

Third Quarter Report 2021



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Main figures

From the income statement (NOKm)	Third quarter		January - September		
	2021	2020	2021	2020	2020
Net interest	707	695	2,073	2,071	2,759
Net commission income and other income	623	625	2,161	1,779	2,516
Net return on financial investments	248	205	808	753	951
Total income	1,578	1,525	5,042	4,603	6,225
Total operating expenses	698	675	2,228	2,080	2,904
Results before losses	880	850	2,814	2,523	3,321
Loss on loans, guarantees etc	31	231	129	709	951
Results before tax	849	619	2,685	1,814	2,370
Tax charge	175	102	497	295	400
Result investment held for sale, after tax	1	2	11	9	9
Net profit	675	519	2,199	1,528	1,978
Interest Tier 1 Capital	10	11	40	49	59
Net profit excl. Interest Tier 1 Capital	666	509	2,159	1,479	1,919

Balance sheet figures	30 Sept 2021	30 Sept 2020	31 Dec 2020
Gross loans to customers	143,972	133,640	134,648
Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt	191,976	179,423	182,801
Deposits from customers	109,691	95,391	97,529
Average total assets	195,571	182,307	183,428
Total assets	200,124	186,900	187,912

Key figures	Third quarter		January - September		
	2021	2020	2021	2020	2020
Profitability					
Return on equity ¹⁾	12.4 %	10.5 %	13.8 %	10.4 %	10.0 %
Cost-income ratio ¹⁾	44 %	45 %	44 %	45 %	47 %
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	76 %	71 %	76 %	71 %	72 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt ¹⁾	57 %	53 %	57 %	53 %	53 %
Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt) ¹⁾	1.6 %	2.5 %	7.0 %	8.5 %	9.0 %
Growth in deposits last 12 months	-0.4 %	1.2 %	15.0 %	14.0 %	13.5 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt					
Impairment losses ratio ¹⁾	0.07 %	0.52 %	0.09 %	0.55 %	0.54 %
Stage 3 as a percentage of gross loans ¹⁾	1.80 %	1.30 %	1.80 %	1.30 %	1.23 %
Solidity					
Capital ratio	21.8 %	21.4 %	21.8 %	21.4 %	22.3 %
Tier 1 capital ratio	19.7 %	19.2 %	19.7 %	19.2 %	20.0 %
Common equity Tier 1 capital ratio	18.1 %	17.6 %	18.1 %	17.6 %	18.3 %
Tier 1 capital	19,265	18,290	19,265	18,290	18,636
Total eligible capital	21,338	20,373	21,338	20,373	20,759
Liquidity Coverage Ratio (LCR)	163 %	140 %	163 %	140 %	171 %
Leverage Ratio	6.9%	7.1 %	6.9%	7.1 %	7.1 %

Branches and staff	30 Sept 2021	30 Sept 2020	31 Dec 2020
Number of branches	42	46	45
No. Of full-time positions	1,529	1,528	1,560

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

Key figures ECC	30 Sept 2021	30 Sept 2020	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
ECC ratio	64 %	64 %	64 %	64 %	64.0 %	64.0 %
Number of certificates issued, millions ¹⁾	129.39	129.44	129.39	129.30	129.62	129.38
ECC share price at end of period (NOK)	129.80	84.30	97.60	100.20	84.20	82.25
Stock value (NOKM)	16,794	10,912	12,629	12,956	10,914	10,679
Booked equity capital per ECC (including dividend) ¹⁾	103.57	92.73	94.71	90.75	83.87	78.81
Profit per ECC, majority ¹⁾	10.11	6.88	8.87	12.14	9.97	8.71
Dividend per ECC			4.40	6.50	5.10	4.40
Price-Earnings Ratio ¹⁾	9.62	9.19	11.01	8.26	8.44	9.44
Price-Book Value Ratio ¹⁾	1.25	0.91	1.03	1.10	1.00	1.04

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

Report of the Board of Directors

Third quarter 2021

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

- Pre-tax profit: NOK 849m (619m)
- Post-tax profit: NOK 675m (519m)
- Return on equity: 12.4 per cent (10.5 per cent)
- CET1 ratio: 18.1 per cent (17.6 per cent)
- Growth in lending: 1.6 per cent (2.5 per cent) and decline in deposits of 0.4 per cent (growth of 1.2 per cent)
- Lending to personal customers increased by 2.0 per cent in the quarter (2.2 per cent), 0.2 percentage point lower growth than in the second quarter. Lending to corporate clients increased by 0.7 per cent (3.0 per cent) which was 0.8 percentage point lower than in the second quarter
- Deposits from personal customers were reduced by 0.5 per cent (decline of 1.1 per cent), compared with growth of 6.9 per cent in the second quarter. Deposits from corporate customers were reduced by 0.3 per cent (2.9 per cent), compared with growth of 8.0 per cent in the second quarter
- Net result of ownership interests: NOK 179m (170m)
- Net result of financial instruments (incl. dividends): NOK 69m (34m)
- Losses on loans and guarantees: NOK 31m (231m), 0.07 per cent of gross loans (0.52 per cent)
- Earnings per equity certificate (EC): NOK 3.22 (2.35). Book value per EC: NOK 103.57 (92.73)

First nine months 2021

- Pre-tax profit: NOK 2,685m (1,814m)
- Post-tax profit: NOK 2,199m (1,528m)
- Return on equity: 13.8 per cent (10.4 per cent)
- Growth in lending: 7.0 per cent (8.5 per cent) and in deposits: 15.0 per cent (14.0 per cent) in the last 12 months
- Growth in lending to personal customers was 6.8 per cent (8.7 per cent) in the last 12 months. Growth in lending to corporate clients was 7.5 per cent (8.1 per cent) in the last 12 months
- Loans to retail customers account for 68 per cent (68 per cent) of total lending
- Deposits from personal customers increased by 8.4 per cent (14.7 per cent) in the last 12 months. Deposits from corporate customers increased by 19.8 per cent (13.6 per cent) in the last 12 months
- Net result of ownership interests: NOK 519m (564m)
- Net result of financial instruments (incl. dividends): NOK 289m (189m)
- Losses on loans and guarantees: NOK 129m (709m), 0.09 per cent (0.55 per cent) of gross loans
- Earnings per equity certificate (EC): NOK 10.11 (6.88)

Events in the quarter

Reopening of society as from 25 September; 86 per cent of the population aged over 18 are fully vaccinated

Falling infection rates have had a positive effect on the Norwegian economy. The gradual reopening of the economy after the summer and removal of national infection protection measures as from 25 September have contributed to a further pick-up in activity levels. Increased optimism is in evidence in business and industry, and payment problems and bankruptcy fears are considerably reduced. Unemployment rates and other indicators confirm the rise in activity levels. At the end of August unemployment measured 2.7 per cent, a mere 0.4 per cent above the level in August 2019. Households increased their saving rate substantially through the pandemic, but an increase in consumption is now expected in the period ahead.

The economic upturn is expected to continue but although pressures are growing, Norges Bank (Norway's central bank) states that this is not likely to challenge the inflation target of 2 per cent. Indeed it is one of the arguments supporting Norges Bank's base rate hike from zero to 0.25 per cent in September with clear signals of a gradual increase in the base rate in the years ahead.

Community dividend worth NOK 100 million allocated to the reopening of Mid-Norway

After a year and a half of restrictions and lockdown, SpareBank 1 SMN has allocated NOK 100 million to the reopening of the region. Culture, sports clubs, the voluntary sector and parts of business and industry have all been hit hard as a result of the restrictions imposed during the pandemic. A large portion of the NOK 100 million was allotted to sizeable 'reopening festivities' throughout Mid-Norway. One result of this has been a three-week-long reopening celebration in Trondheim where close to 300 events large and small were launched over the course of October, thanks to financial support and other assistance provided by SpareBank 1 SMN and partners such as Trondheim Municipality, Midtbyen Management, Visit Trondheim and Næringsforeningen i Trondheimsregionen, the region's industry association. In addition, more than 1500 clubs and organisations have received support enabling them to restart recruitment and activities once again.

Good result for the third quarter of 2021

A net profit of NOK 675m (519m), and a return on equity of 12.4 per cent (10.5 per cent), were posted in the third quarter. The third quarter figure is NOK 80m lower than in the second quarter of 2021. The profit reduction compared with the preceding quarter is essentially due to weaker commission earnings at the subsidiaries. The profit growth compared with last year's third quarter is largely related to lower loan losses.

Earnings per equity certificate (EC) were NOK 3.22 (2.35) and the book value per EC was NOK 103.57 (92.73). Earnings per EC in the second quarter of 2021 were NOK 3.51.

Net interest income came to NOK 707m (695m), which is NOK 9m higher than in the second quarter and NOK 12m better than the third quarter of 2020. NIBOR was about 12 points higher in the third quarter of 2021 than in the second quarter of 2021 and 10 points higher than in the third quarter of 2020. This has resulted in lower margins on loans and increased margins on deposits from the second to the third quarter of the current year. Increased loan volumes have strengthened net interest income.

Net commission and other income were reduced from the preceding quarter by NOK 124m to NOK 623m (625m). The reduction is largely due to lower incomes from securities services after the particularly high incomes recorded in both the first and second quarter. This aside, reduced incomes were as expected posted on estate agency and accounting services in the summer months of July and August. Incomes are at the same level as in the same quarter of 2020 and there are no major changes in income composition.

The group's profit share from owner interests and related companies was NOK 179m (170m). In the second quarter the profit share was NOK 212m.

Return on financial instruments (including dividends) was NOK 69m (34m) and in the second quarter NOK 59m.

Operating expenses totalled NOK 698m (675m) compared with operating expenses of NOK 735m in the second quarter. The decline from the second quarter is largely due to lower variable remuneration at SpareBank 1 Markets. Higher activity at the subsidiaries entails cost growth compared with the same quarter of last year. Costs have risen from the second to the third quarter as a result of new appointments, salary growth and use of substitutes in the summer months.

Losses on loans and guarantees totalled NOK 31m (231m) in the third quarter and NOK 39m in the second quarter. Lower losses compared with the third quarter of last year are attributable to improved prospects in the oil and offshore sector.

Good growth is noted in loans and deposits in the last 12 months, but some decline in deposits in the third quarter. Overall lending increased by 7.0 per cent (8.5 per cent) and deposits by 15.0 per cent (14.0 per cent) in the last 12 months. In the third quarter, lending grew by 1.6 (2.5) per cent and deposits by minus 0.4 per cent (growth of 1.2 per cent). Growth in lending to personal customers was at the same level as in the preceding quarter. Deposits were reduced in the third quarter both in the personal market and the corporate market following high growth in the second quarter.

The CET1 ratio as at 30 September 2021 was 18.1 per cent (17.6 per cent), down 0.2 per cent from the preceding quarter. The targeted CET1 ratio is 16.9 per cent.

The price of the bank's equity certificate (MING) at quarter-end was NOK 129.80 (84.30). A cash dividend of NOK 4.40 (5.00) was declared for 2020. In light of the Ministry of Finance's recommendation, a dividend of NOK 1.30 per EC was paid for 2020. The board of directors has determined that the remaining dividend of NOK 3.10 and community dividend of NOK 226m will be paid in November 2021.

Stable net interest income

In spring 2020 Norges Bank lowered its base rate from 1.50 per cent to zero per cent, with ensuing rate cuts on residential mortgages and deposits. In September 2021 Norges Bank, as expected, set its base rate at 0.25 per cent and market rates rose by the same margin. The bank has announced a rate increase on mortgages and deposits of up to 25 points as from mid-November as a result of Norges Bank's base rate hike.

Net interest income came to NOK 707m (695m) compared with NOK 698m in the second quarter of 2021. Market rates climbed from the second to the third quarter, and margins on lending declined somewhat while margins on deposits increased. Growth in lending in the quarter strengthened net interest earnings.

Norges Bank has signalled an increase in the base rate in December 2021 and expects further hikes in the period ahead due to brighter prospects for the economy.

Commission and other operating income

Commission income and other operating income totalled NOK 623m (625m) compared with NOK 748m in the second quarter of 2021.

A high proportion of multi-product customers makes for high customer satisfaction and a diversified income flow for the group.

Commission income (NOKm)	3Q 21	2Q 21	2Q 21
Payment transfers	61	56	54
Creditcard	14	13	15
Saving products	17	14	14
Insurance	54	53	49
Guarantee commission	13	14	14
Real estate agency	107	131	111
Accountancy services	114	154	105
Markets	110	182	122
Other commissions	7	14	9
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	497	631	494
Commissions SB1 Boligkreditt	123	113	128
Commissions SB1 Næringskreditt	3	4	4
Total commissions	623	748	625

Commission income on loans sold to the mortgage companies SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt totalled NOK 126m (132m). In the second quarter of 2021 commissions totalled NOK 117m.

Other commission income totalled NOK 497m (494m) compared with NOK 631m in the second quarter. The decline of NOK 134m from the second quarter relates mainly to reduced securities services at SpareBank 1 Markets after a good second quarter, and reduced estate agency and accounting services as a result of seasonally lower incomes in the summer months.

Return on financial investments

Overall return on financial investments in the third quarter came to NOK 68m (32m) and in the second quarter of 2021 to NOK 42m. This breaks down as follows compared with last year's third quarter:

- Capital gains on shares came to NOK 36m (4m)
- Financial instruments, including bonds and CDs, showed a gain of NOK 14m in the third quarter (gain of 13m)
- Income of NOK 16m (11m) on forex transactions comprises income from currency trading at SpareBank 1 Markets
- Gains on shares and derivatives of shares at SpareBank 1 Markets totalled NOK 2m (5m)

Return on financial investments (NOKm)	3Q 21	2Q 21	2Q 21
Capital gains/losses shares	36	23	4
Gain/(loss) on financial instruments	14	-4	13
Foreign exchange gain/(loss)	16	15	11
Gain/(loss) on shares and share derivatives at SpareBank 1 Markets	2	8	5
Net return on financial instruments	68	42	32

Product companies and other related companies

The product companies provide the SpareBank 1 banks with a broad product range and commission incomes, as well as return on invested capital. The overall profit share from the product companies and other related companies came to NOK 179m (170m). This compares with NOK 212m in the second quarter.

