

Fourth Quarter Report 2022



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Main figures

From the income statement (NOKm)	Fourth quarter		January - December	
	2022	2021	2022	2021
Net interest	961	725	3,339	2,805
Net commission income and other income	473	521	2,042	2,141
Net return on financial investments	163	168	380	840
Total income	1,597	1,414	5,760	5,786
Total operating expenses	646	609	2,443	2,360
Results before losses	951	805	3,317	3,426
Loss on loans, guarantees etc	19	32	-7	161
Results before tax	932	773	3,324	3,266
Tax charge	210	103	718	563
Result investment held for sale, after tax	46	33	179	200
Net profit	768	703	2,785	2,902
Interest Tier 1 Capital	17	10	63	50
Net profit excl. Interest Tier 1 Capital	751	693	2,722	2,852

Balance sheet figures	31 Dec 2022	31 Dec 2021
Gross loans to customers	152,629	147,301
Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt	211,244	195,353
Deposits from customers	122,010	111,286
Average total assets	213,112	196,226
Total assets	223,312	198,845

Key figures	Fourth quarter		January - December	
	2022	2021	2022	2021
Profitability				
Return on equity ¹⁾	13.1 %	12.7 %	12.3 %	13.5 %
Cost-income ratio ¹⁾	40 %	43 %	42 %	41 %
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	80 %	76 %	80 %	76 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt ¹⁾	58 %	57 %	58 %	57 %
Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt) 1)	1.1 %	1.8 %	8.1 %	6.9 %
Growth in deposits last 12 months	1.2 %	1.5 %	9.6 %	14.1 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt				
Impairment losses ratio 1)	0.04 %	0.07 %	0.00 %	0.09 %
Stage 3 as a percentage of gross loans ¹⁾	0.97 %	1.68 %	0.97 %	1.68 %

Solidity	31 Dec 2022	31 Dec 2021
Capital ratio	23.1 %	21.6 %
Tier 1 capital ratio	20.9 %	19.6 %
Common equity Tier 1 capital ratio	18.9 %	18.0 %
Tier 1 capital	21,835	19,322
Total eligible capital	24,147	21,333
Liquidity Coverage Ratio (LCR)	239 %	138 %
Leverage Ratio	7.1 %	6.9 %

Branches and staff

Number of branches	40	40
No. Of full-time positions	1,432	1,390

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

²⁾ Historical numbers are restated after the reclassification of the subsidiary SpareBank 1 Markets to Investment held for sale. For more information see note 2.

Key figures ECC	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
ECC ratio	64 %	64 %	64 %	64.0 %	64.0 %
Number of certificates issued, millions ¹⁾	129.29	129.39	129.39	129.30	129.62
ECC share price at end of period (NOK)	127.40	149.00	97.60	100.20	84.20
Stock value (NOKM)	16,471	19,279	12,629	12,956	10,914
Booked equity capital per ECC (including dividend) ¹⁾	109.86	103.48	94.71	90.75	83.87
Profit per ECC, majority ¹⁾	12.82	13.31	8.87	12.14	9.97
Dividend per ECC	6.50	7.50	4.40	6.50	5.10
Price-Earnings Ratio ¹⁾	9.94	11.19	11.01	8.26	8.44
Price-Book Value Ratio ¹⁾	1.16	1.44	1.03	1.10	1.00

Report of the Board of Directors

Preliminary annual accounts 2022

Fourth quarter 2022

(Consolidated figures. Figures in parenthesis refer to the same period of 2021 unless otherwise stated)

- Profit before tax and business held for sale: NOK932m (773m)
- Net profit: NOK 768m (703m)
- Return on equity: 13.1 per cent (12.7 per cent)
- CET1 ratio: 18.9 per cent (18.0 per cent)
- Growth in lending: 1.1 per cent (1.8 per cent) and in deposits: 1.2 per cent (growth of 1.5 per cent)
- Lending to personal customers rose 1.0 per cent in the quarter (1.6 per cent), 0.2 percentage points lower growth than in the third quarter. Lending to corporate clients rose 1.4 per cent (2.1 per cent) which was 1.0 percentage point lower growth than in the third quarter
- Deposits from personal customers rose 1.4 per cent (1.4 per cent), compared with a decline of 1.9 per cent in the third quarter. Deposits from corporate clients rose 1.1 per cent (1.5 per cent), compared with a decline of 3.1 per cent in the third quarter
- Net result of ownership interests: NOK 195m (186m)
- Net result of financial instruments (incl. dividends): minus NOK 33m (minus 18m)
- Losses on loans and guarantees: NOK 19m (32m), 0.04 per cent of gross loans (0.07 per cent)
- Earnings per equity certificate (EC): NOK 3.53 (3.20). Book value per EC: NOK 109.86 (103.48)

Preliminary annual accounts 2022

- Profit before tax and business held for sale: NOK 3,324m (3,266m)
- Net profit: NOK 2,785m (2,902m)
- Return on equity: 12.3 per cent (13.5 per cent)
- Growth in lending: 8.1 per cent (6.9 per cent) and in deposits: 9.6 per cent (14.1 per cent)
- Growth in lending to personal customers was 6.7 per cent (6.8 per cent) and in lending to corporate clients 11.1 per cent (7.1 per cent)
- Lending to retail customers accounts for 67 per cent (68 per cent) of total lending
- Deposits from personal customers rose 8.4 per cent (9.8 per cent) and deposits from corporate clients rose 10.5 per cent (17.2 per cent)
- Net result of ownership interests: NOK 442m (705m)
- Net result of financial instruments (incl. dividends): minus NOK 61m (gain of 134m)
- Net recovery of losses on loans and guarantees: NOK 7m (loss of 161m), 0 per cent (0.09 per cent) of gross lending
- Earnings per EC: NOK 12.82 (13.31)
- The board of directors proposes a dividend of NOK 6.50 per EC (NOK 7.50) which is 50.7 per cent of the net profit, and a community dividend of NOK 474m (547m)

Events in the quarter

Signs of stabilising interest rates and inflation

Norges Bank raised its base rate to 2.50 per cent in November and to 2.75 per cent in December.

SpareBank 1 SMN has like other banks raised mortgage interest rates and deposit rates. At Norges Bank's interest rate meeting in January, which kept the base rate unchanged, the central bank indicated a base rate hike to 3.0 per cent in March 2023. This would leave the base rate close to the peak rate in Norges Bank's forecasting period.

The rate of annual growth in the consumer price index has slowed and the trend in core inflation is flat. The labour market remains tight, and activity levels in the Norwegian economy are high. At the same time there are signs that price growth and tighter monetary policy are reducing households' purchasing power. This is expected to impact on firms' activity in the period ahead. More customers turn to the bank for financial advice, but no increase in defaults has been observed so far.

According to SpareBank 1 SMN's economic barometer, Mid-Norwegian businesses' expectations for the future are at a low level. The risk trend in the corporate portfolio is nonetheless acceptable. Continued improvement is in evidence in the offshore segment, but increased risk is noted in the wider business sector due to high inflation and higher interest rates. Industries viewed as more exposed than others are construction and commercial property.

Merger with SpareBank 1 Søre Sunnmøre

The merger was approved by the general meeting of SpareBank 1 Søre Sunnmøre and the supervisory board of SpareBank 1 SMN in the year's final quarter. The Competition Authority cleared the merger transaction on 21 December 2022. The merger is scheduled for completion on 2 May 2023.

The overriding aim of the merged bank is to take its place as the leading banking actor in Sunnmøre and in Fjordane. A merged bank will provide greater competitive power, an increased presence and will be attractive to customers, employees and shareholders alike.

SpareBank 1 Markets

As from the fourth quarter of 2022 the subsidiary SpareBank 1 Markets is classified for accounting purposes as held for sale. The company's income and expenses are accordingly reclassified to the line 'Result investment held for sale' in the income statement. The group's profit remains unchanged. Historical figures are restated.

