0	-	2	- 2	- 0	-
Transfer to (from) stage 2	- 6	6	-	-	- 0	0	-	-	- 0	0	- 0	-
Transfer to (from) stage 3	- 0	- 1	1	-	- 0	- 0	0	-	- 0	- 0	0	-
Net remeasurement of loss allowances	- 6	6	- 1	- 1	- 3	8	- 0	5	2	16	- 54	- 36
Originations or purchases	3	1	0	4	2	0	0	3	11	8	0	19
Derecognitions	- 1	- 2	- 0	- 3	- 1	- 3	- 0	- 4	- 5	- 13	- 0	- 19
Changes due to changed input assumptions	0	1	-	1	1	2	-	3	3	12	0	16
Actual loan losses	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	20	57	4	81	14	36	57	106	27	50	4	81
Of which												
Retail market				3				3				2
Corporate Market				79				103				79

Provision for credit losses specified by industry

Parent Bank (NOKm)	31 Mar 2021				31 Mar 2020				31 Dec 2020			
	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total
Agriculture and forestry	2	23	2	27	2	25	8	34	2	34	5	41
Fisheries and hunting	8	2	0	10	4	0	-	4	6	2	0	8
Sea farming industries	4	0	0	4	1	1	-	1	2	0	3	5
Manufacturing	7	20	9	36	4	22	3	28	8	25	2	35
Construction, power and water supply	11	12	37	60	11	7	16	34	11	27	17	55
Retail trade, hotels and restaurants	9	26	16	51	9	15	11	34	10	30	17	58
Maritime sector	14	190	657	862	4	101	588	692	10	180	614	804

Property management	20	49	34	102	19	41	26	86	20	56	38	114
Business services	12	12	194	218	7	5	27	38	12	56	142	210
Transport and other services	8	10	1	19	11	5	1	17	8	10	2	19
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	1	1	-	1	0	0	-	0	0	0	0	0
Wage earners	2	58	31	91	2	81	32	116	2	65	31	97
Total provision for losses on loans	97	403	981	1,481	72	301	713	1,086	91	484	870	1,446
loan loss allowance on loans at FVOCI	31	-	-	31	26	-	-	26	32	0	0	32
Total loan loss allowance	128	403	981	1,512	98	301	713	1,112	123	484	870	1,478

Group (NOKm)	31 Mar 2021				31 Mar 2020				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	3	25	3	31	3	25	9	37	3	36	5	44
Fisheries and hunting	8	2	0	10	4	0	-	4	6	2	0	8
Sea farming industries	4	1	0	5	1	1	-	2	3	1	3	6
Manufacturing	9	23	14	45	4	24	7	35	10	27	7	44
Construction, power and water supply	13	14	41	68	13	9	24	46	13	31	20	64
Retail trade, hotels and restaurants	11	26	18	55	10	15	11	36	12	31	19	62
Maritime sector	14	190	657	862	4	101	588	692	10	180	614	804
Property management	20	49	34	103	19	41	26	86	20	56	39	115
Business services	13	13	198	224	7	6	28	41	13	57	143	213
Transport and other services	10	11	11	32	12	6	8	26	10	12	10	32
Public administration	0	0	-	0	0	-	-	0	0	0	0	0
Other sectors	1	1	-	1	0	0	2	2	0	0	2	2
Wage earners	7	65	44	116	8	90	40	138	7	73	41	122
Total provision for losses on loans	113	421	1,019	1,553	84	319	741	1,144	108	507	902	1,517
loan loss allowance on loans at FVOCI	31	-	-	31	26	-	-	26	32	0	0	32
Total loan loss allowance	145	421	1,019	1,584	110	319	741	1,170	140	507	902	1,549