Income from investment in associated companies	3Q 21	2Q 21	2Q 21
SpareBank 1 Gruppen (19.5%)	83	148	114
SpareBank 1 Boligkreditt (22.4%)	11	3	11
SpareBank 1 Næringskreditt (14.5%)	-1	4	5
SpareBank 1 Kreditt (19.2%)	10	1	-0
BN Bank (35%)	40	42	34
SpareBank 1 Betaling (19.5%)	-0	-5	-1
SpareBank 1 Forvaltning (23.4%)	13	8	-
Other companies	23	11	8
Income from investment in associated companies	179	212	170

SpareBank 1 Gruppen

This company owns 100 per cent of the shares of SpareBank 1 Forsikring, SpareBank 1 Factoring, Modhi Finance and SpareBank 1 Spleis. SpareBank 1 Gruppen own 65 per cent of Fremtind Forsikring.

SpareBank 1 Gruppen's post-tax profit in the third quarter of 2021 was NOK 621m (778m) and in the second quarter of 2021 NOK 1,043m. Of the profit of NOK 621m, NOK 425m accrues to the majority owners in SpareBank 1.

Fremtind Forsikring achieved a post-tax profit of NOK 621m (778m) in the third quarter with a good underwriting result and high financial income. The quarter's underwriting result was NOK 691m (598m) and the claims ratio was 57.2 per cent (59.8 per cent). The low claims ratio is due to continued low travel activity and a positive development in car insurance in the personal market and liability insurance. Financial income was NOK 51m (140m) in the third quarter. An interest rate increase in this quarter contributes to lower market values for bonds.

SpareBank 1 Forsikring recorded a profit of NOK 72m (203m) after tax. The profit decline compared with the same quarter of last year is due in all essentials to lower net interest income of NOK 99m (296m). The return on the share portfolio was 0.6 per cent, while return on the fixed income portfolio was 0.2 per cent. Return on financial assets in the corporate portfolio was NOK 32m (56m). The risk result was NOK 32m (44m).

The debt collection company Modhi Finance posted a pre-tax profit in the third quarter of 2021 of NOK 15m (27m) and a post-tax profit of NOK 11m (19m). SpareBank 1 Factoring recorded a pre-tax profit of NOK 16m for the third quarter of 2021 which is on a par with the third quarter of 2020.

The group's profit share from SpareBank 1 Gruppen was NOK 83m (114m) and in the second quarter of 2021 NOK 148m.

SpareBank 1 Forvaltning was established to strengthen SpareBank 1-alliansen's competitive power in the savings market. The SpareBank 1 Forvaltning Group comprises ODIN Forvaltning, SpareBank 1 Kapitalforvaltning and SpareBank 1 verdipapirservice. Their aim is to be best in terms of distribution of savings services and products through banks. SpareBank 1 SMN's profit share for the third quarter was NOK 13m (0m) and in the second quarter NOK 8m. On 15 September 2021 an agreement was signed to acquire SpareBank 1 SR Forvaltning. The transaction will be carried out once the requisite authorisations from Finanstilsynet (Norway's financial supervisory authority) are in place.

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 30 September 2021 the bank had sold loans totalling NOK 46.7bn (44.2bn) to SpareBank 1 Boligkreditt, corresponding to 35.7 per cent (36.0 per cent) of the bank's overall lending to retail customers.

The bank's share of the company's profit was NOK 11m (11m).

SpareBank 1 Næringskreditt

SpareBank 1 Næringskreditt was established along the same lines and with the same administration as SpareBank 1 Boligkreditt. As at 30 September 2021, loans worth NOK 1.3bn (1.6bn) had been sold to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's profit share was NOK 5m (5m). SpareBank 1 SMN's stake was reduced from 31.0 per cent to 14.5 per cent in the third quarter of 2021. BN Bank has become a co-owner of SpareBank 1 Næringskreditt based on BN Bank's share of loans to commercial property. BN Bank's shares were previously held by the owner banks on behalf of BN Bank. The changes were made in order to achieve a more well-ordered group structure. The divestment had a profit effect of minus 6 million in the third quarter.

SpareBank 1 Kreditt

SpareBank 1 SMN's share of the profit for the third quarter was NOK 10m (0m), and its share of the portfolio (credit cards and consumer loans) was NOK 997m (856m). The results for the third quarter show an improvement on preceding quarters. This is essentially down to loss reversals.

BN Bank

BN Bank gives priority to residential mortgages and commercial real estate loans, and its main market is Oslo and south-eastern Norway. BN Bank shows good growth, 14.2 per cent, in lending to personal customers over the last 12 months and growth of 3.2 per cent in the third quarter. Growth in lending to corporate clients was 1.1 per cent in the last 12 months along with a decline of 2.7 per cent in the last quarter. Overall outstanding loans total NOK 50bn (46bn).

BN Bank's profit was NOK 117m (100m) in the third quarter, yielding a return on equity of 9.5 per cent (8.9 per cent). The profit growth is mainly attributable to lower losses. SpareBank 1 SMN's share of BN Bank's profit is NOK 40m (34m).

SpareBank 1 Betaling

SpareBank 1 Betaling is the SpareBank 1 banks' parent company for Vipps' payment solutions. On 30 June 2021 Vipps signed an agreement to merge Vipps' mobile payments arm with Danish MobilePay and Finnish Pivo. The merger paves the way for mobile payments across the national borders and even better solutions for users and companies in Denmark, Finland and Norway. BankAxept and BankID will concurrently be hived off from Vipps to become a new Norwegian-owned company with its own management. This company will remain wholly owned by the Norwegian banks.

SpareBank 1 SMN's share of the deficit amounts to NOK 0m (minus1m) in the third quarter.

Other companies

Grilstad Marina is an extensive housing project that is part-owned by SpareBank 1 SMN Invest. In the third quarter SpareBank 1 SMN Invest received a profit share of NOK 25m (0m) following the sale of a completed section of the project.

Operating expenses

Overall group operating expenses came to NOK 698m (675m), an increase of NOK 23m compared with the same period of 2020, corresponding to 3.4 per cent. In the second quarter of 2021 costs totalled NOK 735m.

Operating expenses	3Q 21	2Q 21	2Q 21
Staff costs	423	465	415
IT costs	85	90	81
Marketing	19	17	18
Ordinary depreciation	56	40	40
Operating expenses, real properties	14	15	16
Purchased services	60	61	56
Other operating expense	41	46	48
Total operating expenses	698	735	675

At the bank, costs came to NOK 345m (346m) and in the previous quarter to NOK 338m. Staffing has been cut back and reductions have been achieved in other operating expenses after measures taken under 'One SMN'. From the second to the third quarter, costs at the bank grew NOK 7m due to pay settlement effects and the use made of substitutes in the holiday period.

The decline in group costs in the third quarter refers in all essentials to lower variable remuneration at SpareBank 1 Markets. The company recorded a decline in incomes compared with preceding quarters and hence a reduction in variable remuneration.

Compared with the third quarter of 2020, there was some growth in costs at SpareBank 1 SMN Regnskapshuset related to company acquisitions and at EiendomsMegler 1 Midt-Norge related to high activity in the housing market in 2021.

The group's cost-income ratio was 44 per cent (44 per cent) while the parent bank's cost-income ratio was 37 per cent (36 per cent).

Reduced losses

Loan losses came to NOK 31m (231m), and in the second quarter to NOK 39m.

Impairment losses	3Q 21	2Q 21	2Q 21
RM	3	0	21
CM	28	38	210
<i>Of which Offshore</i>	<i>15</i>	<i>12</i>	<i>125</i>
Total impairment losses	31	39	231

Losses of NOK 28m (210m) were recorded on loans to corporate clients, of which NOK 15m (125m) refers to clients in the offshore portfolio. Loan losses measure 0.07 per cent (0.52 per cent) of total lending.

Losses on loans to retail customers amount to NOK 3m (21m). In the previous quarter no losses were recorded on loans to retail customers.

Write-downs on loans and guarantees total NOK 1,680m (1,630m).

Problem loans (stage 3) amount to NOK 3,448m (2,332m), corresponding to 1.84 per cent (1.30 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 the credit risk attending the individual exposures, and thus has no significant effect on the group's losses.

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

Loan losses have been considerably reduced in 2021 and appear to have stabilised at a lower level. This is due to lower losses in the offshore portfolio. Most exposures in the offshore portfolio have been restructured and a large portion are already written down. The risk picture as regards loans to other business and industry and personal market customers is stable and reflects a healthy trend in the region.

Total assets of NOK 200bn

The bank's assets totalled NOK 200bn (187bn), having risen by NOK 13bn, or 6.9 per cent, over the last year. Total assets have risen as a result of higher lending volume and higher liquidity reserves.

Loans totalling NOK 48bn (46bn) have been sold from SpareBank 1 SMN to SpareBank 1 Boligkreditt and to SpareBank 1 Næringskreditt. These loans do not appear as loans in the bank's balance sheet. The comments covering lending growth do however take account of loans sold.

Lending

Total outstanding loans increased in the last 12 months by NOK 12.6bn (14.0bn), corresponding to 7.0 per cent (8.5 per cent), to reach a total of NOK 192.0bn (179.4bn). Growth in the third quarter was 1.6 per cent (2.5 per cent).

- Lending to personal customers rose in the last 12 months by NOK 8.3bn (9.8bn) to NOK 130.8bn (122.5bn). Growth in the period was 6.8 per cent (8.7 per cent). Growth in the third quarter was 2.0 per cent (2.2 per cent)
- Lending to corporate clients rose in the last 12 months by NOK 4.3bn (4.3bn) to NOK 61.1bn (56.9bn). Growth in the period was 7.5 per cent (8.1 per cent). Growth in the third quarter was 0.7 per cent (3.0 per cent)
- Lending to personal customers accounted for 68 per cent (68 per cent) of total outstanding loans to customers

Good growth is noted in lending to personal customers, and the group is strengthening its market position. A substantial portion of the growth is to LO (Norwegian Trade Union Confederation) customers. The growth in lending to corporate customers is mainly to small and medium-sized businesses across the entire market area. The growth is distributed across a variety of sectors, and there is a major focus on avoiding a build-up of sectoral or single name concentrations.

(For distribution by sector, see note 5).

Deposits

Customer deposits increased in the last 12 months by NOK 14.3bn (11.8bn) to NOK 109.7bn (95.4bn). This is equivalent to growth of 15.0 per cent (14.0 per cent). Growth in the third quarter was minus 0.4 per cent (growth of 1.2 per cent).

- Personal deposits rose by NOK 3.4bn (5.2bn), or 8.4 per cent (14.7 per cent), to reach NOK 44.0bn (40.6bn). Growth in the third quarter was minus 0.5 per cent (minus 1.1 per cent)
- Corporate deposits rose by NOK 10.9bn (4.3bn), or 19.8 per cent (13.6 per cent), to reach NOK 65.7bn (54.8bn). Growth in the third quarter was minus 0.3 per cent (growth of 2.9 per cent)
- The deposit-to-loan ratio including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 57 per cent (53 per cent)

Growth in personal deposits was very high in 2020 due to reduced consumption in the pandemic. In the third quarter personal deposits were reduced, partly as a result of an expected increase in consumption. Very high growth has been seen in corporate deposits over the course of the pandemic. The decline in the third quarter is a natural variation both for the private business sector and public sector clients.

(For distribution by sector, see note 9).

Personal customers

The Personal Banking Division and EiendomsMegler 1 offer private individuals a broad range of financial services. Continual improvement of the interaction between the banking and estate agency arms is designed to provide customers with a better service offering and to promote increased growth and profitability for the group.

Result before tax	3Q 21	2Q 21	2Q 20
Personal market	311	290	295
EiendomsMegler 1 Midt-Norge (87%)	8	41	19

The **Personal Banking Division** achieved a pre-tax profit of 311m (295m) and NOK 290m in the previous quarter. Return on capital employed was 14.1 per cent (15.0 per cent) in the quarter.

Overall lending by the division stands at NOK 135bn (127bn) and deposits total NOK 50bn (48bn). These are loans to and deposits from wage earners, agricultural customers and sole proprietorships.

Operating income totalled NOK 539m (544m) and NOK 507m in the previous quarter. Net interest income accounted for NOK 300m (304m) and NOK 283m in the second quarter. Commission income came to NOK 239m (240m) and to NOK 225m in the previous quarter. Net interest income rose compared with the third quarter of 2020 due to growth and a strengthened deposit margin, while lower margins on lending have weakened net interest income. Commission income has risen compared with the third quarter of 2020 due to increased incomes from savings products, insurance and payment services alike.

The lending margin was 1.57 per cent (1.87 per cent), and in the second quarter of 2021 1.73 per cent. The deposit margin was 0.06 per cent (minus 0.19 per cent) and minus 0.07 per cent in the previous quarter

(measured against three-month NIBOR). The market interest rate in terms of three-month NIBOR increased from the second quarter of 2021 by about 12 points, which has impaired the lending margin but strengthened the deposit margin in the third quarter.

Lending to and deposits by retail customers increased by 6.6 per cent (8.6 per cent) and 4.9 per cent (14.2 per cent) respectively in the last 12 months. In the third quarter the growth in lending and deposits was 1.8 per cent (2.2 per cent) and minus 2.7 per cent (minus 1.1 per cent) respectively.

Lending to personal customers consistently carries low direct risk, as reflected in continued low losses. The loan portfolio is largely secured by residential property. A net loss NOK 2m was recorded (recovery of 2m).