On 22 June 2022 SpareBank 1 SMN reported SpareBank 1 Markets' move to strengthen its focus in the capital market, SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge are to transfer their capital markets business to SpareBank 1 Markets, and are in addition buying into the company in the form of a cash payment. After completion of the transaction SpareBank 1 SMN will own 39.4 per cent and SpareBank 1 Markets will be treated as an affiliate. The transaction is dependent on approval from Finanstilsynet (the Financial Supervisory Authority) and the Competition Authority, and is scheduled to go ahead in March 2023.

Focus on sustainability at SpareBank 1 SMN Regnskapshuset

SpareBank 1 Regnskapshuset SMN has in the fourth quarter established a department for advisory services in the fields of sustainability reporting and climate accounting.

Event after 31 December 2022: Gross embezzlement of SpareBank 1 SMN's funds

On 19 January 2023 SpareBank 1 SMN reported a hired replacement employee to the police after falling victim to gross embezzlement. No customers are impacted. The police have arrested and charged the suspect, and the bank is actively involved in the ongoing investigation. The bank became aware of the offence itself and reported the matter to the Police and to Økokrim.

The police investigation and the bank's own enquiries show that the embezzlement totals NOK 75m. The accused returned about NOK 9m to SpareBank 1 SMN before his arrest. The net amount taken out of SpareBank 1 SMN is accordingly just over NOK 66m. Of this sum, NOK 15m has been secured. Based on the information now known to the police and the bank, about NOK 50m of the embezzled amount has been lost. Although the amount is substantial, it does not impact the bank's financial situation. SpareBank 1 SMN has insurance that covers financial crime, including embezzlement. The insurance has a deductible of NOK 5 million.

Results in the fourth quarter 2022

The fourth quarter net profit was NOK 768m (703m), and return on equity was 13.1 per cent (12.7 per cent). The net profit is NOK 151m higher than in the third quarter. The profit growth from the previous quarter is in all essentials due to increased net interest income at the bank and profit growth in SpareBank 1 Gruppen. The profit growth compared with last year's fourth quarter is largely ascribable to increased net interest income.

Earnings per equity certificate (EC) were NOK 3.53 (3.20) and the EC's book value was NOK 109.86 (103.48). In the third quarter of 2022 earnings per EC were NOK 2.89.

Net interest income totalled NOK 961m (725m), which is NOK 147m higher than in the third quarter and NOK 237m better than in the same quarter of 2021. Market interest rates have risen substantially and NIBOR was about 90 points higher in the fourth quarter of 2022 than in the third quarter and 250 points higher than in the fourth quarter of 2021. This has resulted in lower margins on loans and higher margins on deposits. Increased lending and deposits, along with higher return on equity, have strengthened net interest income.

Net commission and other income was reduced from the previous quarter by NOK 18m to NOK 473m (521m), essentially as a result of reduced commissions on loans sold to SpareBank 1 Boligkreditt. This is also the main reason for the decline compared with the fourth quarter 2021. Reduced commissions from SpareBank 1 Boligkreditt are due to lower margins on residential mortgages sold to the mortgage company.

The group's share of the results of related companies was NOK 195m (186m). In the third quarter the profit share was NOK 108m. SpareBank Gruppen recorded a positive profit performance.

Return on financial investments (incl. dividends) was minus NOK 33m (minus 18m) and in the third quarter minus NOK 22m.

Operating expenses came to NOK 646m (609m) and in the third quarter to NOK 583m. About half of the increase from the third quarter relates to costs of facilitating the planned merger with SpareBank 1 Søre Sunnmøre along with increased technology costs and consumption-related costs.

Losses on loans and guarantees were NOK 19m (32m) in the fourth quarter and in the third quarter NOK 22m.

2022 saw good growth in lending and deposits. Overall lending grew by 8.1 per cent (6.9 per cent) and deposits by 9.6 per cent (14.1 per cent). In the fourth quarter lending growth was 1.1 per cent (1.8 per cent) and deposit growth 1.2 per cent (1.5 per cent). Personal and corporate deposits both increased in the fourth quarter.

As at 31 December 2022 the CET1 ratio was 18.9 per cent (18.0 per cent), a decline of 0.3 percentage points from the previous quarter. The CET1 ratio target is 17.2 per cent.

Earnings per EC were NOK 12.82 (13.31). The book value was NOK 109.86 (103.48) per EC including the proposed dividend for 2022 of NOK 6.50 (NOK 7.50).

The price of the bank's equity certificate (MING) at year-end was NOK 127.40 (149.00).

Proposed distribution of net profit

It is the group's results exclusive of interest on hybrid capital, along with non-controlling ownership interests' share of the profit, which comprise the basis for distribution of the net profit for the year; the distribution is done at the parent bank.

The net profit is distributed between the ownerless capital and the equity certificate (EC) capital in proportion to their relative shares of the bank's total equity, such that dividends and the allocation to the dividend equalisation fund constitute 64.0 per cent of the distributed profit.

Earnings per equity certificate were NOK 12.82. In keeping with the bank's dividend policy, the board of directors recommends the bank's supervisory board to declare a cash dividend of NOK 6.50 per EC, altogether totalling NOK 840m. This makes for a payout ratio of 50.7 per cent. The board of directors further recommends an allocation of NOK 474m to community dividend.

Of this amount NOK 230m is to be transferred to non-profit causes and NOK 244m to the foundation Sparebankstiftelsen SMN. NOK 781m and NOK 440m are to be transferred to the dividend equalisation fund and the ownerless capital respectively.

Difference between Group - Parent Bank	2022	2021
Profit for the year, Group	2,785	2,902
Interest hybrid capital (after tax)	-60	-48
Profit for the year excl interest hybrid capital, group	2,725	2,854
Profit, subsidiaries	-479	-693
Dividend, subsidiaries	422	309
Profit, associated companies	-443	-705
Dividend, associated companies	224	418
Group eliminations	-15	11
Profit for the year excl interest hybrid capital, Parent bank	2,434	2,194
Distribution of profit	2022	2021
Profit for the year excl interest hybrid capital, Parent bank	2,434	2,194
Transferred to/from revaluation reserve	101	68
Profit for distribution	2,535	2,262
Dividends	840	970
Equalisation fund	781	476
Saving Bank's fund	440	268
Gifts	474	547
Total distributed	2,535	2,262

The parent bank's disposable profit includes dividends received from subsidiaries, related companies and joint ventures, and is adjusted for interest expenses on hybrid capital after tax.

Subsidiaries are fully consolidated in the group accounts, whereas profit shares from related companies and joint ventures are consolidated using the equity method. Dividends are accordingly not included in the group results.

The net annual profit for distribution reflects changes of NOK 101m in the unrealised gains reserve.

The total amount for distribution is accordingly NOK 2,535m.

After distribution of the profit for 2022, the ratio of EC capital to total equity remains 64.0 per cent.

Increased net interest income

Norges Bank raised its base rate to 2.75 per cent in December 2022. Market interest rates in terms of NIBOR have risen substantially, and were approximately 3.30 per cent at end-2022 compared with 0.85 per cent at end-2021. The bank has raised mortgage and deposit rates in step with the changes in the base rate, most recently with effect from 21 December 2022. A further increase is announced with effect from 1 February 2023 following Norges Bank's base rate hike on 15 December 2022.

Net interest income totalled NOK 961m (725m) compared with NOK 814m in the third quarter. Margins on residential mortgages were at the same level in the fourth quarter as in the third quarter, while margins on corporate borrowing rose. Margins on deposits by personal customers also rose.

An increased deposit margin, growth in lending and deposits along with increased return on equity, strengthened net interest income in the fourth quarter as in the third quarter. These are also the main reasons for the change compared with the same quarter of 2021.

Commission income and other operating income

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

Commission income (NOKm)	4Q 22	3Q 22	4Q 21
Payment transfers	91	91	78
Creditcard	15	15	15
Saving products	11	9	13
Insurance	60	60	55
Guarantee commission	25	16	23
Real estate agency	94	105	100
Accountancy services	127	115	114
Other commissions	14	12	17
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	438	424	416
Commissions SB1 Boligkreditt	32	63	102
Commissions SB1 Næringskreditt	4	4	3
Total commissions	473	491	521

Commission income and other operating income totalled NOK 473m (521m) compared with NOK 491m in the third quarter of 2022.