Note 8 - Gross Loans

Parent Bank (NOKm)	31 Mar 2021				31 Mar 2020				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market												
Opening balance	73,297	4,430	381	78,108	69,045	5,129	487	74,661	69,045	5,129	487	74,661
Transfer to stage 1	1,034	-1,033	-1	-	1,082	-1,071	-11	-	1,050	-1,019	-31	-
Transfer to stage 2	-752	753	-0	-	-1,148	1,206	-57	-	-1,433	1,470	-38	-
Transfer to stage 3	-30	-52	82	-	-18	-79	97	-	-30	-47	77	-
Net increase/decrease amount existing loans	-1,127	-57	-7	-1,190	-1,019	-52	-5	-1,076	-2,093	-136	-7	-2,237
New loans	12,982	175	29	13,186	15,166	311	58	15,535	49,001	1,464	111	50,575
Derecognitions	-10,075	-540	-57	-10,672	-13,602	-751	-63	-14,416	-42,243	-2,429	-196	-44,867
Financial assets with actual loan losses	0	0	-7	-7	-	-	-4	-4	-1	-2	-22	-24
Closing balance	75,330	3,676	420	79,426	69,506	4,693	503	74,701	73,297	4,430	381	78,108
Corporate Market												
Opening balance	35,587	5,979	1,702	43,268	33,190	3,971	1,470	38,632	33,190	3,971	1,470	38,632
Transfer to stage 1	220	-218	-2	-	400	-400	-	-	521	-521	-0	-
Transfer to stage 2	-286	286	-	-	-650	666	-15	-	-2,605	2,614	-9	-
Transfer to stage 3	-86	-474	559	-	-61	-521	582	-	-70	-685	754	-
Net increase/decrease amount existing loans	197	-17	-10	170	-642	152	66	-424	-1,541	-208	38	-1,711
New loans	3,735	28	302	4,064	5,065	71	26	5,162	17,141	1,672	328	19,141
Derecognitions	-2,548	-137	-138	-2,823	-3,392	-100	-35	-3,527	-11,046	-753	-862	-12,662
Financial assets with actual loan losses	0	0	-10	-10	0	-110	-0	-110	-2	-111	-19	-132
Closing balance	36,818	5,448	2,403	44,668	33,910	3,729	2,093	39,732	35,587	5,979	1,702	43,268
Fixed interest loans at FV	4,341	-	-	4,341	4,438	-	-	4,438	4,285	-	-	4,285
Total gross loans at the end of the period	116,489	9,123	2,823	128,435	107,853	8,421	2,596	118,871	113,169	10,409	2,083	125,660

Group (NOKm)	31 Mar 2021				31 Mar 2020				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market												
Opening balance	78,206	5,208	453	83,867	73,675	5,924	570	80,265	73,675	5,924	570	80,169
Transfer to stage 1	1,141	-1,139	-1	-	1,181	-1,168	-13	-	1,260	-1,225	-35	-
Transfer to stage 2	-886	888	-1	-	-1,306	1,378	-71	-0	-1,731	1,785	-54	-
Transfer to stage 3	-37	-105	142	-	-21	-118	139	-	-44	-89	133	-
Net increase/decrease amount existing loans	-1,132	-63	-10	-1,205	-1,022	-62	-5	-1,105	-2,136	-196	-15	-2,346
New loans	13,740	192	29	13,961	15,824	328	58	16,211	51,383	1,702	119	53,204
Derecognitions	-10,687	-622	-74	-11,383	-14,032	-915	-95	-14,756	-43,512	-2,624	-239	-46,375
Financial assets with actual loan losses	-0	-	-7	-7	-	-	-4	-4	-689	-70	-25	-784
Closing balance	80,345	4,358	531	85,233	74,300	5,367	579	80,245	78,206	5,208	453	83,867
Corporate Market												
Opening balance	38,107	6,587	1,802	46,496	35,466	4,426	1,539	41,431	35,466	4,426	1,539	41,431
Transfer to stage 1	308	-305	-3	-	415	-414	-0	-	693	-690	-4	-
Transfer to stage 2	-314	314	-	-	-682	697	-16	-	-2,897	2,909	-11	-
Transfer to stage 3	-91	-508	599	-	-78	-531	609	-	-107	-695	801	-
Net increase/decrease amount existing loans	173	-19	-14	139	-599	149	66	-384	-1,589	-265	34	-1,819
New loans	4,090	37	302	4,429	5,349	80	27	5,456	18,238	1,875	349	20,462
Derecognitions	-2,657	-169	-142	-2,968	-3,691	-55	-56	-3,802	-11,287	-815	-883	-12,985
Financial assets with actual loan losses	-159	-38	-1	-198	0	-110	-0	-110	-410	-159	-24	-593
Balance at 31 December	39,457	5,898	2,543	47,897	36,180	4,241	2,168	42,589	38,107	6,587	1,802	46,496
Closing balance												
Fixed interest loans at FV	4,341	-	-	4,341	4,438	-	-	4,438	4,285	-	-	4,285
Total gross loans at the end of the period	124,142	10,256	3,073	137,471	114,918	9,608	2,747	127,272	120,598	11,794	2,255	134,648