Adjustments as regards organisation and distribution structure continued in the third quarter. This is a demanding process, and it takes time to reap the gains of the work done. Customer recruitment, sales efficiencies and gains resulting from increased interaction between the personal banking business and EiendomsMegler 1 will all be strengthened.

EiendomsMegler 1 Midt-Norge is the market leader in Trøndelag and in Møre and Romsdal. Operating income totalled NOK 108m (113m), while operating expenses were NOK 100m (92m). EiendomsMegler 1 recorded a pre-tax profit of NOK 9m (20m). The housing market was very strong in the second half of 2020, and the company achieved high sales combined with increased house prices. Activity in the housing market has again been high in 2021, but slightly calmer in the third quarter compared with 2020 and the first half of 2021, bringing a somewhat weaker result than in the same quarter of 2020. The number of properties sold in the third quarter totalled 1,915 compared with 2,089 in the same period of 2020. The company's market share as at 30 September 2021 was 36 per cent (36 per cent).

Corporate customers

The corporate banking business at SpareBank 1 SMN comprises the bank's corporate banking arm, SpareBank 1 Regnskapshuset SMN, SpareBank 1 Finans Midt-Norge and SpareBank 1 Markets. These business 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	3Q 21	2Q 21	2Q 21
Corporate banking	200	199	25
SpareBank 1 Regnskapshuset SMN (88.7%)	21	33	21
SpareBank 1 Finans Midt-Norge (61.2%)	35	63	52
SpareBank 1 Markets (66.7%)	23	62	31

The **Corporate Banking Division** achieved a pre-tax profit of NOK 200m (25m) and NOK 199m in the second quarter of 2021. The profit growth from last year is attributable to lower losses. Return on capital employed was 12.4 per cent (2.1 per cent).

Outstanding loans to corporate customers of the bank total NOK 47bn (44bn) and deposits total NOK 59bn (46bn) as at 30 September 2021. This is a diversified portfolio of loans to and deposits from corporate clients in Trøndelag and in Møre and Romsdal.

Operating income totalled NOK 334m (332m) and NOK 345m in the second quarter of 2021. Net interest income came to NOK 273m (277m) and NOK 283 in the second quarter. Commission income was NOK 61m

(56m) compared with NOK 62m in the second quarter. A reduced NIBOR brought reduced lending margins in the quarter but increased deposit margins. Increased lending and deposits have strengthened the earnings base.

The lending margin was 2.60 per cent (2.85 per cent) and the deposit margin was minus 0.31 per cent (minus 0.24 per cent). Lending increased by 9.3 per cent (10.4 per cent) and deposits by 26.9 per cent (14.5 per cent) in the last 12 months. Lending growth in the quarter was 1.0 per cent (3.3 per cent) and deposit growth was 2.3 per cent (3.8 per cent).

The bank's losses on loans to the corporate segment amounted to NOK 25m (204m) and NOK 37m in the second quarter.

SpareBank 1 SMN and SpareBank 1 Regnskapshuset SMN each have a large share of businesses in the market area as customers. Developing the customer offering to encourage customers to avail themselves to a greater degree of the services of both entities has a high priority. The aim is to substantially increase the proportion of shared customers in 2021.

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

SpareBank 1 Finans Midt-Norge delivered a pre-tax profit of NOK 35m (71m). The company's focal areas are leasing to SMB customers, car loans to personal customers and invoice purchases from small businesses.

The company's income totalled NOK 93m (97m). Costs in the third quarter of 2021 came to NOK 51m (33m). The increase is mainly due to impairment of IT-systems. Losses of NOK 7m (12m) were recorded.

The company manages leases and loans to corporate customers worth NOK 4.1bn (3.9bn) and car loans worth NOK 5.9bn (5.4bn).

By way of a private placing, SpareBank 1 Finans Midt-Norge has acquired an overall stake of 47.2 per cent in the car subscription company Fleks together with SpareBank 1 Finans Nord-Norge and SpareBank 1 Finans Østlandet. Bertel O Steen owns a corresponding holding. Car subscriptions and the sharing economy concept are gaining ground. Electrification of the car population and the car subscription system will contribute to reduced emissions.

SpareBank 1 Regnskapshuset SMN posted a pre-tax profit of NOK 21m (21m). Operating income was NOK 122m (112m) and expenses were NOK 101m (91m). The growth in expenses in the third quarter is down to business acquisitions along with investments in the IT platform.

SpareBank 1 Regnskapshuset SMN strives continuously for 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. At centre-stage of the strategy ahead is the generation of new income flows beyond the traditional production of accounts.

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

SpareBank 1 Markets is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It employs 152 FTEs.

SpareBank 1 Markets sold SpareBank 1 Kapitalforvaltning in the third quarter. The company was presented as held for sale as from the second quarter of 2021. Historical figures are restated.

SpareBank 1 Markets' pre-tax profit was NOK 24m (32m). Activity levels in the business areas were normal in the quarter. SpareBank 1 Markets has performed a number of advisory assignments, but activity has been somewhat lower in the case of stock issues. Earnings from fixed income and forex business have been stable compared with the same quarter of last year. Earnings in the case of debt capital have also declined due to lower activity in the market. Overall incomes came to NOK 139m (157m). Operating expenses totalled NOK 115m (125m).

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

Sparebank 1 SMN Invest owns and manages a portfolio consisting mainly of shares in regional businesses. The portfolio is managed together with other long-term shareholdings of the bank and will be scaled back over time since investing in shares is no longer a part of the group's strategy.

The pre-tax profit was NOK 61m (loss of 3m) and in the previous quarter NOK 21m. The profit in the third quarter largely comprises the result from the company's stake in Grilstad Marina.

The company holds shares worth NOK 606m (420m) as at 30 September 2021.

First nine months 2021

Good profit

SpareBank 1 SMN reports a net profit of NOK 2,199m (1,528m), and a return on equity of 13.8 per cent (10.4 per cent). The net profit is NOK 671m better than in the same period of 2020 due to increased incomes and reduced losses. Earnings per equity certificate (EC) were NOK 10.11 (6.88).

The operating profit after losses was NOK 1,877m (1,060m) and NOK 827m better than in the same period of 2020, due to increased incomes, no cost growth at the bank and reduced losses.

Net interest income came to NOK 2,073m (2,071m). Norges Bank has increased the base rate to 0,25 prosent in september. NIBOR was 45 points lower at 30 September 2021 compared to same period in 2020. Due to the low interest rate level, lending and deposit margins are somewhat down in 2021 compared to 2020 and return on the bank's equity capital is also reduced. An increase in both lending and deposits has contributed to a strengthening of net interest income.

Net commission income was NOK 2,161m (1,779m). This is mainly explained by increased income from securities services, estate agency services and sales of insurance, as well as increased commission income from loans sold to SpareBank 1 Boligkreditt.

Return on financial investments (incl. dividends) was NOK 289m (189m). The increase is largely a result of an unrealised gain on the share portfolio of SpareBank 1 Invest in the first quarter of 2021.

The result from related companies was NOK 519m (564m). The result is positively affected by good results at both Fremtind Forsikring and SpareBank 1 Forsikring, but also by a good result at BN Bank and the profit share from Grilstad Marina. The first quarter of 2020 includes a gain of NOK 340m from Fremtind Forsikring.

Operating expenses totalled NOK 2,228m (2,080m), with the bulk of the growth accounted for by SpareBank 1 Markets which saw high activity with ensuing increased costs, especially in the first quarter.

Loan losses were NOK 129m (709m). Losses on loans to the group's corporate clients amounted to NOK 132m (637m). As regards loans to personal customers, a net recovery of NOK 11m was recorded on losses (loss of NOK 58m).

Lending grew 5.0 per cent (6.9 per cent). Growth in lending to retail customers was 5.1 per cent (6.5 per cent). Lending to corporate clients increased by 4.8 per cent (7.9 per cent).

Deposits climbed 12.5 per cent (11.0 per cent). Deposits from personal customers rose 8.3 per cent (13.7 per cent). Deposits from corporate clients rose 15.5 per cent (9.1 per cent).

Personal customers

Result before tax	Jan-Sept 2021	Jan-Sept 2020
Personal market	880	773
EiendomsMegler 1 Midt-Norge (87%)	70	50

The **bank's personal banking arm** achieved a pre-tax profit of NOK 880m (773m) as at 30 September 2021. Return on capital employed in the retail segment was 13.4 per cent (12.6 per cent).

Overall operating income came to NOK 1,542m (1,536m). Net interest income accounted for NOK 859m (926m) and commission income for NOK 684m (609m). Commission income has risen mainly as a result of higher commissions from SpareBank 1 Boligkreditt.

Growth in lending to and deposits from the retail segment was 6.6 per cent (8.6 per cent) and 4.9 per cent (14.2 per cent) respectively in the last 12 months.

The lending margin was 1.63 per cent (1.83 per cent), while the deposit margin was 0.02 per cent (0.04 per cent) measured against three-month NIBOR.

A net recovery of NOK 11m was recorded on losses (loss of 58m).

EiendomsMegler 1 Midt-Norge. Operating income was NOK 353m (300m), while operating expenses were NOK 282m (251m). EiendomsMegler 1 Midt-Norge's pre-tax profit was NOK 71m (50m). Activity levels in the housing market have been high as from the second half of 2020, and property sales (residential and commercial) totalled 5,995 compared with 5,498 in the same period of 2020.

Corporate customers

Result before tax	Jan-Sept 2021	Jan-Sept 2020
Corporate banking	566	144
SpareBank 1 Regnskapshuset SMN (88.7%)	82	88
SpareBank 1 Finans Midt-Norge (61.2%)	153	133
SpareBank 1 Markets (66.7%)	203	80

The bank's **corporate banking arm** achieved a pre-tax profit of NOK 566m (144m) as at 30 September 2021. The profit growth is due to lower losses. Return on capital employed for the corporate segment was 11.1 per cent (3.4 per cent).

Operating income was NOK 1,016m (1,097m). Net interest income came to NOK 828m (896m) and commission income (including income from forex business) to NOK 188m (183m).

Lending increased by 8.7 per cent (9.1 per cent) and deposits by 27.2 per cent (14.5 per cent) in the last 12 months. Part of deposit growth is explained by Trondheim Municipality's choice of SpareBank 1 SMN as its main bank.

The lending and deposit margins were 2.65 per cent (2.78 per cent) and minus 0.32 per cent (minus 0.13 per cent) respectively.

Net overall losses in the bank's corporate segment amounted to NOK 125m (614m).

SpareBank 1 Finans Midt-Norge reported a pre-tax profit of NOK 153m (133m). The comparable figures have been restated to include SpareBank 1 Spire Finans, which have been merged from 1 January 2021.

The company's earnings totalled NOK 273m (255m). Costs as at 30 September 2021 came to NOK 106m (67m). Losses were NOK 13m (36m).

SpareBank 1 Regnskapshuset SMN achieved a pre-tax profit of NOK 82m (88m). Operating income was NOK 439m (415m) and expenses were NOK 357m (327m).

SpareBank 1 Markets' pre-tax profit was NOK 203m (80m). High activity in the business lines has generated high incomes and a very satisfactory profit, in particular in the first half of 2021.

So far in the current year the group has recorded incomes of NOK 689m (474m), which are NOK 215m higher than in the same period of 2020.

Good funding and liquidity

The bank has a conservative liquidity strategy, with liquidity reserves that ensure the bank's survival for 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 163 per cent as at 30 September 2021 (140 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 30 September 2021, including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, was 57 per cent (53 per cent).

The bank's funding sources and products are amply diversified. At end-September 2021 the proportion of the bank's overall money market funding in excess of one year's maturity was 89 per cent (75 per cent).

SpareBank 1 Boligkreditt and Næringskreditt are the bank's most important funding source, and loans totalling NOK 48bn (46bn) had been sold to these mortgage companies as at 30 September 2021.

SpareBank 1 SMN has established and published a framework for the issuance of green bonds. The framework has been 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. SpareBank 1 SMN issued NOK 1 billion in subordinated senior debt (MREL) in third quarter 2020, NOK 1.5 billion in first quarter 2021 and NOK 1,0 billion in third quarter 2021.

Rating

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

Financial soundness

The CET1 ratio at 30 September 2021 was 18.1 per cent (17.6 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 group includes a full countercyclical buffer in its capital planning and aims for a CET1 ratio of 16.9 per cent.

The CET1 ratio of 18.1 per cent is down 0.2 per cent from the second to third quarter. Risk weighted assets increased by 2.8 percentage point in the third quarter at the same time as CET1 capital rose by 1.5 percentage point due to good quarterly results. A payout ratio of 50 per cent of the period's net profit is assumed.

A leverage ratio of 6.9 per cent (7.1 per cent) shows a strong financial position. Work on capital efficiency and effectiveness will continue with a view to strengthening profitability and financial soundness.

Sustainability

A broad-based effort is ongoing in the group's business lines to concretise key results within the framework of an overall group standard for sustainability. At the end of the third quarter the following is worth highlighting:

- SpareBank 1 SMN issued in February 2021 a senior green bond of EUR 500m with a 7-year maturity
- SpareBank 1 SMN has launched 'My Climate Track', a solution on the internet bank and mobile bank providing customers with an overview of and insight into their personal climate footprint by translating purchases of products and services into a climate footprint
- A new policy on business travel has been introduced designed to ensure that business trips take place in a sustainable and effective manner for employees of SpareBank 1 SMN. It incorporates limited travel activity and, not least, fewer journeys by air
- Support for the green transition. Financial support for expert assistance from SINTEF and SpareBank 1 SMN is being made available to help small and medium-sized businesses to digitalise, automate and become more sustainable

- Purchase of homes in green housing projects with attractive mortgage terms and broker fees is established as a concept by a collaboration between the bank and EiendomsMegler 1
- SpareBank 1 SMN has launched a new product offering for green agricultural loans
- The model for evaluation of sustainability in significant industries and customers in the corporate loan portfolio has been further refined
- Sustainability is an integral part of the credit process as regards corporate loans, and employee competencies are being developed on a continual basis

The bank's equity certificate (MING)

The book value of the equity certificate (EC) at 30 September 2021 was NOK 103.57 (92.73), and earnings per EC were NOK 10.11 (6.88).