Commission income on loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt altogether totalled NOK 36m (105m). In the third quarter of 2022 commissions came to NOK 67m. The decline in the fourth quarter 2022 compared with the preceding quarter and the fourth quarter 2021 is due to higher funding costs at SpareBank 1 Boligkreditt.

Other commission income totalled NOK 438m (416m) compared with NOK 424m in the third quarter. The increase of NOK 14m from the third quarter relates mainly to accounting services and guarantee commissions, at the same time as income from estate agency services was reduced in the quarter due to a somewhat hesitant housing market.

Return on financial investments

Return on financial investments in the fourth quarter was minus NOK 52m (minus 19m) and in the third quarter minus NOK 30m. The group's shareholdings showed a capital loss of NOK 23m (gain of 15m). Financial instruments, including bonds and CDs, showed a capital loss of NOK 55m (loss of 59m). The losses are ascribable to falling basis swap values, which are partially offset by changed credit margins on the bank's liquidity holdings. Income of NOK 25m (25m) from forex transactions refers to corporate clients' currency trading and agio on the bank's funding in foreign currencies.

	4Q 22	3Q 22	4Q 21
Capital gains/losses shares	-23	-67	15
Gain/(loss) on financial instruments	-55	6	-59
Foreign exchange gain/(loss)	25	30	25
Net return on financial instruments	-52	-30	-19

Product companies and other related companies

The product companies provide SpareBank 1 SMN with a broad product range and commission income along with return on invested capital. The overall profit share from the product companies and other related companies was NOK 195m (186m). In the third quarter the figure was NOK 108m.

Income from investment in associated companies (NOKm)	4Q 22	3Q 22	4Q 21
SpareBank 1 Gruppen (19.5%)	128	17	173
SpareBank 1 Boligkreditt (22.6%)	-1	10	-2
SpareBank 1 Næringskreditt (16.3%)	2	0	0
BN Bank (35.0 %)	54	53	42
SpareBank 1 Kreditt (18.7 %)	0	3	2
SpareBank 1 Betaling (20.8%)	22	-3	-9
SpareBank 1 Forvaltning (19.6%)	5	10	12
Other companies	-15	19	-32
Income from investment in associated companies	195	108	186

SpareBank 1 Gruppen

The company owns 100 per cent of the shares of SpareBank 1 Forsikring, SpareBank 1 Factoring and SpareBank 1 Spleis. SpareBank 1 Gruppen owns 65 per cent of the non-life insurer Fremtind. The company also owns 50 per cent of Kredinor.

SpareBank 1 Gruppen's profit after tax for the fourth quarter of 2022 was NOK 752m (1.080m) and in the third quarter of 2022 NOK 207m. NOK 657m of the post-tax profit of NOK 752m accrues to the majority owners of SpareBank 1. Return on equity in the quarter was 20.8 per cent (29.6 per cent).

The group's share of SpareBank 1 Gruppen's profit was NOK 128m (173m) and in the third quarter of 2022 NOK 17m.

Fremtind Forsikring posted a fourth quarter profit of NOK 272m (550m) after tax. The quarter's underwriting result was NOK 137m (450m) and the claims ratio 71.1 per cent (60.2 per cent). The claims ratio rose partly as a result of an increase in the number of fires in December 2022. Financial incomes proved relatively low in the fourth quarter in a weak equities market, and property value adjustments made a negative contribution.

SpareBank 1 Forsikring reported a profit of NOK 173m (524m) after tax in the fourth quarter of 2022. The administration profit was minus NOK 26m (206m). In last year's fourth quarter a substantial income recognition of administration reserves was undertaken. The underwriting risk result was NOK 95m (48m). The quarter's return on financial assets came to NOK 104m (270m).

On 30 September 2022 Finanstilsynet gave permission for Modhi and Kredinor to merge with effect from 1 October 2022. As of the same date SpareBank 1 Gruppen made an in-kind contribution of Modhi valued at NOK 1.7bn and participated in a stock issue of NOK 117m. This entailed SpareBank 1 Gruppen becoming the owner of 50 per cent of the shares of the newly merged Kredinor. Modhi is accordingly no longer a subsidiary of SpareBank 1 Gruppen. The derecognition of Modhi brought a gain of NOK 382m. Kredinor is treated for accounting purposes as a joint venture as from 1 October 2022. A deficit of NOK 43m after tax was recognised in the fourth quarter of 2022.

SpareBank 1 Forvaltning

The company was established in 2021 to strengthen the SpareBank 1 banks' competitive power in the savings market. Odin Forvaltning, SpareBank 1 Kapitalforvaltning, SpareBank 1 SR Forvaltning and

SpareBank 1 Verdipapirservice make up the SpareBank 1 Forvaltning group. SpareBank 1 SMN owns 19.6 per cent of the company, and the profit share in the fourth quarter was NOK 5m (12m) and in the third quarter NOK 10m

SpareBank 1 Boligkreditt

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

As at 31 December 2022 the bank had sold loans totalling NOK 56.9bn (46.7bn) to SpareBank 1 Boligkreditt, corresponding to 40.1 per cent (35.1 per cent) of the bank's overall lending to retail borrowers.

The bank's share of the company's profit was minus NOK 1m (minus 2m).

SpareBank 1 Næringskreditt

SpareBank 1 Næringskreditt was established along the same lines and with the same administration as SpareBank 1 Boligkreditt. As at 31 December 2022, loans worth NOK 1.7bn (1.4bn) had been sold to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's share of the profit was NOK 2m (0m).

SpareBank 1 Kreditt

SpareBank 1 SMN's share of the fourth quarter profit was minus NOK 0.3m (profit of 1.6m). SpareBank 1 SMN customers' portfolio of credit cards and consumer loans totalled NOK 1.248m (998m) and its stake was 18.7 per cent.

In the fourth quarter the company recorded a deficit of NOK 6.9m (profit of 10.8m). The decline was down to higher marketing costs and increased losses. As at 31 December 2022 the company's overall portfolio was worth NOK 7.3bn (5.8bn). The growth is in all essentials ascribable to refinancing loans.

BN Bank

BN Bank offers residential mortgage loans and loans to commercial property and its main market is Oslo and south-eastern Norway. BN Bank showed good growth of 10.0 per cent in lending to personal customers in 2022 (13.8 per cent) and growth of 0.1 per cent in the fourth quarter (3.5 per cent). The growth in lending to corporate clients was 10.3 per cent in 2022 (6.3 per cent) and 2.7 per cent in the last quarter (decline of 0.7 per cent). Total outstanding loans come to NOK 57bn (52bn).

BN Bank recorded a profit of NOK 160m (121m) in the fourth quarter, providing a return on equity of 12.1 per cent (10.5 per cent). Increased net interest income and commission income explain the profit growth. SpareBank 1 SMN's share of BN Bank's profit is NOK 54m (42m).

SpareBank 1 Betaling

SpareBank 1 Betaling is the SpareBank 1 banks' parent company in Vipps AS. On 30 June 2021 Vipps entered an agreement to merge Vipps' mobile payments arm with Danish MobilePay and Finnish Pivo which opens the way for cross-border mobile payments. In the third quarter 2022 it became clear that the merger would proceed without Pivo after the European Commission raised concerns about the consolidation of mobile wallets in Finland.

The companies received the European Commission's approval in the fourth quarter 2022, but the merger is still pending. In parallel with the merger, BankAxept and BankID will be spun off from Vipps to become a new Norwegian-owned company which will continue to be wholly owned by the Norwegian banks.

SpareBank 1 SMN's share of the profit was NOK 22m (minus 9m) in the fourth quarter.