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2020	31 March 2021	31 March 2021		31 March 2021	31 March 2020	31 Dec 2020
2,269	2,523	2,691	Agriculture and forestry	2,691	2,523	2,269
1,210	1,055	1,455	Fisheries and hunting	1,455	1,055	1,210
1,305	923	1,295	Sea farming industries	1,295	923	1,305
1,796	1,525	1,761	Manufacturing	1,761	1,525	1,796
3,799	3,026	4,337	Construction, power and water supply	4,337	3,026	3,799
5,461	3,810	5,341	Retail trade, hotels and restaurants	5,341	3,810	5,461
1,182	295	1,118	Maritime sector	1,118	295	1,182
5,821	5,631	5,664	Property management	5,603	5,318	5,750
9,286	7,633	9,548	Business services	9,548	7,633	9,286
8,930	9,847	9,863	Transport and other services provision	9,509	9,479	8,518
12,711	12,004	13,928	Public administration	13,928	12,004	12,711
3,795	3,545	4,758	Other sectors	4,469	3,370	3,641
57,566	51,817	61,760	Total	61,056	50,962	56,928
40,600	37,190	41,334	Wage earners	41,334	37,190	40,600
98,166	89,007	103,094	Total deposits	102,390	88,152	97,529

Note 10 - Net interest income

Parent bank				Group		
January - March				January - March		
2020	2020	2021	(NOKm)	2021	2020	2020
Interest income						
171	67	35	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	12	22	42
1,584	430	384	Interest income from loans to and claims on customers (amortised cost)	512	565	2,120
1,519	505	310	Interest income from loans to and claims on customers (FVOCI)	313	509	1,534
129	33	29	Interest income from loans to and claims on customers (FVPL)	29	33	129
349	116	67	Interest income from money market instruments, bonds and other fixed income securities	67	115	346
-	-	-	Other interest income	6	7	27
3,752	1,151	826	Total interest income	939	1,250	4,197
Interest expense						
84	45	11	Interest expenses on liabilities to credit institutions	12	52	92
731	301	125	Interest expenses relating to deposits from and liabilities to customers	123	295	719
484	148	104	Interest expenses related to the issuance of securities	104	148	484
48	20	8	Interest expenses on subordinated debt	9	21	50
8	2	2	Other interest expenses	5	9	25
67	16	17	Guarantee fund levy	17	16	67
1,423	533	267	Total interest expense	271	540	1,439
2,329	618	558	Net interest income	668	710	2,759

Note 11 - Net commission income and other income

Parent bank			Group		
Jan-March			Jan-March		
2020	2020	2021 (NOKm)	2021	2020	2020
Commission income					
59	16	18	18	16	58
-	-	-	67	52	251
56	11	15	33	25	123
408	88	112	112	88	408
13	4	4	4	4	13
393	102	92	91	102	390
195	47	52	52	47	195
80	18	18	15	16	71
1,205	286	310	392	349	1,510
Commission expenses					
83	21	17	28	27	112
14	4	4	23	23	95
97	25	22	51	50	207
Other operating income					
22	5	6	6	5	21
-	-	-	36	31	142
-	-	-	262	81	583
-	-	-	148	148	506
19	3	2	15	4	18
41	9	9	467	271	1,269
1,149	270	297	808	570	2,572

Note 12 - Operating expenses

Parent bank				Group		
January - March				January - March		
2020	2020	2021	(NOKm)	2021	2020	2020
246	63	64	IT costs	89	86	340
15	4	2	Postage and transport of valuables	3	5	19
52	15	14	Marketing	20	24	73
102	27	24	Ordinary depreciation	54	42	166
39	7	13	Operating expenses, real properties	18	9	62
150	38	30	Purchased services	47	53	221
140	37	31	Other operating expense	38	53	187
744	191	177	Total other operating expenses	269	273	1,069