The Price / Income ratio was 9.62 (9.19) and the Price / Book ratio was 1.25 (0.91).

Outlook

Norway's population will soon be fully vaccinated. The remaining infection protection measures were brought to an end on 25 September, activity has picked up and there is increased optimism in the economy. Norges Bank raised its base rate in September and has signalled further hikes in the period ahead. This is expected to increase the bank's net interest income. Unemployment has fallen from a high level and in June was a mere 0.4 per cent above the level in effect in August 2019. Unemployment is expected to decline further.

Loan losses are substantially reduced in 2021 and appear to have stabilised at a lower level. This is due to lower losses in the offshore portfolio where the majority of exposures have been restructured and a large portion are already written down. The risk picture as regards loans to other business and industry and personal market customers is stable and reflects a healthy trend in the region.

SpareBank 1 SMN is profitable and financially very solid and has large developmental power by virtue of the SpareBank 1 collaboration. The group has strengthened its standing and market position in 2021. The board of directors expects continued strong growth and good profitability in all business lines. Improved interaction between the business lines along with new customers offerings will bring more competitive power, more customers and more products per customer.

Of the dividend of NOK 4.40 declared for 2020, NOK 1.30 has so far been paid per equity certificate. The board of directors has decided the payout of the remaining dividend and community dividend, and this will take place on 9 November 2021.

Trondheim, 28. October 2021
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal
(chair)

Christian Stav
(deputy chair)

Morten Loktu

Mette Kamsvåg

Tonje Eskeland Foss

Janne Thyø Thomsen

Freddy Aursø

Inge Lindseth
(employee rep.)

Christina Straub
(employee rep.)

Jan-Frode Janson
(Group CEO)

Income statement

Parent bank					Group						
Third quarter		Jan-Sept			(NOKm)	Note	Jan-Sept		Third quarter		
2020	2020	2021	2020	2021			2021	2020	2021	2020	2020
3,274	753	767	2,541	2,240	Interest income effective interest method		2,584	2,868	883	872	3,722
478	101	91	387	287	Other interest income		285	384	90	100	475
1,423	274	263	1,170	788	Interest expenses		796	1,181	266	277	1,439
2,329	579	595	1,758	1,739	Net interest	10	2,073	2,071	707	695	2,759
1,205	330	340	869	969	Commission income		1,179	1,050	405	399	1,443
97	26	27	68	69	Commission expenses		152	141	54	50	196
41	8	9	30	31	Other operating income		1,134	870	272	277	1,269
1,149	312	321	831	930	Commission income and other income	11	2,161	1,779	623	625	2,516
528	73	2	489	713	Dividends		21	12	1	2	39
-	-	-	-	-	Income from investment in related companies	3	519	564	179	170	681
14	-1	15	27	-13	Net return on financial investments	3,13	267	177	68	32	230
542	72	17	516	700	Net return on financial investments		808	753	248	205	951
4,019	964	933	3,106	3,369	Total income		5,042	4,603	1,578	1,525	6,225
732	161	169	492	487	Staff costs		1,419	1,297	423	415	1,850
744	185	176	560	540	Other operating expenses		809	783	275	261	1,054
1,477	346	345	1,051	1,027	Total operating expenses	12	2,228	2,080	698	675	2,904
2,543	618	588	2,054	2,342	Result before losses		2,814	2,523	880	850	3,321
902	219	24	672	115	Loss on loans, guarantees etc.	6,7	129	709	31	231	951
1,641	399	564	1,382	2,228	Result before tax	3	2,685	1,814	849	619	2,370
284	79	155	228	387	Tax charge		497	295	175	102	400
-	-	-	-	-	Result investment held for sale, after tax	2, 3	11	9	1	2	9
1,356	320	408	1,155	1,841	Net profit		2,199	1,528	675	519	1,978
56	10	9	47	39	Attributable to additional Tier 1 Capital holders		40	49	10	11	59
831	198	255	708	1,153	Attributable to Equity capital certificate holders		1,308	890	416	304	1,147
469	112	144	399	650	Attributable to the saving bank reserve		737	501	234	172	646
					Attributable to non-controlling interests		113	88	15	33	126
1,356	320	408	1,155	1,841	Net profit		2,199	1,528	675	519	1,978
					Profit/diluted profit per ECC	19	10.11	6.88	3.22	2.35	8.87

Other comprehensive income

Parent bank					Group				
Third quarter		Jan-Sept			(NOKm)	Jan-Sept		Third quarter	
2020	2020	2021	2020	2021		2021	2020	2021	2020
1,356	320	408	1,155	1,841	Net profit	2,199	1,528	675	519
					Items that will not be reclassified to profit/loss				
-34	-	-	-62	-	Actuarial gains and losses pensions	-	-62	-	-
8	-	-	16	-	Tax	-	16	-	-
-	-	-	-	-	Share of other comprehensive income of associates and joint venture	2	9	-	3
-25	-	-	-47	-	Total	2	-37	-	3
					Items that will be reclassified to profit/loss				
-	-	-	-	-	Fair value change on financial assets through other comprehensive income	-	-	-	-
9	2	-1	7	-1	Value changes on loans measured at fair value	-1	7	-1	2
-	-	-	-	-	Share of other comprehensive income of associates and joint venture	-17	6	25	-10
-	-	-	-	-	Tax	-	-	-	-
9	2	-1	7	-1	Total	-18	13	24	-8
-16	2	-1	-40	-1	Net other comprehensive income	-16	-24	24	-6
1,340	321	407	1,115	1,840	Total other comprehensive income	2,183	1,503	699	513
56	10	9	47	39	Attributable to additional Tier 1 Capital holders	40	49	10	11
821	199	255	683	1,152	Attributable to Equity capital certificate holders	1,298	874	431	301
463	112	143	385	649	Attributable to the saving bank reserve	723	493	243	169
					Attributable to non-controlling interests	113	88	15	33
1,340	321	407	1,115	1,840	Total other comprehensive Income	2,183	1,503	699	513

Balance sheet

Parent bank			Note	Group		
31 Dec 2020	30 Sept 2020	30 Sept 2021		30 Sept 2021	30 Sept 2020	31 Dec 2020
		(NOKm)				
2,764	3,227	1,206		1,206	3,227	2,764
12,901	10,299	15,701		7,338	2,517	5,091
124,214	123,288	132,507	5	142,404	132,183	133,131
26,684	26,454	30,032	17	30,032	26,375	26,606
7,175	10,188	3,662	17	3,732	10,309	7,226
319	361	357	17	2,525	1,890	2,366
4,933	4,769	4,782		7,324	7,017	7,324
2,317	2,406	2,374		-	-	-
82	82	98	2	60	42	41
515	494	500		894	881	905
963	964	3,261	14	4,609	2,459	2,457
182,870	182,533	194,480	Total assets	200,124	186,900	187,912
14,629	13,070	13,908		14,600	13,585	15,094
98,166	95,956	110,328	9	109,691	95,391	97,529
41,920	44,145	41,895	16	41,895	44,145	41,920
6,845	8,189	3,405	17	3,741	8,415	7,179
1,466	1,544	3,562	15	5,324	2,737	3,084
-	-	-	2	1	1	1
1,752	1,752	1,752	16	1,795	1,796	1,795
164,778	164,657	174,850	Total liabilities	177,047	166,070	166,602
2,597	2,597	2,597		2,597	2,597	2,597
-0	-0	-0		-9	-8	-9
895	895	895		895	895	895
6,556	6,338	6,556		6,524	6,314	6,536
569	-	401		401	-	569
321	-	226		226	-	321
5,664	5,541	5,664		5,664	5,541	5,664
239	189	239		239	189	239
-	-42	-2		2,241	1,729	2,366
1,250	1,203	1,211		1,252	1,244	1,293
	1,155	1,841		2,199	1,528	
				848	800	838
18,092	17,876	19,629	Total equity capital	23,077	20,829	21,310
182,870	182,533	194,480	Total liabilities and equity	200,124	186,900	187,912

Cash flow statement

Parent bank				Group		
	Jan-Sept			Jan-Sept		
2020	2020	2021	(NOKm)	2021	2020	2020
1,356	1,155	1,841	Net profit	2,199	1,528	1,978
102	77	74	Depreciations and write-downs on fixed assets	149	122	166
902	672	115	Losses on loans and guarantees	129	709	951
2,360	1,904	2,029	Net cash increase from ordinary operations	2,477	2,358	3,096
-4,093	-7,090	1,201	Decrease/(increase) other receivables	1,330	-7,783	-4,681
3,582	5,005	-1,343	Increase/(decrease) short term debt	-1,197	4,785	3,896
-8,075	-6,920	-8,408	Decrease/(increase) loans to customers	-9,403	-7,606	-8,795
-3,721	-1,119	-2,800	Decrease/(increase) loans credit institutions	-2,258	-407	-2,981
11,296	9,086	12,163	Increase/(decrease) deposits to customers	12,163	9,474	11,611
5,045	3,486	-721	Increase/(decrease) debt to credit institutions	-494	2,732	4,242
-3,490	-3,259	-3,347	Increase/(decrease) in short term investments	-3,425	-3,260	-3,491
2,905	1,093	-1,227	A) Net cash flow from operations	-809	293	2,896
-38	-9	-49	Increase in tangible fixed assets	-177	-50	-136
-418	-343	78	Paid-up capital, associated companies	-85	-588	-873
37	-6	-39	Net investments in long-term shares and partnerships	-159	1,063	587
-420	-358	-4	B) Net cash flow from investments	-415	424	-422
-295	-295	-0	Increase/(decrease) in subordinated loan capital	-0	-294	-295
3	3	1	Increase/(decrease) in equity	-6	18	14
-647	-647	-168	Dividend cleared	-168	-647	-647
-364	-364	-95	Disbursed from gift fund	-95	-364	-364
-56	-47	-39	Increase/(decrease) in Additional Tier 1 capital	-40	-49	-59
877	3,080	-27	Increase/(decrease) in other long term loans	-26	3,083	880
-482	1,730	-328	C) Net cash flow from financial activities	-335	1,748	-470
2,003	2,465	-1,558	A) + B) + C) Net changes in cash and cash equivalents	-1,558	2,465	2,003
761	761	2,764	Cash and cash equivalents at 1.1	2,764	761	761
2,764	3,227	1,206	Cash and cash equivalents at end of quarter	1,206	3,227	2,764
2,003	2,465	-1,558	Net changes in cash and cash equivalents	-1,558	2,465	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	Unrealised 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	-	-	-	-	-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

Parent Bank (NOKm)	Issued equity		Earned equity						Total equity
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Unrealised 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	-	-	-	-	-	-	1,841	-	1,841
Other comprehensive income									
Value changes on loans measured at fair value	-	-	-	-	-	-	-1	-	-1
Other comprehensive income	-	-	-	-	-	-	-1	-	-1
Total other comprehensive income	-	-	-	-	-	-	1,840	-	1,840
Transactions with owners									
Dividend declared for 2020	-	-	-	-	-168	-	-	-	-168
To be disbursed from gift fund	-	-	-	-	-95	-	-	-	-95
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-39	-39
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-0
Direct recognitions in equity	-	-	-	-	-	-	-1	-	-1
Total transactions with owners	0	-	-	-0	-263	-	-1	-39	-302
Equity at 30 September 2021	2,597	895	5,664	6,556	627	239	1,839	1,211	19,629

Group	Attributable to parent company equity holders									
	Issued equity		Earned equity							
(NOKm)	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Unrealised 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	-	-	-1
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	Unrealised 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	-	-	-	-	-	-	2,086	-	113	2,199
Other comprehensive income										
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-15	-	-	-15
Value changes on loans measured at fair value	-	-	-	-	-	-	-1	-	-	-1
Other comprehensive income	-	-	-	-	-	-	-16	-	-	-16
Total other comprehensive income	-	-	-	-	-	-	2,070	-	113	2,183
Transactions with owners										
Dividend declared for 2020	-	-	-	-	-168	-	-	-	-	-168
To be disbursed from gift fund	-	-	-	-	-95	-	-	-	-	-95
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-40	-	-40
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-	-0
Own ECC held by SB1 Markets*)	-0	-	-	-13	-	-	7	-	-	-6
Direct recognitions in equity	-	-	-	-	-	-	26	-	-	26
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-30	-	-	-30
Change in non-controlling interests	-	-	-	-	-	-	-	-	-104	-104
Total transactions with owners	-0	-	-	-13	-263	-	4	-40	-104	-416
Equity at 30 September 2021	2,588	895	5,664	6,524	627	239	4,440	1,252	848	23,077

*) 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 per cent 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. Loan volume in stage 3 has increased in first nine months of 2021 by NOK 1,193 million, 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 nine months 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 various pension schemes, see note 22 in the 2020 annual report.

The Group has not obtained a new calculation of pensions as of 30 September since no factors have been identified that significantly alter the pension liability.

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.

SpareBank 1 Kapitalforvaltning, subsidiary of SpareBank 1 Markets, has been presented as Investment held for sale from second quarter 2021 due to the agreement of sale to SpareBank 1 Forvaltning in third quarter of 2021. The result for the first half of the year is included on the line held for sale. Comparables have been restated.

The company SpareBank 1 Forvaltning is owned by the SpareBank1 banks and include the subsidiaries Odin Forvaltning, SpareBank 1 Kapitalforvaltning and SpareBank 1 Verdipapirservice.

Jan-Sept 2021 (NOKm)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	60	1	7	7	-0	100 %
SpareBank 1 Kapitalforvaltning	-	-	36	26	10	
Total Held for sale	60	1	43	33	10	

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.

The input in the credit loss model have been changed 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. 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 in 2020 and in the first nine months 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. The bank has 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 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 nine months of 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 13 million for the bank and -1 million for the Group.