Operating expenses

Operating expenses (NOKm)	4Q 22	3Q 22	4Q 21
Staff costs	333	348	342
IT costs	100	84	87
Marketing	24	18	21
Ordinary depreciation	33	26	35
Operating expenses, real properties	9	17	9
Purchased services	53	48	43
Merger expenses	22	0	0
Other operating expense	73	42	72
Total operating expenses	646	583	609

Overall expenses in the fourth quarter came to NOK 646m (609m), an increase of NOK 37m compared with the same period of 2021. Overall expenses in the third quarter were NOK 583m.

The bank recorded expenses of NOK 416m (368m) and in the previous quarter NOK 369m. Expenses at the bank rose by NOK 47m from the third to fourth quarter. Half of the growth in expenses relates to facilitation of the mergers with SpareBank 1 Søre Sunnmøre. There was also some increase in technological costs, increased use of consultants and higher consumption-related costs.

Some cost growth is also noted at SpareBank 1 Regnskapshuset SMN and at EiendomsMegler 1 Midt-Norge compared with the third quarter 2022.

The cost-income ratio was 40 per cent (43 per cent) for the group, 35 per cent (40 per cent) for the parent bank.

Low losses

Losses on loans totalled NOK 19m (32m) and in the third quarter NOK 22m.

Impairment losses (NOKm)	4Q 22	3Q 22	4Q 21
RM	31	17	4
CM	-12	5	27
Total impairment losses	19	22	32

A loss of NOK 31m was recorded on loans to retail customers (4m), breaking down to NOK 12m on residential mortgage borrowers, NOK 15m on agricultural customers and NOK 4m on retail customers of SpareBank 1 Finans Midt-Norge. The losses in fourth quarter is mainly due to negative migration in the portfolio. The actual losses in the retail market is still very low.

A net recovery of NOK 12m was recorded on loans to corporates (loss of NOK 27m), including a net recovery of NOK 60m (net recovery of NOK 27m) in the offshore portfolio and increased losses of NOK 48m

on loans to other business and industry. NOK 44m of the latter figure is in the bank and is distributed across a wide range of customers and segments as a result of migration to Stage 2. Losses on loans measure 0.04 per cent (0.07 per cent) of total outstanding loans.

In light of improved market prospects for the offshore industry a higher level of freight rates is employed in our impairment simulations for the offshore portfolio. Moreover, the downside scenario weighting is reduced for supply and subsea. This contributes significantly to lower impairments. Further, the singular treatment of clients in the hotel/tourism industry no longer applies. In the case of other corporates and personal customers no changes are made in scenario weights. The PD path for other corporates is raised early in the simulation period in the downside scenario, contributing to somewhat larger impairment write-downs.

Overall impairment write-downs on loans and guarantees total NOK 1,188m (1,520m).

Overall problem loans (Stage 3) come to NOK 2,044m (3,290m) corresponding to 0.97 per cent (1.68 per cent) of gross outstanding loans, including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Much of the decline is due to the fact that a large offshore exposure completed its quarantine period in the second quarter 2022.

Total assets of NOK 223bn

The bank's total assets were NOK 223bn (199bn), having risen as a result of higher lending and higher liquidity holdings.

Loans totalling NOK 59bn (48bn) have been sold from SpareBank 1 SMN to SpareBank 1 Boligkreditt and to SpareBank 1 Næringskreditt. These loans do not figure as loans in the bank's balance sheet. The comments covering lending growth take into account loans sold.

Lending

Total outstanding loans rose in 2022 by NOK 15.9bn (12.6bn), corresponding to 8.1 per cent (6.9 per cent), and stood at NOK 211.2bn (195.4bn) at year-end. Growth in the fourth quarter was 1.1 per cent (1.8 per cent).

- Lending to personal customers rose by NOK 8.9bn (8.4bn) to NOK 141.8bn (132.9bn) in the last 12 months. Growth in the period was 6.7 per cent (6.8 per cent). In the fourth quarter growth was 1.0 per cent (1.6 per cent)
- Lending to corporate clients rose by NOK 7.0bn (4.1bn) to NOK 69.4bn (62.5bn) in the last 12 months. Growth in the period was 11.1 per cent (7.1 per cent). Growth in the fourth quarter was 1.4 per cent (2.1 per cent)
- Lending to personal customers accounted for 67 per cent (68 per cent) of total outstanding loans to customers.

Good, albeit somewhat diminishing, growth is noted in lending to personal customers. Growth has over time exceeded credit growth to households (C2), and the group is strengthening its market position. The growth in lending to corporate clients is largely to small and medium-sized businesses throughout the market area. The growth is distributed across a number of segments, and industry and single name concentrations are avoided.

(For distribution by sector, [see note 5](#))

Deposits

Customer deposits rose in 2022 by NOK 10.7bn (13.8bn) to NOK 122.0bn (111.3bn). This represents a growth of 9.6 per cent (14.1 per cent). Growth in the fourth quarter was 1.2 per cent (1.5 per cent).

- Personal deposits rose by NOK 3.7bn (4.0bn) to NOK 48.3bn (44.6bn), corresponding to 8.4 per cent (9.8 per cent). In the fourth quarter growth was 1.4 per cent (1.4 per cent)
- Corporate deposits rose by NOK 7.0bn (9.8bn) to NOK 73.7bn (66.7bn), corresponding to 10.5 per cent (17.2 per cent). In the fourth quarter growth was 1.1 per cent (1.5 per cent)
- The deposit-to-loan ratio including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 58 per cent (57 per cent).

Deposit growth has been very high due to the pandemic, but normalised in 2022. Deposits are an important funding source for the bank, and the bank has made plans to strengthen deposit growth in the personal market.

(For distribution by sector, see [note 9](#)).

Personal customers

RM, Result before tax (NOKm)	4Q 22	3Q 22	4Q 21
Personal market	371	322	288
EiendomsMegler 1	-6	12	1

The Personal Banking Division and EiendomsMegler 1 Midt-Norge offer a broad range of financial services. Improved coordination between the bank and the real estate agency business affords customers a better service offering and contributes to increased growth and profitability.

Profit and loss account (NOKm)	4Q 22	3Q 22	4Q 21
Net interest	476	367	306
Comission income and other income	176	208	225
Total income	651	575	531
Total operating expenses	253	241	244
Ordinary operating profit	398	334	288
Loss on loans, guarantees etc.	27	11	0
Result before tax including held for sale	371	322	288
Balance			
Loans and advances to customers	147,426	145,433	137,672
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-57,134	-57,299	-46,821
Deposits to customers	54,930	54,458	50,691
Key figures			
Return on equity per quarter *)	16.2 %	14.7 %	12.8 %
Lending margin	0.39 %	0.39 %	1.25 %
Deposit margin	2.19 %	1.67 %	0.43 %

*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 17.2 percent to be in line with the capital plan

The **Personal Banking Division** achieved a pre-tax profit of NOK 371m (288m), and NOK 322m in the previous quarter.

Loans granted by the Personal Banking Division total NOK 147bn (138bn) and deposits total NOK 55bn (51bn). These are loans to and deposits from wage earners, agricultural customers and sole proprietorships.

Operating income posted by the division totalled NOK 651m (531m) and NOK 575 in the previous quarter. Net interest income accounted for NOK 476m (306m) and NOK 367m in the third quarter. Commission income totalled NOK 176m (225m) and NOK 208m in the previous quarter. Net interest income has risen compared with the fourth quarter of 2021 as a result of growth and a strengthened deposit margin, while lower margins on loans have weakened net interest income and commissions from SpareBank 1 Boligkreditt.

The lending margin was 0.39 per cent (1.25 per cent) and in the third quarter of 2022 also 0.39 per cent. The deposit margin was 2.19 per cent (0.43 per cent) and 1.67 per cent in the previous quarter (measured against three-month NIBOR). The market interest rate in terms of three-month NIBOR rose from the third quarter of 2022 by about 90 basis points which strengthened the deposit margin in the fourth quarter.

Lending to and deposits from personal customers grew by 7.1 per cent (6.6 per cent) and 8.4 per cent (6.8 per cent) respectively in the last 12 months. In the fourth quarter growth in lending and deposits came to 1.4 per cent (1.7 per cent) and 0.9 per cent (1.6 per cent) respectively.