Note 13 - Net return on financial investments

Parent Bank			(NOK million)	Group		
2020	2020	2021		2021	2020	2020
Jan-March				Jan-March		
2020	2020	2021		2021	2020	2020
Valued at fair value through profit/loss						
-74	33	-128	Value change in interest rate instruments	-83	52	103
Value change in derivatives/hedging						
1	-6	-11	Net value change in hedged bonds and derivatives	-11	-6	1
-11	-57	10	Net value change in hedged fixed rate loans and derivatives	10	-57	-11
32	-148	105	Other derivatives	125	-134	59
Income from equity instruments						
-	-	-	Income from owner interests	128	217	681
492	74	74	Dividend from owner instruments	-	-	-
-15	-3	-3	Value change and gain/loss on owner instruments	0	-3	-9
36	3	40	Dividend from equity instruments	4	8	39
-1	-22	-6	Value change and gain/loss on equity instruments	102	-39	5
460	-126	80	Total net income from financial assets and liabilities at fair value through profit/(loss)	275	38	868
Valued at amortised cost						
Value change in interest rate instruments						
-6	-3	-1	Value change in interest rate instruments held to maturity	-1	-3	-6
-6	-3	-1	Total net income from financial assets and liabilities at amortised cost	-1	-3	-6
89	67	16	Total net gain from currency trading	15	66	89
542	-62	95	Total net return on financial investments	289	101	951

Note 14 - Other assets

Parent Bank			(NOKm)	Group		
31 Dec 2020	31 March 2020	31 March 2021		31 March 2021	31 March 2020	31 Dec 2020
-	-	-	Deferred tax asset	129	156	129
67	79	80	Fixed assets	206	215	194
298	338	291	Right to use assets	492	488	470
135	134	94	Earned income not yet received	215	186	185
11	422	122	Accounts receivable, securities	828	1,102	678
112	109	112	Pension assets	112	109	112
340	571	409	Other assets	773	554	690
963	1,654	1,108	Total other assets	2,754	2,810	2,457

Note 15 - Other liabilities

Parent Bank			(NOKm)	Group		
31 Dec 2020	31 March 2020	31 March 2021		31 March 2021	31 March 2020	31 Dec 2020
8	38	8	Deferred tax	82	103	81
322	120	74	Payable tax	130	179	408
11	10	11	Capital tax	11	10	11
101	246	109	Accrued expenses and received, non-accrued income	681	602	671
301	291	365	Provision for accrued expenses and commitments	365	291	301
81	106	81	Losses on guarantees and unutilised credits	81	106	81
10	16	10	Pension liabilities	10	16	10
303	344	297	Lease liabilities	501	494	479
74	42	133	Drawing debt	133	42	74
3	5	2	Creditors	63	58	45
13	1,097	110	Debt from securities	720	1,677	568
-	-	-	Equity Instruments	30	34	-
239	1,188	547	Other liabilities	776	1,286	355
1,466	3,503	1,748	Total other liabilities	3,584	4,900	3,084

Note 16 - Debt created by issue of securities and subordinated debt

Group

	31 Dec 2020	Issued	Fallen due/ Redeemed	Other changes	31 March 2021
Change in securities debt (NOKm)					
Certificate, nominal value	341	-	368	28	-
Bond debt, nominal value	41,819	5,324	1,377	-1,378	44,388
Senior non preferred, nominal value	1,000	1,500	-	-	2,500
Value adjustments	568	-	-	-333	235
Accrued interest	191	-	-	-42	150
Total	43,919	6,824	1,746	-1,725	47,273
	31 Dec 2020	Issued	Fallen due/ Redeemed	Other changes	31 March 2021
Change in subordinated debt and hybrid equity (NOKm)					
Ordinary subordinated loan capital, nominal value	1,793	-	-	-	1,793
Hybrid equity, nominal value	-	-	-	-	-
Value adjustments	-	-	-	-	-
Accrued interest	3	-	-	-0	3
Total	1,795	-	-	-0	1,795

Note 17 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

Level 1: Valuation based on quoted prices in an active market

Fair value of financial instruments that are traded in the active markets is based on market price on the balance sheet date. A market is considered active if market prices are easily and regularly available from a stock exchange, dealer, broker, industry group, price-setting service or regulatory authority, and these prices represent actual and regularly occurring market transactions at an arm's length. This category also includes quoted shares and Treasury bills.

Level 2: Valuation based on observable market data

Level 2 consists of instruments that are valued by the use of information that does not consist in quoted prices, but where the prices are directly or indirectly observable for the assets or liabilities concerned, and which also include quoted prices in non-active markets.

Level 3: Valuation based on other than observable data

If valuation data are not available for level 1 and 2, valuation methods are applied that are based on non-observable information.