Sensitivity

The first part of the table below show total calculated expected credit loss as of 30 september 2021 in each of the three scenarios, distributed in the portfolios Retail Market, Corporate Market and offshore, tourism and agriculture, which adds up to parent bank. In addition the subsidiary SpareBank 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 downside scenario weight has been doubled.

If the downside scenario's probability were doubled at the expense of the baseline scenario at the end of september 2021, this would have entailed an increase in loss provisions of NOK 318 million for the parent bank and NOK 325 million for the group.

	CM	Retail Market	Offshore	Agriculture	Tourism	Total parent	SB1 Finans MN	Group
ECL base case	421	75	742	33	46	1,316	53	1,369
ECL worst case	949	305	1,465	119	99	2,937	118	3,055
ECL best case	354	39	649	17	12	1,071	39	1,109
ECL with scenario weights used 80/10/10	-	-	-	-	-	-	58	59
ECL with scenario weights used 65/25/15	517	-	872	48	-	1,437	-	1,437
ECL with scenario weights used 60/30/10	-	-	-	-	58	58	-	58
ECL with scenario weights used 70/15/15	-	104	-	-	-	104	-	104
Total ECL used	517	104	872	48	58	1,599	58	1,658
ECL alternative scenario weights 70/20/10	-	-	-	-	-	-	65	66
ECL alternative scenario weights 45/40/15	622	-	1,017	65	-	1,704	-	1,704
ECL alternative scenario weights 30/60/10	-	-	-	-	74	74	-	74
ECL alternative scenario weights 55/30/15	-	139	-	-	-	139	-	139
Total ECL alternative weights	622	139	1,017	65	74	1,917	65	1,983
Change in ECL if alternative weights were used	106	35	145	17	16	318	7	325

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 more than double the ECL than in the expected scenario. Applied scenario weighting gives about 20 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 30 September 2021

Profit and loss account (NOKm)	RM	CM	SB1 Markets	SB1 Finans EM1	SB1 Regnskaps- huset SMN	SB1 Gruppen	BN Bank	Other/ eliminations	Total
Net interest	840	826	-3	1	297	-0	-	112	2,073
Interest from allocated capital	19	2	-	-	-	-	-	-21	-
Total interest income	859	828	-3	1	297	-0	-	91	2,073
Comission income and other income	682	178	611	342	-19	439	-	-71	2,161
Net return on financial investments **)	2	10	81	10	-	-	298	122	808
Total income	1,542	1,016	689	353	278	439	298	122	5,042
Total operating expenses	673	325	486	282	111	357	-	-	2,228
Ordinary operating profit	869	691	203	71	167	82	298	122	2,814
Loss on loans, guarantees etc.	-11	125	-	-	13	-	-	-	129
Result before tax including held for sale	880	566	203	71	153	82	298	122	2,685
Post-tax-return on equity *)	13.4 %	11.1 %							13.8 %
Balance									
Loans and advances to customers	135,344	46,859	-	-	10,094	-	-	-	191,976
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-46,867	-1,237	-	-	-	-	-	100	-48,004
Allowance for credit loss	-125	-1,381	-	-	10,003	-	-	-10,065	-1,568
Other assets	130	17,899	3,025	422	-9,868	622	2,004	1,635	57,721
Total assets	88,482	62,140	3,025	422	10,230	622	2,004	1,635	200,124
Deposits to customers	49,909	59,006	-	-	-	-	-	776	109,691
Other liabilities and equity	38,573	3,134	3,025	422	10,230	622	2,004	1,635	90,433
Total liabilities and equity	88,482	62,140	3,025	422	10,230	622	2,004	1,635	200,124

*) 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

Group 30 September 2020

Profit and loss account (NOKm)	RM	CM	SB1		SB1		SB1	BN	Other/	Total
			Markets	EM1	Finans	Regnskaps-	Gruppen	Bank	eliminations	
					MN	huset SMN				
Net interest	823	828	-10	1	282	0	-	-	147	2,071
Interest from allocated capital	103	68	-	-	-	-	-	-	-172	-
Total interest income	926	896	-10	1	282	0	-	-	-25	2,071
Comission income and other income	612	166	375	300	-16	415	-	-	-74	1,779
Net return on financial investments **)	-3	17	109	-	-	-	107	84	439	753
Total income	1,536	1,079	474	300	267	415	107	84	-340	4,603
Total operating expenses	704	321	394	251	97	327	-	-	-14	2,080
Ordinary operating profit	832	758	80	50	170	88	107	84	354	2,523
Loss on loans, guarantees etc.	58	614	-	-	37	-	-	-	-0	709
Result before tax including held for sale	773	144	80	50	133	88	107	84	354	1,814
Post-tax-return on equity *)	12.6 %	3.4 %								10.4 %
Balance										
Loans and advances to customers	126,939	43,700	-	-	9,531	-	-	-	-748	179,423
Adv. of this sold to SpareBank 1										
Boligkreditt	-44,447	-1,436	-	-	-	-	-	-	100	-45,782
Allowance for credit losses	-154	-1,235	-	-	-65	-	-	-	-4	-1,457
Other assets	197	8,457	2,747	355	51	568	2,061	1,477	38,802	54,716
Total assets	82,536	49,487	2,747	355	9,518	568	2,061	1,477	38,151	186,900
Deposits to customers	47,574	46,404	-	-	-	-	-	-	1,413	95,391
Other liabilities and equity	34,962	3,084	2,747	355	9,518	568	2,061	1,477	36,737	91,509
Total liabilities and equity	82,536	49,487	2,747	355	9,518	568	2,061	1,477	38,151	186,900

*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 15.4 percent to be in line with the capital plan

Group 31 December 2020

			SB1	SB1	SB1	SB1	SB1	BN	Other/	
Profit and loss account (NOKm)	RM	CM	Markets	EM1	Finans MN	Regnskaps- huset SMN	Gruppen	Bank	eliminations	Total
Net interest	1,112	1,085	-13	2	387	1	-	-	186	2,759
Interest from allocated capital	101	63	-	-	-	-	-	-	-165	-
Total interest income	1,213	1,149	-13	2	387	1	-	-	21	2,759
Commission income and other income	867	211	636	392	-22	533	-	-	-101	2,516
Net return on financial investments **)	-2	21	137	-	-	-	194	120	481	951
Total income	2,078	1,381	759	394	364	533	194	120	401	6,225
Total operating expenses	929	422	590	342	131	423			68	2,904
Ordinary operating profit	1,149	959	169	52	234	110	194	120	333	3,321
Loss on loans, guarantees etc.	56	846	-	-	49	-	-	-	1	951
Result before tax including held for sale	1,093	113	169	52	184	110	194	120	333	2,370
Post-tax return on equity*)	13.4 %	2.1%								10.0 %
Balance										
Loans and advances to customers	129,149	44,845	-	-	9,622	-	-	-	-815	182,801
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-46,899	-1,354	-	-	-	-	-	-	-100	-48,153
Allowance for credit losses	-148	-1,298	-	-	-66	-	-	-	-5	-1,517
Other assets	156	10,471	3,265	357	66	592	2,151	1,514	36,210	54,781
Total assets	82,258	52,663	3,265	357	9,623	592	2,151	1,514	35,490	187,912
Deposits to customers	47,478	49,420	-	-	-	-	-	-	631	97,529
Other liabilities and equity	34,780	3,244	3,265	357	9,623	592	2,151	1,514	34,859	90,383
Total liabilities and equity	82,258	52,663	3,265	357	9,623	592	2,151	1,514	35,490	187,912

*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 15.4 percent to be in line with the capital plan

**) Specification of net return on financial investments (NOKm)

	30 Sept 21	30 Sept 20	31 Dec 20
Dividends	21	12	39
Capital gains/losses shares	161	-2	-4
Gain/(loss) on certificates and bonds	-196	166	103
Gain/(loss) on derivatives	232	-78	32
Gain/(loss) on financial instruments related to hedging	-7	0	1
Gain/(loss) on other financial instruments at fair value (FVO)	0	-14	-11
Foreign exchange gain/(loss)	46	79	82
Gain/(loss) on shares and share derivatives at SpareBank 1 Markets	30	26	28
Net return on financial instruments	267	177	230
SpareBank 1 Gruppen	298	107	194
Gain Fremtind Forsikring	-	340	340
SpareBank 1 Boligkreditt	18	22	18
SpareBank 1 Næringskreditt	6	14	18
BN Bank	122	84	120
SpareBank 1 Kredittkort	11	2	2
SpareBank 1 Betaling	-6	-3	-2
Other companies	69	-1	-10
Income from investment in associates and joint ventures	519	564	681
Total net return on financial investments	808	753	951
Fair value hedging			
Changes in fair value on hedging instrument	-460	502	467
Changes in fair value on hedging item	454	-502	-465
Net Gain or Loss from hedge accounting	-7	0	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 30 September 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 Norwegian countercyclical buffer will rise to 1.5 per cent with effect from 30 June 2022.

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 30 September 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 third 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	30 Sept 2020	30 Sept 2021		30 Sept 2021	30 Sept 2020	31 Dec 2020
			(NOKm)			
18,092	17,876	19,629	Total book equity	23,077	20,829	21,310
-1,250	-1,203	-1,211	Additional Tier 1 capital instruments included in total equity	-1,252	-1,244	-1,293
-515	-494	-500	Deferred taxes, goodwill and other intangible assets	-1,040	-1,047	-1,044
-890	-	-627	Deduction for allocated dividends and gifts	-627	-	-890
-	-	-	Non-controlling interests recognised in other equity capital	-848	-800	-838
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	504	414	488
-	-1,155	-1,841	Net profit	-2,199	-1,528	-
-	368	723	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	1,079	739	-
-43	-47	-40	Value adjustments due to requirements for prudent valuation	-52	-59	-56
-47	-75	-581	Positive value of adjusted expected loss under IRB Approach	-616	-98	-74
-	-	-	Cash flow hedge reserve	5	13	10
-186	-186	-187	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-360	-510	-572
15,160	15,084	15,365	Common equity Tier 1 capital	17,671	16,711	17,041
1,250	1,250	1,250	Additional Tier 1 capital instruments	1,594	1,579	1,595
16,410	16,334	16,615	Tier 1 capital	19,265	18,290	18,636
			Supplementary capital in excess of core capital			
1,750	1,750	1,750	Subordinated capital	2,247	2,240	2,262
-139	-157	-174	Deduction for significant investments in financial institutions	-174	-157	-139
1,611	1,593	1,576	Additional Tier 2 capital instruments	2,072	2,083	2,123
18,020	17,927	18,190	Total eligible capital	21,338	20,373	20,759

			Minimum requirements subordinated capital			
1,053	1,044	1,074	Specialised enterprises	1,254	1,236	1,240
920	981	955	Corporate	968	991	930
1,511	1,598	1,415	Mass market exposure, property	2,348	2,282	2,261
107	108	100	Other mass market	103	111	110
1,026	1,012	1,045	Equity positions IRB	1	1	1
4,617	4,742	4,590	Total credit risk IRB	4,675	4,621	4,541
1	2	3	Central government	4	2	2
93	115	130	Covered bonds	151	162	142
441	507	379	Institutions	324	402	332
-	-	-	Local and regional authorities, state-owned enterprises	31	21	27
32	27	147	Corporate	382	253	281
20	16	11	Mass market	506	470	476
11	14	28	Exposures secured on real property	120	154	136
272	279	264	Equity positions	513	400	408
99	100	94	Other assets	154	161	159
970	1,058	1,056	Total credit risk standardised approach	2,186	2,025	1,962
30	42	36	Debt risk	38	43	31
-	-	-	Equity risk	22	9	18
-	-	-	Currency risk and risk exposure for settlement/delivery	2	3	3
421	407	421	Operational risk	777	720	770
25	60	25	Credit value adjustment risk (CVA)	131	192	123
6,063	6,309	6,128	Minimum requirements subordinated capital	7,830	7,612	7,448
75,785	78,861	76,599	Risk weighted assets (RWA)	97,879	95,156	93,096
3,410	3,549	3,447	Minimum requirement on CET1 capital, 4.5 per cent	4,405	4,282	4,189
			Capital Buffers			
1,895	1,972	1,915	Capital conservation buffer, 2.5 per cent	2,447	2,379	2,327
3,410	2,366	3,447	Systemic risk buffer, 4.5 per cent (3.0 per cent)	4,405	2,855	4,189
758	789	766	Countercyclical buffer, 1.0 per cent (1.0 per cent)	979	952	931
6,063	5,126	6,128	Total buffer requirements on CET1 capital	7,830	6,185	7,448
5,687	6,409	5,790	Available CET1 capital after buffer requirements	5,436	6,243	5,404
			Capital adequacy			
20.0 %	19.1 %	20.1 %	Common equity Tier 1 capital ratio	18.1 %	17.6 %	18.3 %
21.7 %	20.7 %	21.7 %	Tier 1 capital ratio	19.7 %	19.2 %	20.0 %
23.8 %	22.7 %	23.7 %	Capital ratio	21.8 %	21.4 %	22.3 %
			Leverage ratio			
178,219	179,304	189,698	Balance sheet items	270,700	252,366	256,978
6,190	7,518	12,601	Off-balance sheet items	11,887	8,333	7,514
-606	-617	-1,121	Regulatory adjustments	-1,911	-1,543	-1,577
183,803	186,205	201,179	Calculation basis for leverage ratio	280,677	259,156	262,915
16,410	16,334	16,615	Core capital	19,265	18,290	18,636
8.9 %	8.8 %	8.3 %	Leverage Ratio	6.9 %	7.1 %	7.1 %