Lending to personal customers consistently carries low risk, as reflected in continued low losses. The loan portfolio is largely secured by residential property. Loan losses of NOK 27m (11m) were recorded in the fourth quarter 2022.

Eiendomsmegler 1 Midt-Norge is the market leader in Trøndelag and in Møre and Romsdal. Operating income came to NOK 93m in the fourth quarter (100m) and expenses totalled NOK 100m (100m), bringing a pre-tax profit of minus NOK 6m (0m). Weakly falling house prices due to higher mortgage interest rates were a feature of the second half of 2022 in which the transaction volume also fell slightly compared with the previous year. 1,486 properties were sold in the fourth quarter compared with 1,773 in the same period of 2021. The company's market share at 31 December 2022 was 37 per cent (36 per cent).

Corporate customers

CM, Result before tax (NOKm)	4Q 22	3Q 22	4Q 21
Corporate banking	443	322	229
SpareBank 1 Regnskapshuset SMN (88.7%)	20	22	3
SpareBank 1 Finans Midt-Norge (56.5%)	51	44	45

The corporate business at SpareBank 1 SMN consists of the bank's corporate banking arm, SpareBank 1 Regnskapshuset SMN and SpareBank 1 Finans Midt-Norge. These business lines service business and industry with a complete range of accounting, banking and capital market services.

CM, Profit and loss account (NOKm)	4Q 22	3Q 22	4Q 21
Net interest	458	361	291
Comission income and other income	85	75	78
Total income	544	436	370
Total operating expenses	119	114	120
Ordinary operating profit	425	322	249
Loss on loans, guarantees etc.	-19	1	20
Result before tax including held for sale	443	322	229
Balance			
Loans and advances to customers	51,822	52,047	47,585
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-1,481	-1,354	-1,231
Deposits to customers	62,920	62,638	59,619
Key figures			
Return on equity per quarter *)	26.0 %	18.4 %	13.5 %
Lending margin	2.23 %	2.05 %	2.39 %
Deposit margin	0.47 %	0.27 %	-0.16 %

*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 17.2 percent to be in line with the capital plan

The **Corporate Banking Division** achieved a pre-tax profit of NOK 443m (NOK 229m) and NOK 322m in the fourth quarter of 2022. Lower losses strengthen the profit performance.

Outstanding loans to corporates totalled NOK 52bn (46bn) and deposits totalled NOK 63bn (60bn) as at 31 December 2022. This is a diversified portfolio of loans to and deposits from corporate clients in Trøndelag and Møre and Romsdal.

Operating income came to NOK 544m (370m) and NOK 436m in the third quarter. Net interest income was NOK 458m (291m) and NOK 361m in the third quarter. Commission income totalled NOK 85m (78m) compared with NOK 75m in the third quarter. Lending margins increased in the quarter while deposit margins were at the same level as the previous quarter. Increased loan and deposit volumes have strengthened the earnings base. Good growth in commission income refers to increased guarantee commissions and payments incomes.

The lending margin was 2.23 per cent (2.39 per cent) and the deposit margin was 0.47 per cent (minus 0.16 per cent). Lending growth in 2022 was 8.9 per cent (6.1 per cent) while deposits rose 5.5 per cent (20.6 per cent). Lending growth in the quarter was minus 0.4 per cent (growth of 1.6 per cent) and deposit growth was 0.4 per cent (1.0 per cent).

A net recovery of NOK 19m was recorded on loans to the bank's corporate clients (loss of 20m) and NOK 1m in the third quarter.

SpareBank 1 SMN and SpareBank 1 Regnskapshuset SMN each have a large proportion of businesses in the market area as customers. Development of the customer offering aims to ensure that customers see the added value of being a customer of both the bank and Regnskapshuset.

As a result of the strengthened focus on SMBs, many new customers have opted for SpareBank 1 SMN as their bank in 2022 and 2021. Corporate customers have strong links with the bank and customer turnover is extremely low.

SpareBank 1 Finans Midt-Norge delivered a pre-tax profit of NOK 51m (45m). The company's focal areas are leasing and invoice purchasing services to businesses and car loans to personal customers.

The company's incomes totalled NOK 87m (93m). Costs in the fourth quarter of 2022 totalled NOK 25m (35m). Losses totalled NOK 11m (12m).

The company has leasing agreements with and loans to corporate customers worth a total of NOK 5.2bn (4.2bn) and car loans worth NOK 7.0bn (6.0bn). Growth in 2022 was 23.8 per cent and 16.7 per cent respectively.

SpareBank 1 Finans Midt-Norge and other SpareBank 1 banks own 47 per cent of the shares of the car subscription company Fleks. Fleks offers flexible car subscription solutions. Along with electrification of the car population, the car subscription system makes for reduced emissions. Fleks currently has 3,000 cars and is the market leader in Norway. SpareBank 1 Finans Midt-Norge recognised a profit share from Flex of minus NOK 5m in the fourth quarter (plus 6m).

SpareBank 1 Regnskapshuset SMN posted a pre-tax profit of NOK 20m (3m). Operating income was NOK 139m (122m) and expenses were NOK 119m (118m).

The company is making a considerable change to its business model involving digitalisation and a revamp of its organisation. Modern cloud-based subscription solutions are offered along with a broad range of accounting advisory services.

The company acquired five accountancy firms in 2022 with a view to expanding its presence in the company's catchment area, and achieved organic turnover growth of 8 per cent.

Customer recruitment has risen accompanied by a reduction in customer turnover. Income from advisory services rose 22 per cent in 2022 and a large number of companies had switched to modern cloud-based accounting systems by year-end.

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

SpareBank 1 Markets is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It employs 160 FTEs.

SpareBank 1 Markets' pre-tax profit was NOK 70m (51m).

Activity levels in the respective business lines were high in the quarter. The market in particular for advisory services and to some extent for management of stock issues has picked up compared with the previous quarter, providing good incomes for Investment Banking but to a lesser degree for stockbroking. Earnings from fixed income and forex business were on the increase. Overall incomes came to NOK 251m (215m). Operating expenses totalled NOK 116m (108m).

SpareBank 1 Markets has developed into one of the largest Norwegian brokerages with a strong position in several product areas, and is the leading capital market unit in SpareBank 1 SMN's market area. The announced amalgamation of the capital market units of SpareBank 1 Markets, SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge is under preparation and is expected to contribute to higher and more diversified earnings. The merger is currently scheduled to take place in March 2023, but this is dependent on the government authorities' process.

SpareBank 1 SMN Invest

The company owns shares in regional businesses. The portfolio is managed together with other long-term shareholdings of the bank and will be scaled down.

The pre-tax profit was minus NOK 21m (minus 4m) and in the previous quarter minus NOK 30m.

The company held shares worth NOK 580m (592m) as at 31 December 2022.

At 31 December 2022

Good profit

SpareBank 1 SMN reports a net profit of NOK 2,785m (2,902m), and a return on equity of 12.3 per cent (13.5 per cent). The profit is NOK 117m lower than in 2021 due to weaker results from SpareBank 1 Gruppen and weak return on financial investments. At the same time operating income has risen and losses have fallen. Earnings per equity certificate were NOK 12.82 (13.31).

Net interest income came to NOK 3,339m (2,805m). Average NIBOR in 2022 was about 160 basis points higher than in the previous year, and Norges Bank raised its base rate to 2.75 per cent over the year. Lending margins were on average reduced by about 65 basis points compared with 2021, while deposit margins rose about 80 points. Both loans and deposits have risen, which together with higher return on equity has strengthened net interest income.

Net commission income was NOK 2,042m (2,141m). The income decline of NOK 99m is mainly explained by reduced commissions from Boligkreditt resulting from lower margins on loans sold to the company. Increased income was achieved on payment, insurance and accounting services.

Return on financial investments (incl. dividends) was minus NOK 61m (gain of 134m). The decline is ascribable to reduced return on the group's equity portfolios and weak return on the liquidity holding.