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2021:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	2	4,394	-	4,395
- Bonds and money market certificates	2,225	28,650	-	30,875
- Equity instruments	1,536	5	510	2,015
- Fixed interest loans	-	43	4,298	4,341
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	76,297	76,297
Total assets	3,762	33,091	81,105	117,958
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	1	4,878	-	4,879
- Equity instruments	30	-	-	30
Total liabilities	31	4,878	-	4,909

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2020:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	2	11,755	-	11,757
- Bonds and money market certificates	3,121	24,274	-	27,395
- Equity instruments	989	42	406	1,437
- Fixed interest loans	-	43	4,396	4,439
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	71,584	71,584
Total assets	4,112	36,114	76,386	116,612
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	18	7,986	-	8,004
- Equity instruments	34	-	-	34
Total liabilities	52	7,986	-	8,038

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2020:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	1	7,225	-	7,226
- Bonds and money market certificates	4,865	21,741	-	26,606
- Equity instruments	1,928	6	432	2,366
- Fixed interest loans	-	43	4,242	4,285
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	74,761	74,761
Total assets	6,793	29,015	79,435	115,244
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	2	7,177	-	7,179
- Equity instruments	-	-	-	-
Total liabilities	2	7,177	-	7,179

The following table presents the changes in the instruments classified in level 3 as at 31 March 2021:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	432	4,242	74,761	79,435
Investment in the period	4	337	11,848	12,190
Disposals in the period	-0	-238	-10,318	-10,556
Expected credit loss	-	-	6	6
Gain or loss on financial instruments	74	-44	0	30
Closing balance	510	4,298	76,297	81,105

The following table presents the changes in the instruments classified in level 3 as at 31 March 2020:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	405	4,636	71,336	76,377
Investment in period	6	91	14,264	14,361
Disposals in the period	-11	-284	-14,016	-14,421
Expected credit loss	-	-	-3	-3
Gain or loss on financial instruments	5	64	3	72
Closing balance	406	4,396	71,584	76,386

The following table presents the changes in the instruments classified in level 3 as at 31 December 2020:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	405	4,636	71,336	76,377
Investment in period	48	731	47,183	47,962
Disposals in the period	-14	-1,206	-43,754	-44,973
Expected credit loss	-	-	-13	-13
Gain or loss on financial instruments	-7	81	7	81
Closing balance	432	4,242	74,761	79,435

Valuation method

The valuation method applied is adapted to each financial instrument, and is intended to utilise as much of the information that is available in the market as possible.

The method for valuation of financial instruments in level 2 and 3 is described in the following:

Fixed interest loans to customers (level 3)

The loans consist for the most part of fixed interest loans denominated in Norwegian kroner. The value of the fixed interest loans is determined such that agreed interest flows are discounted over the term of the loan by a discount factor that is adjusted for margin requirements. The discount factor is raised by 10 points when calculating sensitivity.

Loans at fair value through other comprehensive income (level 3)

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued based on carrying amounts and expected credit losses. Mortgages without significant increase in credit risk since initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With a double likelihood of the worst case scenario in the expected credit loss model, the calculated fair value is reduced by NOK 7 million.

Short-term paper and bonds (level 2 and 3)

Valuation on level 2 is based for the most part on observable market information in the form of interest rate curves, exchange rates and credit margins for the individual credit and the bond's or certificate's characteristics. For paper valued under level 3 the valuation is based on indicative prices from a third party or comparable paper.

Equity instruments (level 3)

Shares that are classified to level 3 include essentially investments in unquoted shares. Among other a total of NOK 291 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank 1 SMN Invest AS. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions.

Financial derivatives (level 2)

Financial derivatives at level 2 include for the most part currency futures and interest rate and exchange rate swaps. Valuation is based on observable interest rate curves. In addition the item includes derivatives related to FRAs. These are valued with a basis in observable prices in the market. Derivatives classified to level 2 also include equity derivatives related to SpareBank 1 Markets' market-making activities. The bulk of these derivatives refer to the most sold shares on Oslo Børs, and the valuation is based on the price of the actual/underlying share and observable or calculated volatility.

Sensitivity analyses, level 3 as at 31 March 2021:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	4,298	-12
Equity instruments through profit/loss*	510	-
Loans at fair value through other comprehensive income	76,297	-7

* As described above, the information to perform alternative calculations are not available

Note 18 - Liquidity risk

Liquidity risk is the risk that the group will be unable to refinance its debt or to finance asset increases. Liquidity risk management starts out from the group's overall liquidity strategy which is reviewed and adopted by the board of directors at least once each year. The liquidity strategy reflects the group's moderate risk profile.