Note 5 - Distribution of loans by sector/industry

Parent Bank				Group		
31 Dec 2020	30 Sept 2020	30 Sept 2021	(NOKm)	30 Sept 2021	30 Sept 2020	31 Dec 2020
9,160	8,994	9,205	Agriculture and forestry	9,546	9,442	9,591
5,243	4,872	5,851	Fisheries and hunting	5,869	4,872	5,259
1,704	1,384	1,843	Sea farming industries	2,093	1,790	2,100
2,234	1,962	2,203	Manufacturing	2,835	2,369	2,646
3,195	3,227	2,884	Construction, power and water supply	3,825	4,087	4,077
2,289	2,315	2,320	Retail trade, hotels and restaurants	2,662	2,649	2,586
4,537	4,787	5,237	Maritime sector	5,237	4,787	4,537
15,427	15,136	16,724	Property management	16,839	15,215	15,509
3,644	3,293	4,083	Business services	4,500	3,014	3,423
6,032	6,089	5,433	Transport and other services provision	6,367	6,994	6,942
9	6	2	Public administration	35	29	33
1,626	1,627	1,392	Other sectors	1,339	1,645	1,638
55,099	53,692	57,176	Gross loans in Corporate market	61,147	56,893	58,340
118,714	116,767	124,841	Wage earners	130,828	122,529	124,461
173,814	170,459	182,017	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	191,976	179,423	182,801
46,613	44,160	46,675	of which SpareBank 1 Boligkreditt	46,675	44,160	46,613
1,540	1,622	1,329	of which SpareBank 1 Næringskreditt	1,329	1,622	1,540
125,660	124,677	134,013	Gross loans in balance sheet	143,972	133,640	134,648
1,351	1,284	1,411	- Loan loss allowance on amortised cost loans	1,472	1,352	1,421
96	105	95	- Loan loss allowance on loans at FVOCI	95	105	96
124,214	123,288	132,507	Net loans to and receivables from customers	142,404	132,183	133,131

Note 6 - Losses on loans and guarantees

Parent Bank (NOKm)	Jan-Sept						Third quarter						2020		
	2021			2020			2021			2020			2020		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses for the period	-14	102	88	53	499	553	-2	24	22	14	203	217	49	666	715
Actual loan losses on commitments exceeding provisions made	8	23	31	10	116	126	3	1	4	4	2	5	14	197	212
Recoveries on commitments previously written-off	-5	-0	-5	-6	-1	-7	-2	-0	-2	-2	-1	-3	-7	-18	-25
Losses for the period on loans and guarantees	-11	125	115	58	614	672	-1	25	24	16	204	219	56	846	902

Group (NOKm)	Jan-Sept						Third quarter						2020		
	2021			2020			2021			2020			2020		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses for the period	-23	104	81	51	511	562	-3	27	24	15	207	222	48	681	729
Actual loan losses on commitments exceeding provisions made	25	29	53	46	112	158	7	2	9	8	-14	-7	55	213	268
Recoveries on commitments previously written-off	-5	-0	-5	-25	14	-11	-2	-0	-2	-2	18	16	-25	-21	-46
Losses for the period on loans and guarantees	-3	132	129	72	637	709	3	28	31	21	210	231	78	873	951

Note 7 - Losses

Parent Bank (NOKm)	1 Jan 21	Change in provision	Net write-offs / recoveries	30 Sept 21
Loans as amortised cost- CM	1,377	102	-19	1,459
Loans as amortised cost- RM	35	8	-9	33
Loans at fair value over OCI- RM	147	-21	-	126
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,559	88	-29	1,619
Presented as				
Provision for loan losses	1,446	89	-29	1,506
Other debt- provisions	81	1	-	82
Other comprehensive income - fair value adjustment	32	-1	-	31

Parent Bank (NOKm)	1 Jan 20	Change in provision	Net write-offs / recoveries	30 Sept 20
Loans as amortised cost- CM	916	575	-116	1,374
Loans as amortised cost- RM	34	8	-10	32
Loans at fair value over OCI- RM	109	46	-	155
Loans at fair value over OCI- CM	1	-1	-	0
Provision for expected credit losses on loans and guarantees	1,060	627	-126	1,561
Presented as				
Provision for loan losses	937	577	-126	1,388
Other debt- provisions	100	43	-	143
Other comprehensive income - fair value adjustment	23	7	-	30

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	30 Sept 21
Loans as amortised cost- CM	1,421	103	-20	1,503
Loans as amortised cost- RM	62	-2	-9	51
Loans at fair value over OCI- RM	147	-21	-	126
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,630	81	-30	1,680
Presented as				
Provision for loan losses	1,517	81	-30	1,568
Other debt- provisions	81	1	-	82
Other comprehensive income - fair value adjustment	32	-1	-	31

Group (NOKm)	1 Jan 20	Change in provision	Net write-offs / recoveries	30 Sept 20
Loans as amortised cost- CM	948	588	-119	1,417
Loans as amortised cost- RM	63	6	-10	58
Loans at fair value over OCI- RM	109	46	-	155
Loans at fair value over OCI- CM	1	-1	-	0
Provision for expected credit losses on loans and guarantees	1,121	639	-130	1,630
Presented as				
Provision for loan losses	998	588	-130	1,457
Other debt- provisions	100	43	-	143
Other comprehensive income - fair value adjustment	23	7	-	30

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)	30 Sept 2021				30 Sept 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	35	97	47	180	25	73	45	143	25	73	45	143
Transfer to (from) stage 1	22	-22	-0	-	13	-13	-0	-	14	-13	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-2	2	-0	-	-1	2	-0	-
Transfer to (from) stage 3	-0	-4	5	-	-0	-3	4	-	-0	-3	3	-
Net remeasurement of loss allowances	-22	25	-5	-2	-16	12	9	5	-17	12	9	5
Originations or purchases	14	11	1	26	12	8	0	20	13	13	0	26
Derecognitions	-10	-26	-3	-38	-7	-18	-2	-26	-8	-23	-2	-33
Changes due to changed input assumptions	1	-1	-	0	8	44	-0	52	10	38	2	50
Actual loan losses	-	-	-9	-9	-	-	-10	-10	-	-	-11	-11
Closing balance	37	83	36	156	34	105	45	184	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	11	-11	-	-	10	-10	-0	-	14	-14	-0	-
Transfer to (from) stage 2	-3	3	-	-	-5	5	-0	-	-4	4	-0	-
Transfer to (from) stage 3	-2	-26	28	-	-0	-1	1	-	-0	-1	1	-
Net remeasurement of loss allowances	-20	14	102	97	3	66	393	462	-2	72	486	556
Originations or purchases	23	19	112	154	39	33	1	74	45	99	1	144
Derecognitions	-16	-141	-1	-159	-25	-47	-1	-72	-30	-96	-1	-127
Changes due to changed input assumptions	1	9	-	11	-16	88	0	71	-0	113	2	115
Actual loan losses	-	-	-19	-19	-	-	-116	-116	-	-	-206	-206
Closing balance	83	253	1,045	1,381	72	344	819	1,235	88	387	823	1,299
Total accrual for loan losses	120	337	1,080	1,537	106	449	864	1,419	123	484	870	1,478

Group (NOKm)	30 Sept 2021				30 Sept 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	42	107	58	207	32	84	56	172	32	84	56	172
Transfer to (from) stage 1	23	- 23	- 0	-	15	- 14	- 0	-	14	- 13	- 0	-
Transfer to (from) stage 2	- 3	3	- 0	-	- 2	3	- 1	-	0	- 0	- 0	-
Transfer to (from) stage 3	- 0	- 5	6	-	- 0	- 5	5	-	- 1	- 2	3	-
Net remeasurement of loss allowances	- 23	27	- 2	1	- 17	15	14	12	- 17	11	11	5
Originations or purchases	16	13	3	32	14	10	1	25	12	15	5	31
Derecognitions	- 12	- 30	- 8	- 49	- 8	- 20	- 9	- 37	- 6	- 20	1	- 25
Changes due to changed input assumptions	- 0	- 2	- 5	- 7	6	43	- 0	49	7	33	- 6	35
Actual loan losses	-	-	- 9	- 9	-	-	- 10	- 10	-	-	- 11	- 11
Closing balance	43	90	41	174	41	115	54	210	42	107	58	207
Corporate Market												
Opening balance	98	399	845	1,342	71	217	560	849	71	218	560	849
Transfer to (from) stage 1	16	- 16	- 0	-	12	- 12	- 0	-	14	- 14	- 0	-
Transfer to (from) stage 2	- 4	4	- 0	-	- 5	5	- 0	-	- 2	2	- 0	-
Transfer to (from) stage 3	- 2	- 27	29	-	- 0	- 1	1	-	- 1	0	1	-
Net remeasurement of loss allowances	- 23	17	108	102	6	69	392	468	- 2	72	484	555
Originations or purchases	26	20	113	159	42	36	8	85	46	103	3	151
Derecognitions	- 17	- 143	- 2	- 162	- 25	- 47	- 2	- 75	- 26	- 93	10	- 109
Changes due to changed input assumptions	- 1	8	- 2	4	- 17	87	- 2	68	- 2	111	- 4	106
Actual loan losses	-	-	- 20	- 20	-	-	- 119	- 119	-	-	- 209	- 209
Closing balance	92	263	1,069	1,425	83	355	839	1,277	98	399	845	1,342
Total accrual for loan losses	136	353	1,110	1,599	124	470	893	1,487	140	507	902	1,549

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	30 Sept 2021				30 Sept 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
Opening balance	27	50	4	81	14	29	57	100	14	29	57	100
Transfer to (from) stage 1	5	-5	-0	-	2	-2	-0	-	2	-2	-0	-
Transfer to (from) stage 2	-6	6	-	-	-0	0	-0	-	-0	0	-0	-
Transfer to (from) stage 3	-0	-1	1	-	-0	-0	0	-	-0	-0	0	-
Net remeasurement of loss allowances	-7	7	-2	-2	-11	-24	-0	-35	2	16	-54	-36
Originations or purchases	8	3	0	10	-	-	-	-	11	8	0	19
Derecognitions	-5	-4	-0	-9	-4	-3	-0	-7	-5	-13	-0	-19
Changes due to changed input assumptions	0	1	-	2	18	68	0	87	3	12	0	16
Closing balance	22	57	3	82	18	68	56	143	27	50	4	81
Of which												
Retail market				3				3				2
Corporate Market				79				140				79

Provision for credit losses specified by industry

Parent Bank (NOKm)	30 Sept 2021				30 Sept 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	2	31	3	36	2	32	5	39	2	34	5	41
Fisheries and hunting	7	0	0	8	6	1	0	7	6	2	-	8
Sea farming industries	1	0	0	2	2	0	3	5	2	0	3	5
Manufacturing	7	25	14	46	5	18	2	26	8	25	2	35
Construction, power and water supply	12	12	22	46	10	12	17	39	11	27	17	55
Retail trade, hotels and restaurants	7	28	9	44	9	9	5	23	10	30	17	58
Maritime sector	14	122	730	866	6	229	619	855	10	180	614	804
Property management	18	47	35	100	17	42	42	101	20	56	38	114
Business services	11	15	223	249	9	21	138	168	12	56	142	210
Transport and other services	7	8	10	25	7	10	2	19	8	10	2	19
Public administration	0	-	-	0	0	-	-	0	0	-	-	0
Other sectors	0	0	-	1	0	0	-	0	0	0	-	0
Wage earners	2	47	32	82	3	73	30	106	2	65	31	97
Total provision for losses on loans	89	337	1,080	1,506	75	449	864	1,388	91	484	870	1,446
loan loss allowance on loans at FVOCI	31			31	30			30	32			32
Total loan loss allowance	120	337	1,080	1,537	106	449	864	1,419	123	484	870	1,478

Group (NOKm)	30 Sept 2021				30 Sept 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	32	4	39	3	34	5	42	3	36	5	44
Fisheries and hunting	7	0	0	8	6	1	0	7	6	2	-	8
Sea farming industries	2	1	0	3	2	1	3	6	3	1	3	6
Manufacturing	9	27	20	56	6	21	7	34	10	27	7	44
Construction, power and water supply	15	15	25	54	13	15	22	50	13	31	20	64
Retail trade, hotels and restaurants	8	28	11	47	10	10	6	26	12	31	19	62
Maritime sector	14	122	730	866	6	229	619	855	10	180	614	804
Property management	18	48	36	101	17	42	42	102	20	56	39	115
Business services	12	16	226	255	10	22	139	171	13	57	143	213
Transport and other services	9	10	21	40	9	12	12	32	10	12	10	32
Public administration	0	-	0	0	0	-	-	0	0	-	-	0
Other sectors	0	0	-	1	2	0	0	2	0	0	2	2
Wage earners	7	53	36	97	9	82	39	130	7	73	41	122
Total provision for losses on loans	105	353	1,110	1,568	94	470	893	1,457	108	507	902	1,517
loan loss allowance on loans at FVOCI	31			31	30			30	32			32
Total loan loss allowance	136	353	1,110	1,599	124	470	893	1,487	140	507	902	1,549