The result from related companies was NOK 442m (705m). The insurance businesses in

SpareBank 1 Gruppen show a decline in profit while BN Bank reports profit growth.

Operating expenses totalled NOK 2,443m (2,360m), an increase of NOK 83m or 3.5 per cent. Of this figure, NOK 22m refers to costs of the planned merger with SpareBank 1 Søre Sunnmøre.

A net recovery of NOK 7m was recorded on loan losses (161m). On loans to corporate clients there was a net recovery of NOK 51m (159m). Lower losses in the offshore segment explain much of the reduction. Loans to personal customers saw a net loss of NOK 44m (1m).

Lending grew 8.1 per cent (6.9 per cent). Growth in lending to personal customers was 6.7 per cent (6.8 per cent). Lending to corporate clients increased by 11.1 per cent (7.1 per cent).

Deposits rose 9.6 per cent (14.1 per cent). Deposits from personal customers rose 8.4 per cent (9.8 per cent) while deposits from corporate clients rose 10.5 per cent (17.2 per cent).

Personal customers

Result before tax	Jan- Dec 2022	Jan- Dec 2021
Personal market	1,296	1,167
EiendomsMegler 1 Midt-Norge (87%)	58	71

The bank's **personal banking arm** achieved a pre-tax profit of NOK 1,296m (1,167m) in 2022. Return on capital employed in the retail segment was 13.6 per cent (13.4 per cent).

Overall operating income came to NOK 2,283m (2,074m). Net interest income accounted for NOK 1,491m (1,165m) and commission income for NOK 792m (908m). Commission income is weakened mainly as a result of lower commissions from SpareBank 1 Boligkreditt, but incomes from payments services and insurance products concurrently rose.

Growth in lending to and deposits from the personal segment was 7.1 per cent (6.6 per cent) and 8.4 per cent (6.8 per cent) respectively in the last 12 months.

The lending margin was 0.72 per cent (1.53 per cent), while the deposit margin was 1.34 per cent (0.13 per cent) measured against three-month NIBOR. Lending margins were reduced by about 80 basis points in 2022 while deposit margins increased by about 120 basis points.

Loan losses of NOK 29m were recorded (recovery of NOK 10m).

EiendomsMegler 1 Midt-Norge. Operating income was NOK 429m (453m), while operating expenses were NOK 371m (382m). EiendomsMegler 1 Midt-Norge's pre-tax profit was NOK 58m (71m). Somewhat lower activity in the housing market in 2022 resulted in 6,887 property sales in 2022 compared with 7,771 in 2021.

Corporate customers

Result before tax	Jan-Dec 2022	Jan-Dec 2021
Corporate banking	1,403	795
SpareBank 1 Regnskapshuset SMN (88.7%)	96	85
SpareBank 1 Finans Midt-Norge (56.5%)	191	198

The bank's **corporate banking arm** achieved a pre-tax profit of NOK 1,403m (795m) in 2022. The profit improvement is due to good growth, a strong increase in operating income and lower losses. Return on capital employed for the corporate segment was 20.8 per cent (11.5 per cent).

Operating income was NOK 1,804m (1,386m). Net interest income came to NOK 1,505m (1,120m) and commission income (including income from forex business) to NOK 299m (266m).

Lending increased by 10.2 per cent (7.4 per cent) and deposits by 5.5 per cent (20.6 per cent) in 2022.

The lending and deposit margins were 2.31 per cent (2.61 per cent) and 0.15 per cent (minus 0.29 per cent) respectively. Lending margins were reduced by 30 basis points in 2022 while deposit margins increased by 44 points.

A net recovery of NOK 66m was recorded on losses in the bank's corporate segment (loss of 145m).

SpareBank 1 Finans Midt-Norge reported a pre-tax profit of NOK 191m (198m).

The company's earnings totalled NOK 329m (364m). Expenses as at 31 December 2022 came to NOK 108m (141m). Losses were NOK 30m (25m).

SpareBank 1 Regnskapshuset SMN achieved a pre-tax profit of NOK 96m (85m). Operating income was NOK 607m (562m) and expenses were NOK 511m (476m).

SpareBank 1 Markets' pre-tax profit for 2022 was NOK 206m (254m). The company's incomes in 2022 totalled NOK 780m (901m) while expenses came to NOK 574m (633m). High activity in the business lines generated high incomes in 2021 and 2022 alike.

Good funding and liquidity

Price growth accelerated through 2022. Central banks have raised base rates substantially in a short space of time and signalled further rate increases. Rapid price growth and higher interest rates have served to dampen economic activity. There are now signs that price growth has peaked in many countries. In the fourth quarter activity in the Norwegian economy remained high and the labour market was tight. Many businesses anticipate lower activity ahead. Uncertainty as to growth and inflation prospects and the geopolitical situation has contributed to substantial fluctuations in financial markets over the year. Credit spreads have risen markedly, but narrowed somewhat towards the end of the year.

The bank is in a good liquidity position and has ample access to long-term funding.

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 bank is required 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 was 239 per cent as at 31 December 2022 (138 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 31 December 2022 was 58 per cent (57 per cent).

The bank's funding sources and products are amply diversified.

SpareBank 1 Boligkreditt and Næringskreditt are the bank's most important funding sources, and loans totalling NOK 57bn (48bn) had been sold to these mortgage companies as at 31 December 2022.

In the fourth quarter the bank issued senior debt worth NOK 1.8bn and hybrid capital worth NOK 700m. As at 31 December 2022 SpareBank 1 SMN held NOK 7.1bn in senior non-preferred debt (MREL), SpareBank 1 SMN will meet the MREL requirements by the end of 2023.

Rating

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

Financial soundness

The CET1 ratio at 31 December 2022 was 18.9 per cent (18.0 per cent). The CET1 requirement is 15.4 per cent, including combined buffer requirements and a Pillar 2 requirement of 1.9 per cent. Finanstilsynet set a new Pillar 2 requirement for SpareBank 1 SMN on 30 April 2022. The 1.9 per cent rate is unchanged, but the bank is subject to a provisional add-on of 0.7 per cent to its Pillar 2 requirement until its application for adjustment of IRB models has been processed.

Finanstilsynet has resolved that SpareBank 1 SMN is to have a Pillar 2 guidance of 1.25 per cent over and above overall capital requirements. This brings the bank's long-term CET1 ratio target to 17.2 per cent.

The CET1 ratio shows a 0.3 percentage point decline from the third quarter. Risk weighted assets grew 2.3 per cent in the fourth quarter. A good profit performance has in isolation strengthened CET1 capital, but reversed basis swap effects at SpareBank 1 Boligkreditt and an increased deduction in respect of holdings in other group entities have brought a 0.5 per cent strengthening of CET1 capital overall. A payout ratio of 50.7 per cent of the group's net profit for 2022 is assumed.

A leverage ratio of 7.3 per cent (6.9 per cent) shows the bank to be very solid.

Sustainability

Over the course of the fourth quarter SpareBank 1 SMN finalised its calculation of greenhouse gas emissions from the loan portfolio and its own operations. The figures show that the loan portfolio represents a greenhouse gas emission of 1.1 million tonnes of CO₂ in 2022, around 98 per cent of the group's total emissions. Emissions increased by 5.6 per cent from the previous year, mainly as a result of increased lending volumes. The group's emissions from its own operations amount to around 20,000 tonnes of CO₂ equivalents in 2022. The increase from 2021 of around 8,000 tonnes is due to a change in calculation methodology.

The work on drawing up transition plans for the bank's loan segments has been intensified. This, together with a good database, will be an important basis for the group's effort to achieve net zero emissions by 2050.

The group's materiality analysis was updated in the fourth quarter. In keeping with best practice a double materiality analysis was performed which takes the environment, social materiality and financial materiality into account. The analysis shows that several of the expectations from the previous materiality analysis remain, but that the group should do more to contribute to regional development, a circular economy and public health.