The group reduces its liquidity risk through guidelines and limits designed to achieve a diversified balance sheet, both on the asset and liability side. Preparedness plans have been drawn up both for the group and the SpareBank 1 Alliance to handle the liquidity situation in periods of turbulent capital markets. The bank's liquidity situation is stress tested on a monthly basis using various maturities and crisis scenarios: bank-specific, for the financial market in general or a combination of internal and external factors. The group's objective is to survive twelve months of ordinary operations without access to fresh external funding while housing prices fall 30 per cent. In the same period minimum requirements to LCR shall be fulfilled.

The average residual maturity on debt created by issue of securities at the end of the first quarter 2021 was 3.8 years. The overall LCR at the same point was 190 per cent and the average overall LCR in the first quarter was 188 per cent. The LCR in Norwegian kroner and euro at quarter-end was 188 and 173 per cent respectively.

Note 19 - Earnings per EC

ECC owners share of profit have been calculated based on net profit allocated in accordance to the average number of certificates outstanding in the period. There is no option agreements in relation to the Equity Capital certificates, diluted net profit is therefore equivalent to Net profit per ECC.

(NOKm)	Jan-March		2020
	2021	2020	
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	687	254	1,793
Allocated to ECC Owners 2)	439	162	1,147
Issues Equity Capital Certificates adjusted for own certificates	129,305,359	129,261,369	129,347,626
Earnings per Equity Capital Certificate	3.40	1.26	8.87

1) Adjusted Net Profit	Jan-March		2020
	2021	2020	
Net Profit for the group	768	290	1,978
Adjusted for non-controlling interests share of net profit	-61	-12	-126
Adjusted for Tier 1 capital holders share of net profit	-20	-24	-59
Adjusted Net Profit	687	254	1,793

2) Equity capital certificate ratio (parent bank) (NOKm)	31 March 2021	31 March 2020	31 Dec 2020
ECC capital	2,597	2,597	2,597
Dividend equalisation reserve	6,556	6,338	6,556
Premium reserve	895	895	895
Unrealised gains reserve	153	121	153
Other equity capital	-0	-17	-
A. The equity capital certificate owners' capital	10,201	9,934	10,201
Ownerless capital	5,664	5,541	5,664
Unrealised gains reserve	86	68	86
Other equity capital	-0	-10	-
B. The saving bank reserve	5,750	5,599	5,750
To be disbursed from gift fund	226	-	321
Dividend declared	401	-	569
Equity ex. profit	16,578	15,533	16,842
Equity capital certificate ratio A/(A+B)	64.0 %	64.0 %	64.0 %
Equity capital certificate ratio for distribution	64.0 %	64.0 %	64.0 %

Results from quarterly accounts

Group (NOKm)	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019
Interest income effective interest method	939	945	971	1,031	1,250	1,235	1,190	1,127	1,075
Interest expenses	271	258	276	365	540	538	512	463	426
Net interest	668	688	695	666	710	697	678	664	649
Commission income	392	416	414	331	349	371	374	363	329
Commission expenses	51	58	52	47	50	47	55	51	40
Other operating income	468	399	277	323	271	255	235	294	262
Commission income and other income	808	757	638	607	570	579	554	606	551
Dividends	4	27	2	2	8	1	1	11	2
Income from investment in related companies	128	117	170	177	217	8	85	231	555
Net return on financial investments	158	53	32	269	-124	8	35	95	169
Net return on financial investments	289	197	205	448	101	17	121	336	727
Total income	1,766	1,642	1,538	1,721	1,381	1,292	1,353	1,607	1,926
Staff costs	538	570	422	449	443	411	404	438	447
Other operating expenses	269	275	263	258	273	309	269	263	257
Total operating expenses	806	845	685	706	716	720	673	701	704
Result before losses	960	797	853	1,015	665	572	680	907	1,223
Loss on loans, guarantees etc.	59	242	231	170	308	103	71	59	67
Result before tax	901	554	621	845	357	469	609	848	1,155
Tax charge	133	104	102	126	67	123	121	165	109
Result investment held for sale, after tax	0	0	0	-0	0	0	-0	0	0
Net profit	768	450	519	719	290	346	488	683	1,046