Note 8 - Gross loans

Parent Bank (NOKm)	30 Sept 2021				30 Sept 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	1,216	-1,212	-4	-	1,048	-1,018	-30	-	1,050	-1,019	-31	-
Transfer to stage 2	-1,009	1,012	-3	-	-1,398	1,465	-67	-	-1,433	1,470	-38	-
Transfer to stage 3	-50	-77	127	-	-24	-61	85	-	-30	-47	77	-
Net increase/decrease amount existing loans	-2,228	-72	-20	-2,319	-1,793	-111	5	-1,899	-2,093	-136	-7	-2,237
New loans	35,597	721	70	36,388	43,184	1,054	93	44,331	49,001	1,464	111	50,575
Derecognitions	-26,274	-1,532	-128	-27,935	-36,578	-1,999	-156	-38,733	-42,243	-2,429	-196	-44,867
Financial assets with actual loan losses	0	-1	-16	-17	-0	-2	-18	-20	-1	-2	-22	-24
Closing balance	80,549	3,268	408	84,225	73,484	4,457	399	78,340	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	414	-414	-	-	484	-485	1	-	521	-521	-0	-
Transfer to stage 2	-690	690	-0	-	-2,791	2,813	-22	-	-2,605	2,614	-9	-
Transfer to stage 3	-16	-594	609	-	-79	-96	176	-	-70	-685	754	-
Net increase/decrease amount existing loans	-963	-162	-27	-1,152	-1,949	-228	216	-1,961	-1,541	-208	38	-1,711
New loans	9,799	110	1,305	11,214	13,123	1,002	296	14,421	17,141	1,672	328	19,141
Derecognitions	-6,431	-745	-711	-7,888	-8,053	-532	-371	-8,957	-11,046	-753	-862	-12,662
Financial assets with actual loan losses	0	0	-21	-21	0	-111	-12	-123	-2	-111	-19	-132
Closing balance	37,699	4,865	2,856	45,420	33,924	6,333	1,755	42,012	35,587	5,979	1,702	43,268
Fixed interest loans at FV	4,367			4,367	4,324			4,324	4,285			4,285
Total gross loans at the end of the period	122,615	8,133	3,264	134,013	111,732	10,791	2,154	124,677	113,169	10,409	2,083	125,660

Group (NOKm)	30 Sept 2021				30 Sept 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	80,169	73,675	5,924	570	80,169
Transfer to stage 1	1,418	-1,413	-4	-	1,244	-1,211	-34	-	1,260	-1,225	-35	-
Transfer to stage 2	-1,245	1,253	-7	-	-1,686	1,767	-81	-	-1,731	1,785	-54	-
Transfer to stage 3	-59	-119	178	-	-35	-106	141	-	-44	-89	133	-
Net increase/decrease amount existing loans	-2,254	-106	-29	-2,388	-1,824	-156	1	-1,979	-2,136	-196	-15	-2,346
New loans	37,915	892	74	38,881	45,169	1,210	97	46,475	51,383	1,702	119	53,204
Derecognitions	-28,197	-1,772	-142	-30,111	-38,117	-2,211	-200	-40,529	-43,512	-2,624	-239	-46,375
Financial assets with actual loan losses	-0	-1	-16	-17	-0	-2	-18	-20	-689	-70	-25	-784
Closing balance	85,785	3,941	507	90,233	78,425	5,215	477	84,117	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	649	-646	-3	-	650	-646	-4	-	693	-690	-4	-
Transfer to stage 2	-985	987	-3	-	-3,021	3,045	-25	-	-2,897	2,909	-11	-
Transfer to stage 3	-26	-617	643	-	-117	-115	231	-	-107	-695	801	-
Net increase/decrease amount existing loans	-480	-198	-33	-711	-1,882	-269	213	-1,937	-1,589	-265	34	-1,819
New loans	10,685	179	1,306	12,170	13,949	1,156	304	15,408	18,238	1,875	349	20,462
Derecognitions	-6,936	-875	-751	-8,562	-8,583	-605	-391	-9,579	-11,287	-815	-883	-12,985
Financial assets with actual loan losses	0	0	-21	-21	0	-111	-12	-123	-410	-159	-24	-593
Balance at 31 December	41,014	5,416	2,941	49,372	36,462	6,881	1,855	45,199	38,107	6,587	1,802	46,496
Closing balance												
Fixed interest loans at FV	4,367			4,367	4,324			4,324	4,285			4,285
Total gross loans at the end of the period	131,166	9,357	3,448	143,972	119,212	12,097	2,332	133,640	120,598	11,794	2,255	134,648

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank				Group		
31 Dec 2020	30 Sept 2020	30 Sept 2021	(NOKm)	30 Sept 2021	30 Sept 2020	31 Dec 2020
2,269	2,374	2,247	Agriculture and forestry	2,247	2,374	2,269
1,210	745	964	Fisheries and hunting	964	745	1,210
1,305	1,219	915	Sea farming industries	915	1,219	1,305
1,796	1,738	2,297	Manufacturing	2,297	1,738	1,796
3,799	3,510	5,293	Construction, power and water supply	5,293	3,510	3,799
5,461	4,801	5,436	Retail trade, hotels and restaurants	5,436	4,801	5,461
1,182	1,087	1,102	Maritime sector	1,102	1,087	1,182
5,821	6,411	6,170	Property management	6,112	6,340	5,750
9,286	8,775	11,534	Business services	11,534	8,775	9,286
8,930	8,657	9,494	Transport and other services provision	9,057	8,297	8,518
12,711	12,338	16,300	Public administration	16,300	12,338	12,711
3,795	3,757	4,610	Other sectors	4,468	3,623	3,641
57,566	55,412	66,362	Total	65,725	54,847	56,928
40,600	40,544	43,967	Wage earners	43,967	40,544	40,600
98,166	95,956	110,328	Total deposits	109,691	95,391	97,529

Note 10 - Net interest income

Parent bank						Group				
Third quarter		Jan-Sept				Jan-Sept		Third quarter		
2020	2020	2021	2020	2021	(NOKm)	2021	2020	2021	2020	2020
Interest income										
171	28	27	144	90	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	22	37	5	4	42
1,584	399	421	1,199	1,206	Interest income from loans to and claims on customers (amortised cost)	1,591	1,602	549	531	2,120
1,519	327	320	1,198	943	Interest income from loans to and claims on customers (FVOCI)	954	1,209	323	330	1,534
129	32	29	97	88	Interest income from loans to and claims on customers (FVPL)	88	97	29	32	129
349	68	62	290	199	Interest income from money market instruments, bonds and other fixed income securities	197	287	61	68	346
-	-	-	-	-	Other interest income	17	20	5	7	27
3,752	854	858	2,928	2,527	Total interest income	2,869	3,252	973	972	4,197
Interest expense										
84	12	5	75	19	Interest expenses on liabilities to credit institutions	21	83	6	13	92
731	119	130	611	372	Interest expenses relating to deposits from and liabilities to customers	367	599	128	117	719
484	115	99	386	310	Interest expenses related to the issuance of securities	310	386	99	115	484
48	8	8	40	24	Interest expenses on subordinated debt	26	42	8	8	50
8	2	2	6	6	Other interest expenses	15	20	5	6	25
67	17	19	52	57	Guarantee fund levy	57	52	19	17	67
1,423	274	263	1,170	788	Total interest expense	796	1,181	266	277	1,439
2,329	579	595	1,758	1,739	Net interest income	2,073	2,071	707	695	2,759

Note 11 - Net commission income and other income

Parent bank					(NOKm)	Group					
Third quarter		Jan-Sept		Jan-Sept		Third quarter		2020	2020		
2020	2020	2021	2020	2021		2021	2020			2021	2020
					Commission income						
59	16	17	49	51	Guarantee commission	49	48	16	16	58	
-	-	-	-	-	Broker commission	221	190	69	72	251	
56	15	18	43	48	Portfolio commission, savings products	48	43	18	15	57	
408	128	123	272	348	Commission from SpareBank 1 Boligkreditt	348	272	123	128	408	
13	4	3	9	11	Commission from SpareBank 1 Næringskreditt	11	9	3	4	13	
393	97	107	291	294	Payment transmission services	291	291	106	97	390	
195	49	54	144	159	Commission from insurance services	159	144	54	49	195	
80	20	19	61	58	Other commission income	53	53	17	17	71	
1,205	330	340	869	969	Total commission income	1,179	1,050	405	399	1,443	
					Commission expenses						
83	2	24	60	60	Payment transmission services	83	80	31	28	112	
14	24	3	9	10	Other commission expenses	69	62	23	21	84	
97	26	27	68	69	Total commission expenses	152	141	54	50	196	
					Other operating income						
22	5	3	16	21	Operating income real property	21	16	3	5	21	
-	-	-	-	-	Property administration and sale of property	120	110	38	40	142	
-	-	-	-	-	Securities trading	561	332	110	122	583	
-	-	-	-	-	Accountant's fees	416	395	114	105	506	
19	3	6	14	10	Other operating income	17	17	7	4	18	
41	8	9	30	31	Total other operating income	1,134	870	272	277	1,269	
1,149	312	321	831	930	Total net commission income and other operating income	2,161	1,779	623	625	2,516	

Note 12 - Operating expenses

Parent bank						Group				
	Third quarter		Jan-Sept			Jan-Sept		Third quarter		
2020	2020	2021	2020	2021	(NOKm)	2021	2020	2021	2020	2020
246	60	62	185	192	IT costs	262	251	85	81	334
15	4	3	13	8	Postage and transport of valuables	10	16	4	5	19
52	13	14	41	40	Marketing	56	58	19	18	73
102	25	24	77	74	Ordinary depreciation	149	121	56	40	164
39	11	9	27	32	Operating expenses, real properties	47	40	14	16	62
150	41	36	117	105	Purchased services	167	161	60	56	217
140	31	27	98	88	Other operating expense	119	134	38	44	186
744	185	176	560	540	Total other operating expenses	809	783	275	261	1,054

Note 13 - Net return on financial investments

Parent Bank					(NOKm)	Group				
Third quarter			Jan-Sept			Jan-Sept		Third quarter		2020
2020	2020	2021	2020	2021		2021	2020	2021	2020	
					Valued at fair value through profit/loss					
-74	-39	-94	26	-293	Value change in interest rate instruments	-194	167	-72	-8	103
					Value change in derivatives/hedging					
1	4	3	0	-7	Net value change in hedged bonds and derivatives	-7	0	3	4	1
-11	-2	-12	-14	0	Net value change in hedged fixed rate loans and derivatives	0	-14	-12	-2	-11
32	19	96	-78	232	Other derivatives	263	-52	98	24	59
					Income from equity instruments					
-	-	-	-	-	Income from owner interests	519	564	179	170	681
492	70	-0	481	709	Dividend from owner instruments	-	-	-	-	-
					Value change and gain/loss on owner instruments					
-15	-	13	-3	8		-2	-3	-	-	-9
36	3	2	8	5	Dividend from equity instruments	21	12	1	2	39
					Value change and gain/loss on equity instruments					
-1	6	-7	18	1		162	1	36	4	5
					Total net income from financial assets and liabilities at fair value through profit/(loss)					
460	61	1	438	656		764	676	232	194	868
					Valued at amortised cost					
					Value change in interest rate instruments					
-6	-0	-0	-5	-2	Value change in interest rate instruments held to maturity	-2	-5	-0	-0	-6
					Total net income from financial assets and liabilities at amortised cost					
-6	-0	-0	-5	-2		-2	-5	-0	-0	-6
89	11	15	83	47	Total net gain from currency trading	46	83	16	11	89
					Total net return on financial investments					
542	72	17	516	700		808	753	248	205	951

Note 14 - Other assets

Parent Bank			(NOKm)	Group		
31 Dec 2020	30 Sept 2020	30 Sept 2021		30 Sept 2021	30 Sept 2020	31 Dec 2020
-	-	-	Deferred tax asset	97	154	129
67	74	86	Fixed assets	211	200	194
298	311	265	Right to use assets	468	450	470
135	133	121	Earned income not yet received	156	233	185
11	50	2,225	Accounts receivable, securities	2,823	688	678
112	83	112	Pension assets	112	83	112
340	313	452	Other assets	741	650	690
963	964	3,261	Total other assets	4,609	2,459	2,457

Note 15 - Other liabilities

Parent Bank			(NOKm)	Group		
31 Dec 2020	30 Sept 2020	30 Sept 2021		30 Sept 2021	30 Sept 2020	31 Dec 2020
8	32	8	Deferred tax	81	98	81
322	297	350	Payable tax	440	371	408
11	10	11	Capital tax	11	10	11
			Accrued expenses and received, non-accrued income	707	477	671
101	19	89				
301	238	307	Provision for accrued expenses and commitments	307	238	301
81	142	82	Losses on guarantees and unutilised credits	82	142	81
10	11	10	Pension liabilities	10	11	10
303	315	274	Lease liabilities	481	458	479
74	51	57	Drawing debt	57	51	74
3	4	1	Creditors	33	49	45
13	1	2,052	Debt from securities	2,621	311	568
-	-	-	Equity Instruments	90	8	-
239	422	323	Other liabilities	405	513	355
1,466	1,544	3,562	Total other liabilities	5,324	2,737	3,084

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

Group

Change in securities debt (NOKm)	31 Dec 2020	Issued	Fallen due/ Redeemed	Other changes	30 Sept 2021
Certificate, nominal value	341	-	368	28	-
Bond debt, nominal value	39,819	5,367	5,928	-1,106	38,152
Senior non preferred, nominal value	1,000	2,500	-	-	3,500
Value adjustments	569	-	-	-514	55
Accrued interest	191	-	-	-3	188
Total	41,920	7,867	6,296	-1,595	41,895

Change in subordinated debt and hybrid equity (NOKm)	31 Dec 2020	Issued	Fallen due/ Redeemed	Other changes	30 Sept 2021
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 30 September 2021:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	1	3,731	-	3,732
- Bonds and money market certificates	2,360	27,672	-	30,032
- Equity instruments	1,908	57	559	2,525
- Fixed interest loans	-	43	4,246	4,289
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	80,832	80,832
Total assets	4,269	31,503	85,638	121,410
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	1	3,740	-	3,741
- Equity instruments	90	-	-	90
Total liabilities	91	3,740	-	3,831

The following table presents the Group's assets and liabilities measured at fair value at 30 September 2020:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	0	10,309	-	10,309
- Bonds and money market certificates	2,267	24,108	-	26,375
- Equity instruments	1,440	16	434	1,890
- Fixed interest loans	-	43	4,282	4,324
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	75,047	75,047
Total assets	3,707	34,476	79,763	117,945
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	2	8,413	-	8,415
- Equity instruments	10	-	-	10
Total liabilities	12	8,413	-	8,425

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 30 September 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	21	922	33,175	34,118
Disposals in the period	-2	-827	-27,123	-27,952
Expected credit loss	-	-	19	19
Gain or loss on financial instruments	107	-91	1	17
Closing balance 31 December	559	4,246	80,832	85,638