The bank's equity certificate (MING)

The market price of the equity certificate (EC) as at 31 December 2022 was NOK 127.40 (149.00), and the book value per EC was NOK 109.86 (103.48). Earnings per EC were NOK 12.82 (13.31). A total cash dividend of NOK 7.50 was paid per EC for 2021.

The Price / Income ratio was 9.94 (11.19) and the Price / Book ratio was 1.16 (1.44).

Outlook

SpareBank 1 SMN delivered a very good profit performance in 2022, and achieved its goals in terms of profitability and capitalisation. The business lines performed well and the group's market position is strengthened.

At the start of 2023 uncertainty in the economy persists with a reduction in households' purchasing power and increased pessimism in business and industry. Unemployment nonetheless remains extremely low in Mid-Norway, at the same time as there are signs that inflation is levelling off and expectations that the base rate is close to peaking.

The risk trend in SpareBank 1 SMN's loan portfolio is good. There is continued improvement in the offshore segment, but signs of increased risk in some industries. Uncertainty attends house prices and the demand for residential mortgages is diminishing. A number of customers are in dialogue with the bank for financial advice, and some increase is noted in enquiries about forbearance. The bank's advisers are skilled in the field of personal finances, are close to the customer and are present throughout Trøndelag and Møre and Romsdal.

SpareBank 1 SMN has a broad product platform with profitable subsidiaries and product companies which are expected to deliver good results, also in a situation of lower economic growth. In the course of the first quarter of 2023 SpareBank 1 Markets is to merge with the capital market units in SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge, thereby creating the basis for a larger and more diversified income base.

SpareBank 1 SMN is one of the country's largest savings banks. This position will be further reinforced through organic and structural growth. The merger with SpareBank 1 Søre Sunnmøre is important in this context and is expected reach completion in the beginning of May 2023.

The board of directors will recommend the supervisory board to set a cash dividend of NOK 6.50 per equity certificate (NOK 7.50) representing 50.7 per cent of the net profit, and to allocate NOK 474m (547m) to community dividend. The community dividend contributes to strengthening the region and the bank's market position. The proposed distribution is in line with the group's dividend policy.

The return expected by the market has risen partly as a result of higher interest rates and a general rise in banks' earnings. SpareBank 1 SMN aspires to be among the best performers in the Nordic region. The board of directors has resolved to raise the group's profitability target to 13 per cent return on equity, while at the same time adjusting the cost target. SpareBank 1 SMN's group strategy stands firm on achieving sustainable and profitable growth, further efficiency gains and good risk management. The board of directors is content with results achieved for 2022, and expects 2023 to be another good year for SpareBank 1 SMN.

Trondheim, 7 february 2023
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal
(chair)

Christian Stav
(deputy chair)

Morten Loktu

Mette Kamsvåg

Tonje Eskeland Foss

Eli Skrøvset

Freddy Aursø

Christina Straub
(employee rep.)

Inge Lindseth
(employee rep.)

Jan-Frode Janson
(Group CEO)

Income statement

Parent bank					Group				
Fourth quarter		Jan - Dec		(NOKm)	Note	Jan - Dec		Fourth quarter	
2021	2022	2021	2022			2022	2021	2022	2021
827	1,577	3,067	4,740	Interest income effective interest method		5,207	3,521	1,701	939
108	273	395	724	Other interest income		720	392	272	107
321	1,007	1,109	2,583	Interest expenses		2,588	1,107	1,012	321
614	843	2,353	2,880	Net interest	10	3,339	2,805	961	725
338	282	1,306	1,192	Commission income		1,446	1,586	340	405
28	25	97	90	Commission expenses		186	177	45	47
17	19	47	55	Other operating income		781	731	178	163
326	276	1,256	1,156	Commission income and other income	11	2,042	2,141	473	521
20	93	733	677	Dividends		33	22	19	1
-	-	-	-	Income from investment in related companies	3	442	705	195	186
-40	-31	-53	-123	Net return on financial investments	13	-94	112	-52	-19
-20	63	680	554	Net return on financial investments		380	840	163	168
920	1,182	4,289	4,590	Total income		5,760	5,786	1,597	1,414
162	155	650	661	Staff costs		1,406	1,378	333	342
206	261	745	841	Other operating expenses	12	1,038	981	314	267
368	416	1,395	1,502	Total operating expenses		2,443	2,360	646	609
552	766	2,895	3,088	Result before losses		3,317	3,426	951	805
20	8	134	-37	Loss on loans, guarantees etc.	6,7	-7	161	19	32
533	758	2,760	3,125	Result before tax	3	3,324	3,266	932	773
132	194	518	631	Tax charge		718	563	210	103
-	-	-	-	Result investment held for sale, after tax	2,3	179	200	46	33
401	565	2,242	2,494	Net profit		2,785	2,902	768	703
9	16	48	60	Attributable to additional Tier 1 Capital holders		63	50	17	10
250	351	1,403	1,557	Attributable to Equity capital certificate holders		1,658	1,722	456	413
141	198	791	877	Attributable to the saving bank reserve		934	971	257	233
				Attributable to non-controlling interests		130	160	37	47
401	565	2,242	2,494	Net profit		2,785	2,902	768	703
				Profit/diluted profit per ECC	19	12.82	13.31	3.53	3.20

Other comprehensive income

Parent bank					Group			
Fourth quarter		Jan - Dec		(NOKm)	Jan - Dec		Fourth quarter	
2021	2022	2021	2022		2022	2021	2022	2021
401	565	2,242	2,494	Net profit	2,785	2,902	768	703
Items that will not be reclassified to profit/loss								
-	7	-	177	Actuarial gains and losses pensions	177	-	7	-
-	-2	-	-44	Tax	-44	-	-2	-
-	-	-	-	Share of other comprehensive income of associates and joint venture	4	2	-3	-
-	5	-	133	Total	137	2	2	-
Items that will be reclassified to profit/loss								
-	-	-	-	Fair value change on financial assets through other comprehensive income	-	-	-	-
-1	6	-1	9	Value changes on loans measured at fair value	9	-1	6	-1
-	-	-	-	Share of other comprehensive income of associates and joint venture	113	-17	-121	25
-	-	-	-	Tax	-	-	-	-
-1	6	-1	9	Total	122	-18	-115	24
-1	11	-1	142	Net other comprehensive income	259	-16	-113	24
400	576	2,241	2,636	Total comprehensive income	3,044	2,886	655	727
9	16	48	60	Attributable to additional Tier 1 Capital holders	63	50	17	10
250	358	1,402	1,647	Attributable to Equity capital certificate holders	1,823	1,712	384	429
141	202	790	929	Attributable to the saving bank reserve	1,028	965	217	242
				Attributable to non-controlling interests	130	160	37	47
400	576	2,241	2,636	Total comprehensive Income	3,044	2,886	655	727

Balance sheet

Parent bank			Note	Group	
31 Dec 2021	31 Dec 2022	(NOKm)		31 Dec 2022	31 Dec 2021
1,252	1,171	Cash and receivables from central banks		1,171	1,252
13,190	21,972	Deposits with and loans to credit institutions		11,663	4,704
135,766	139,550	Net loans to and receivables from customers	5	151,549	145,890
30,762	38,072	Fixed-income CDs and bonds	17	38,073	30,762
3,192	6,804	Derivatives	17	6,804	3,224
402	417	Shares, units and other equity interests	17	840	2,654
4,590	5,063	Investment in related companies		8,075	7,384
2,374	2,379	Investment in group companies		-	-
98	98	Investment held for sale	2	1,919	59
458	467	Intangible assets		663	853
1,082	2,092	Other assets	14	2,555	2,062
193,165	218,085	Total assets		223,312	198,845
14,342	14,636	Deposits from credit institutions		14,636	15,065
112,028	122,699	Deposits from and debt to customers	9	122,010	111,286
40,332	47,474	Debt created by issue of securities	16	47,474	40,332
3,500	8,307	Derivatives	17	8,307	3,909
1,855	2,067	Other liabilities	15	2,725	3,215
-	-	Investment held for sale	2	1,093	1
1,753	2,015	Subordinated loan capital	16	2,058	1,796
173,809	197,199	Total liabilities		198,303	175,603
2,597	2,597	Equity capital certificates		2,597	2,597
-0	-0	Own holding of ECCs		-11	-9
895	895	Premium fund		895	895
7,007	7,877	Dividend equalisation fund		7,828	6,974
970	840	Recommended dividends		840	970
547	474	Provision for gifts		474	547
5,918	6,408	Ownerless capital		6,408	5,918
171	70	Unrealised gains reserve		70	171
-	-0	Other equity capital		3,142	2,896
1,250	1,726	Additional Tier 1 Capital		1,769	1,293
-	-	Profit for the period		-	-
		Non-controlling interests		997	989
19,356	20,887	Total equity capital		25,009	23,241
193,165	218,085	Total liabilities and equity		223,312	198,845