Key figures from quarterly accounts

Group (NOKm)	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019
Profitability									
Return on equity per quarter ¹⁾	14.8%	8.9%	10.5%	15.1%	5.7%	7.1%	10.2%	14.9%	23.3%
Cost-income ratio ¹⁾	46 %	51 %	45 %	41 %	52 %	56 %	50 %	44 %	37 %
Balance sheet figures									
Gross loans to customers	137,471	134,648	133,640	130,627	127,272	126,277	123,967	121,895	120,100
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	185,342	182,801	179,423	175,100	170,771	167,777	165,380	163,627	161,091
Deposits from customers	102,390	97,529	95,391	94,289	88,152	85,917	83,641	86,553	81,111
Total assets	193,822	187,912	186,900	190,484	185,182	166,662	166,475	167,289	164,641
Quarterly average total assets	190,867	187,406	188,692	187,833	175,922	166,569	166,882	165,965	162,673
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months ¹⁾	10.5 %	9.0 %	8.5 %	7.0 %	6.0 %	6.3 %	6.8 %	5.7 %	6.6 %
Growth in deposits last 12 months	16.2 %	13.5 %	14.0 %	8.9 %	8.7 %	10.8 %	4.1 %	7.7 %	6.8 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio ¹⁾	0.13 %	0.54 %	0.52 %	0.39 %	0.73 %	0.25 %	0.17 %	0.14 %	0.17 %
Stage 3 as a percentage of gross loans ¹⁾	1.66 %	1.23 %	1.30 %	1.35 %	1.61 %	1.26 %	1.28 %	1.22 %	1.17 %
Solidity ²⁾									
Common equity Tier 1 capital ratio	18.0 %	18.3 %	17.6 %	17.2 %	16.3 %	17.2 %	15.1 %	15.0 %	14.8 %
Tier 1 capital ratio	19.7 %	20.0 %	19.2 %	18.9 %	18.0 %	19.3 %	16.7 %	16.6 %	16.4 %
Capital ratio	21.9 %	22.3 %	21.4 %	21.1 %	20.1 %	21.6 %	18.9 %	18.8 %	18.6 %
Tier 1 capital	18,636	18,636	18,290	18,182	17,792	17,742	17,417	17,284	16,775
Total eligible capital	20,741	20,759	20,373	20,266	19,879	19,854	19,765	19,634	19,115
Liquidity Coverage Ratio (LCR)	190 %	171 %	140 %	163 %	185 %	148 %	181 %	165 %	180 %
Leverage Ratio	7.0 %	7.1 %	7.1 %	6.9 %	6.9 %	7.5 %	7.4 %	7.5 %	7.4 %
Key figures ECC									
ECC share price at end of period (NOK)	107.40	97.60	84.30	78.30	67.60	100.20	98.50	97.70	87.40
Number of certificates issued, millions ¹⁾	129.22	129.39	129.44	129.39	129.22	129.30	129.48	129.66	129.41
Booked equity capital per ECC (including dividend) ¹⁾	96.70	94.71	92.73	90.37	86.85	90.75	89.36	87.04	83.86
Profit per ECC, majority ¹⁾	3.40	1.99	2.35	3.27	1.26	1.60	2.30	3.21	5.02
Price-Earnings Ratio ¹⁾	7.91	12.28	8.96	5.98	13.46	15.67	10.69	7.61	4.35
Price-Book Value Ratio ¹⁾	1.11	1.03	0.91	0.87	0.78	1.10	1.10	1.12	1.04

¹⁾ Defined as alternative performance measures, see attachment to the quarterly report

²⁾ Comparables have not been restated since revised distribution of profit for 2019.