The following table presents the changes in the instruments classified in level 3 as at 30 September 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 the period	26	497	41,527	42,051
Disposals in the period	-14	-969	-37,802	-38,784
Expected credit loss	-	-	-21	-21
Gain or loss on financial instruments	17	117	7	141
Closing balance	434	4,282	75,047	79,763

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 31 December	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)

Property Loans at floating interest classified at fair value over other comprehensive income is valued based on nominal amount reduced by expected credit loss. Loans with no significant credit risk deterioration since first recognition is assessed at nominal amount. For loans with a significant increase in credit risk since first recognition or objective evidence of loss, the calculation of expected credit losses over the life of the asset is in line with loan losses for loans at amortised cost. Estimated fair value is the nominal amount reduced by expected lifetime credit loss. If the likelihood of the worst case scenario in the model is doubled, fair value is reduced by NOK 8 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 471 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank SMN 1 Invest. 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 30 September 2021:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	4,246	-12
Equity instruments through profit/loss*	559	
Loans at fair value through other comprehensive income	80,832	-8

* 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 third quarter 2021 was 3.7 years. The overall LCR at the same point was 163 per cent and the average overall LCR in the third quarter was 172 per cent. The LCR in Norwegian kroner and euro at quarter-end was 163 and 223 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)	January - September		2020
	2021	2020	
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	2,046	1,391	1,793
Allocated to ECC Owners 2)	1,308	890	1,147
Issues Equity Capital Certificates adjusted for own certificates	129,340,421	129,336,827	129,347,626
Earnings per Equity Capital Certificate	10.11	6.88	8.87

1) Adjusted Net Profit	January - September		2020
	2021	2020	
Net Profit for the group	2,199	1,528	1,978
adjusted for non-controlling interests share of net profit	-113	-88	-126
Adjusted for Tier 1 capital holders share of net profit	-40	-49	-59
Adjusted Net Profit	2,046	1,391	1,793

2) Equity capital certificate ratio (parent bank) (NOKm)	30 Sept 2021	30 Sept 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	-1	-27	-
A. The equity capital certificate owners' capital	10,200	9,925	10,201
Ownerless capital	5,664	5,541	5,664
Unrealised gains reserve	86	68	86
Other equity capital	-1	-15	-
B. The saving bank reserve	5,749	5,594	5,750
To be disbursed from gift fund	226	-	321
Dividend declared	401	-	569
Equity ex. profit	16,577	15,518	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)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019
Interest income effective interest method	973	958	939	945	972	1,031	1,250	1,235	1,190
Interest expenses	266	260	271	258	277	365	540	539	512
Net interest	707	698	668	688	695	666	710	697	678
Commission income	405	400	374	393	399	316	335	342	352
Commission expenses	54	48	51	54	50	44	47	38	45
Other operating income	272	395	468	399	277	323	271	255	235
Commission income and other income	623	748	790	738	625	595	558	559	541
Dividends	1	17	4	27	2	2	8	1	1
Income from investment in related companies	179	212	128	117	170	177	217	8	85
Net return on financial investments	68	42	158	53	32	269	-124	8	35
Net return on financial investments	248	270	289	197	205	448	101	17	121
Total income	1,578	1,716	1,748	1,622	1,525	1,709	1,369	1,272	1,341
Staff costs	423	465	531	553	415	445	438	393	398
Other operating expenses	275	269	265	271	261	254	268	305	266
Total operating expenses	698	735	796	824	675	699	706	699	664
Result before losses	880	981	952	798	850	1,010	663	574	677
Loss on loans, guarantees etc.	31	39	59	242	231	170	308	103	71
Result before tax	849	942	893	556	619	840	355	471	605
Tax charge	175	191	131	105	102	124	69	123	120
Result investment held for sale, after tax	1	4	6	-0	2	3	4	-1	3
Net profit	675	755	768	450	519	719	290	346	488

Key figures from quarterly accounts

Group (NOKm)	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019
Profitability									
Return on equity per quarter ¹⁾	12.4%	14.3%	14.8%	8.9%	10.5%	15.1%	5.7%	7.1%	10.2%
Cost-income ratio ¹⁾	44 %	43 %	46 %	51 %	45 %	41 %	52 %	56 %	50 %
Balance sheet figures									
Gross loans to customers	143,972	141,935	137,471	134,648	133,640	130,627	127,272	126,277	123,967
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	191,976	189,015	185,342	182,801	179,423	175,100	170,771	167,777	165,380
Deposit from customers	109,691	110,133	102,390	97,529	95,391	94,289	88,152	85,917	83,641
Total assets	200,124	200,426	193,822	187,912	186,900	190,484	185,182	166,662	166,475
Quarterly average total assets	200,275	197,124	190,867	187,406	188,692	187,833	175,922	166,569	166,882
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months ¹⁾	1.6 %	2.0 %	1.4 %	1.9 %	2.5 %	2.5 %	1.8 %	1.4 %	1.1 %
Growth in deposits last 12 months	-0.4 %	7.6 %	5.0 %	2.2 %	1.2 %	7.0 %	2.6 %	2.7 %	-3.4 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio ¹⁾	0.07 %	0.08 %	0.13 %	0.54 %	0.52 %	0.39 %	0.73 %	0.25 %	0.17 %
Stage 3 as a percentage of gross loans ¹⁾	1.80 %	1.87 %	1.66 %	1.23 %	1.30 %	1.35 %	1.39 %	1.26 %	1.28 %
Solidity ²⁾									
Common equity Tier 1 capital ratio	18.1 %	18.3 %	18.0 %	18.3 %	17.6 %	17.2 %	16.3 %	17.2 %	15.1 %
Tier 1 capital ratio	19.7 %	20.0 %	19.7 %	20.0 %	19.2 %	18.9 %	18.0 %	19.3 %	16.7 %
Capital ratio	21.8 %	22.2 %	21.9 %	22.3 %	21.4 %	21.1 %	20.1 %	21.6 %	18.9 %
Tier 1 capital	19,265	19,011	18,636	18,636	18,290	18,182	17,792	17,742	17,417
Total eligible capital	21,338	21,105	20,741	20,759	20,373	20,266	19,879	19,854	19,765
Liquidity Coverage Ratio (LCR)	163 %	184 %	190 %	171 %	140 %	163 %	185 %	148 %	181 %
Leverage Ratio	6.9%	7.0 %	7.0 %	7.1 %	7.1 %	6.9 %	6.9 %	7.5 %	7.4 %
Key figures ECC									
ECC share price at end of period (NOK)	129.80	119.20	107.40	97.60	84.30	78.30	67.60	100.20	98.50
Number of certificates issued, millions ¹⁾	129.39	129.36	129.22	129.39	129.44	129.39	129.22	129.30	129.48
Booked equity capital per ECC (including dividend) ¹⁾	103.57	100.18	96.70	94.71	92.73	90.37	86.85	90.75	89.36
Profit per ECC, majority ¹⁾	3.22	3.51	3.40	1.99	2.35	3.27	1.26	1.60	2.30
Price-Earnings Ratio ¹⁾	10.09	8.50	7.91	12.28	8.96	5.98	13.46	15.67	10.69
Price-Book Value Ratio ¹⁾	1.25	1.19	1.11	1.03	0.91	0.87	0.78	1.10	1.10

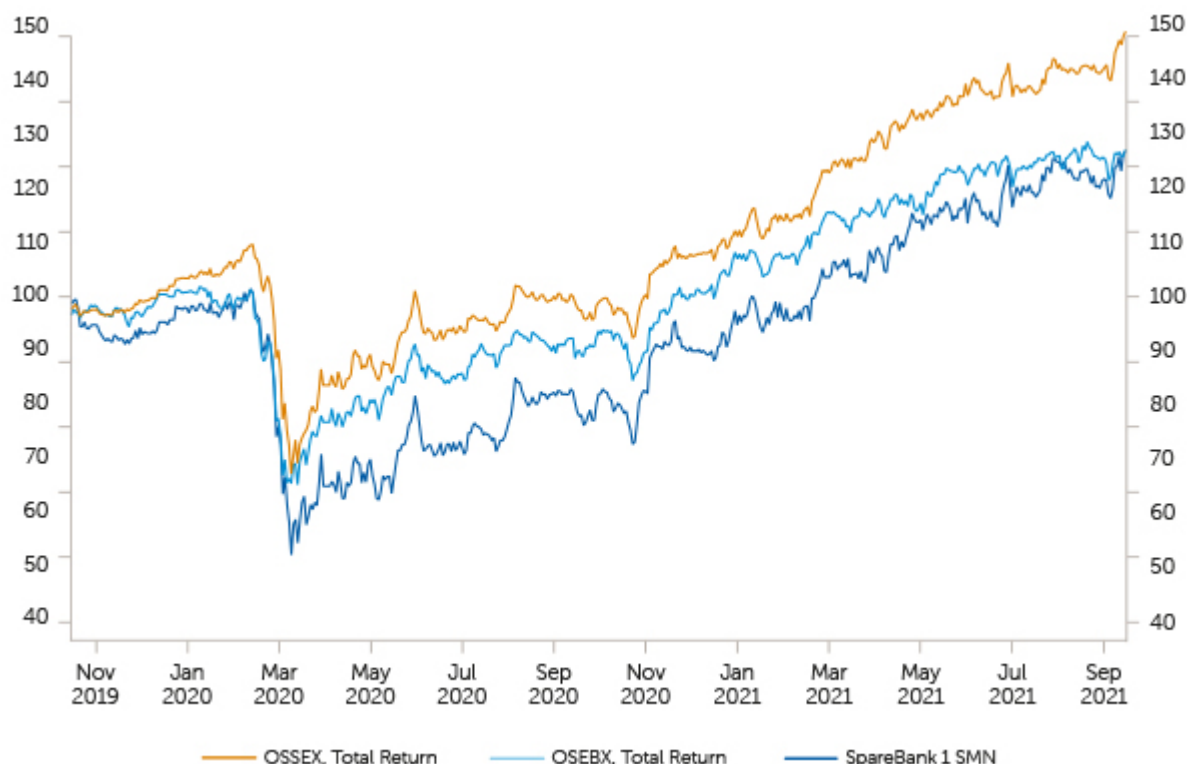
¹⁾ Defined as alternative performance measures, see attachment to the quarterly report

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

Equity capital certificates

Stock price compared with OSEBX and OSEEX

1 October 2019 to 30 September 2021

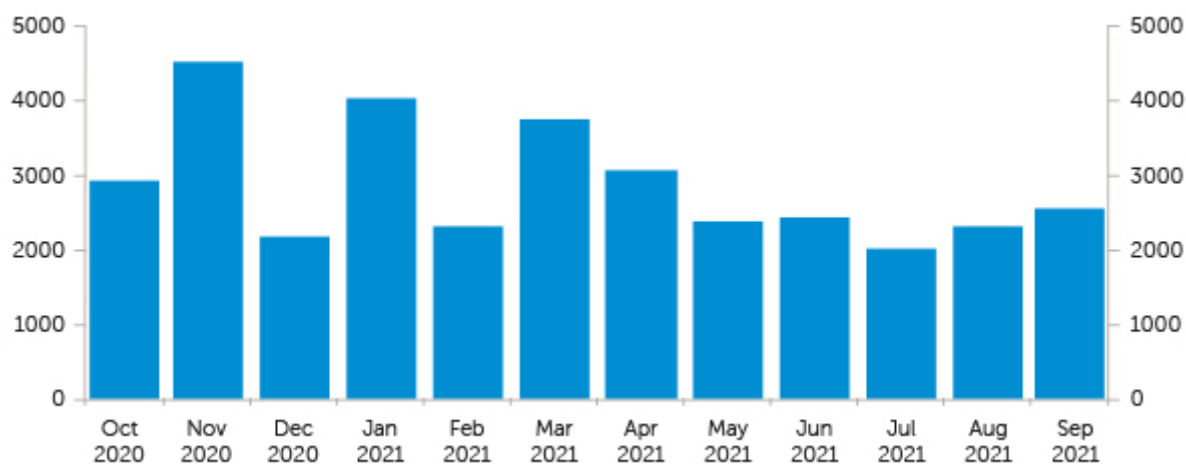


OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics

1 October 2020 to 30 September 2021



Total number of ECs traded (1000)

The 20 largest ECC holders	Antall	Andel
Sparebankstiftelsen SMN	3,965,391	3.05 %
State Street Bank and Trust Comp	3,761,355	2.90 %
VPF Odin Norge	3,342,919	2.57 %
VPF Alfred Berg Gambak	3,298,178	2.54 %
VPF Pareto aksje Norge	2,842,491	2.19 %
VPF Nordea Norge	2,687,980	2.07 %
Danske Invest norske aksjer intitusjon II.	2,623,268	2.02 %
State Street Bank and Trust Comp	2,326,968	1.79 %
J. P. Morgan Chase Bank, N.A., London	2,144,112	1.65 %
VPF Eika egenkapitalbevis	2,056,707	1.58 %
Forsvarets personellservice	1,942,946	1.50 %
Pareto Invest AS	1,908,316	1.47 %
J. P. Morgan Bank Luxembourg S.A.	1,424,264	1.10 %
J. P. Morgan Bank Luxembourg S.A.	1,405,297	1.08 %
MP pensjon PK	1,352,771	1.04 %
VPF Nordea kapital	1,328,941	1.02 %
J. P. Morgan Bank Luxembourg S.A.	1,304,855	1.00 %
Spesialfondet Borea utbytte	1,299,771	1.00 %
VPF Nordea avkastning	1,249,111	0.96 %
VPF Alfred Berg Norge	1,205,659	0.93 %
The 20 largest ECC holders in total	43,471,300	33.48 %
Others	86,365,143	66.52 %
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 30 September 2021, the statement of changes in equity and the cash flow statement for the nine-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 30 September 2021, and its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Trondheim, 28 October 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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