Equity capital certificates

Stock price compared with OSEBX and OSEEX

1 April 2019 to 31 March 2021

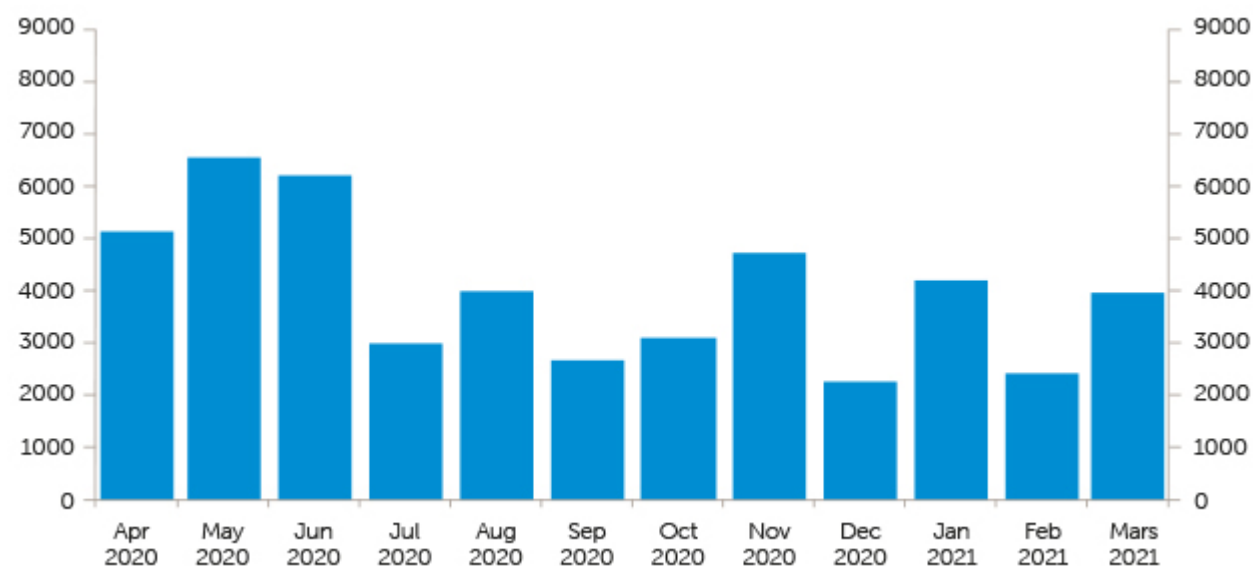


OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics

1 April 2020 to 31 March 2021



Total number of ECs traded (1000)

20 largest ECC holders	Number	Share
State Street Bank and Trust Comp (nominee)	4,245,154	3.27 %
Sparebankstiftelsen SMN	3,965,391	3.05 %
VPF Odin Norge	3,342,919	2.57 %
VPF Alfred Berg Gambak	2,889,914	2.23 %
Danske invest norske aksjer institusjon II.	2,863,847	2.21 %
VPF Nordea Norge	2,739,844	2.11 %
VPF Pareto aksje Norge	2,569,766	1.98 %
State Street Bank and Trust Comp (nominee)	2,112,844	1.63 %
J. P. Morgan Chase Bank, N.A., London (nominee)	2,038,996	1.57 %
Forsvarets personellservice	1,942,946	1.50 %
Morgan Stanley & Co. International	1,940,689	1.49 %
VPF Eika egenkapitalbevis	1,935,968	1.49 %
Pareto invest AS	1,811,807	1.40 %
J. P. Morgan Bank Luxembourg S.A. (nominee)	1,564,474	1.20 %
J. P. Morgan Bank Luxembourg S.A. (nominee)	1,521,185	1.17 %
VPF Nordea kapital	1,390,601	1.07 %
MP pensjon PK	1,352,771	1.04 %
J. P. Morgan Bank Luxembourg S.A. (nominee)	1,329,700	1.02 %
VPF Nordea avkastning	1,249,111	0.96 %
Danske invest norske aksjer institusjon	1,244,975	0.96 %
The 20 largest ECC holders in total	44,052,902	33.93 %
Others	85,783,541	66.07 %
Total issued ECCs	129,836,443	100.00 %

Dividend policy

SpareBank 1 SMN aims to manage the Group's resources in such a way as to provide equity certificate holders with a good, stable and competitive return in the form of dividend and a rising value of the bank's equity certificate.

The net profit for the year will be distributed between the owner capital (the equity certificate holders) and the ownerless capital in accordance with their respective shares of the bank's total equity capital.

SpareBank 1 SMN's intention is that about one half of the owner capital's share of the net profit for the year should be disbursed in dividends and, similarly, that about one half of the owner capital's share of the net profit for the year should be disbursed as gifts or transferred to a foundation. This is on the assumption that capital adequacy is at a satisfactory level. When determining dividend payout, account will be taken of the profit trend expected in a normalised market situation, external framework conditions and the need for tier 1 capital.

Auditor's report



To the Board of Directors of SpareBank 1 SMN

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated interim balance sheet of SpareBank 1 SMN as of 31 March 2021, the income statement, the statement of total comprehensive income, the statement of changes in equity and the cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at 31 March 2021, and its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Trondheim, 6. May 2021
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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