Cash flow statement

Parent bank			Group	
Jan - Dec			Jan - Dec	
2021	2022	(NOKm)	2022	2021
2,242	2,494	Net profit	2,785	2,902
95	77	Depreciations and write-downs on fixed assets	117	186
134	-37	Losses on loans and guarantees	-7	161
-418	-324	Adjustments for undistributed profits of related companies	-443	-705
-2,423	-2,420	Other adjustments	-2,436	-2,574
-369	-210	Net cash increase from ordinary operations	16	-31
3,843	-4,626	Decrease/(increase) other receivables	-4,193	4,387
-2,993	5,155	Increase/(decrease) short term debt	5,136	-3,159
-11,686	-3,739	Decrease/(increase) loans to customers	-5,643	-12,920
-288	-8,782	Decrease/(increase) loans credit institutions	-6,959	387
13,862	10,672	Increase/(decrease) deposits to customers	10,724	13,757
-290	294	Increase/(decrease) debt to credit institutions	-429	-32
-4,077	-7,310	Increase/(decrease) in short term investments	-7,311	-4,156
-	-	Increase/(decrease) in shares held for trading	1,821	-59
-1,999	-8,546	A) Net cash flow from operations	-6,837	-1,826
-75	-71	Increase in tangible fixed assets	-89	-145
60	-18	Proceeds from sales of property, plant and equipment	276	4
-	-	Cash flows from losing control of subsidiaries or other businesses	-	99
-73	-5	Cash flows used in obtaining control of subsidiaries or other businesses	-1,815	-
418	324	Dividends received from investments in related companies	324	419
548	6	Other cash receipts from sales of interests in associates and joint ventures	6	544
-204	-479	Other cash payments to acquire interests in associates and joint ventures	-492	-307
672	813	Other cash receipts from sales of equity instruments of other entities	849	737
-766	-835	Other cash payments to acquire equity instruments of other entities	-846	-826
580	-265	B) Net cash flow from investments	-1,788	526
-	1,000	Increase in subordinated loan capital	1,000	-
-	-750	Decrease in subordinated loan capital	-750	-
-0	-0	Purchase of treasury shares	-21	-5
-569	-970	Dividend cleared	-970	-569
-	-	Dividends paid to non-controlling interests	-162	-113
-321	-547	Disbursed from gift fund	-547	-321
-	476	Repayments of Additional Tier 1 Capital	476	-
-48	-60	Interest payments Additional Tier 1 Capital	-63	-50
7,867	16,194	Increase in other long term loans	16,194	7,867
-7,021	-6,613	Decrease in other long term loans	-6,613	-7,021
-93	8,729	C) Net cash flow from financial activities	8,544	-213
-1,512	-81	A) + B) + C) Net changes in cash and cash equivalents	-81	-1,513
2,764	1,252	Cash and cash equivalents at 1.1	1,252	2,764
1,252	1,171	Cash and cash equivalents at end of quarter	1,171	1,252
-1,512	-81	Net changes in cash and cash equivalents	-81	-1,512

Change in equity

Parent Bank (NOKm)	Issued equity		Earned equity						
	EC capital	Premium fund	Owner-less capital	Equali-sation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	Total equity
Equity at 1 January 2021	2,597	895	5,664	6,556	890	239	-	1,250	18,092
Net profit	-	-	268	476	1,517	-68	-	48	2,242
Other comprehensive income									
Financial assets through OCI	-	-	-	-	-	-	-1	-	-1
Actuarial gains (losses), pensions	-	-	-	-	-	-	-37	-	-37
Other comprehensive income	-	-	-	-	-	-	-38	-	-38
Total comprehensive income	-	-	268	476	1,517	-68	-38	48	2,204
Transactions with owners									
Dividend declared for 2020	-	-	-	-	-569	-	-	-	-569
To be disbursed from gift fund	-	-	-	-	-321	-	-	-	-321
Additional Tier 1 Capital	-	-	-	-	-	-	-	-	-
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-48	-48
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-0
Direct recognitions in equity	-	-	-14	-25	-	-	38	-	-2
Total transactions with owners	0	-	-14	-25	-890	-	38	-48	-940
Equity at 31 December 2021	2,597	895	5,918	7,007	1,517	171	-	1,250	19,356
Equity at 1 January 2022	2,597	895	5,918	7,007	1,517	171	-	1,250	19,356
Net profit	-	-	440	781	1,314	-101	-	60	2,494
Other comprehensive income									
Value changes on loans measured at fair value	-	-	-	-	-	-	9	-	9
Actuarial gains (losses), pensions	-	-	-	-	-	-	133	-	133
Other comprehensive income	-	-	-	-	-	-	142	-	142
Total comprehensive income	-	-	440	781	1,314	-101	142	60	2,636
Transactions with owners									
Dividend declared for 2021	-	-	-	-	-970	-	-	-	-970
To be disbursed from gift fund	-	-	-	-	-547	-	-	-	-547
Additional Tier 1 Capital	-	-	-	-	-	-	-	476	476
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-60	-60
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-0
Direct recognitions in equity	-	-	50	88	-	-	-142	-	-3
Total transactions with owners	0	-	50	88	-1,517	-	-142	416	-1,105
Equity at 31 December 2022	2,597	895	6,408	7,877	1,314	70	0	1,726	20,887

Group	Attributable to parent company equity holders									
	Issued equity		Earned equity							Total equity
(NOKm)	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	Non Controlling Interest	
Equity at 1 January 2021	2,588	895	5,664	6,536	890	239	2,366	1,293	838	21,310
Net profit	-	-	268	476	1,517	-68	501	50	160	2,904
Other comprehensive income										
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	26	-	-	26
Value changes on loans measured at fair value	-	-	-	-	-	-	-1	-	-	-1
Actuarial gains (losses), pensions	-	-	-	-	-	-	-38	-	-	-38
Other comprehensive income	-	-	-	-	-	-	-13	-	-	-13
Total comprehensive income	-	-	268	476	1,517	-68	488	50	160	2,891
Transactions with owners										
Dividend declared for 2020	-	-	-	-	-569	-	-	-	-	-569
To be disbursed from gift fund	-	-	-	-	-321	-	-	-	-	-321
Additional Tier 1 Capital issued	-	-	-	-	-	-	-	-	-	-
Buyback Additional Tier 1 Capital issued	-	-	-	-	-	-	-	-	-	-
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-50	-	-50
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-	-0
Own ECC held by SB1 Markets*)	-0	-	-	-13	-	-	7	-	-	-5
Direct recognitions in equity	-	-	-14	-25	-	-	48	-	-	9
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-14	-	-	-14
Change in non-controlling interests	-	-	-	-	-	-	-	-	-9	-9
Total transactions with owners	-0	-	-14	-38	-890	-	41	-50	-9	-960
Equity at 31 December 2021	2,588	895	5,918	6,974	1,517	171	2,896	1,293	989	23,241

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

Group	Attributable to parent company equity holders									
	Issued equity		Earned equity							
(NOKm)	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	Non Controlling Interest	Total equity
Equity at 1 January 2022	2,588	895	5,918	6,974	1,517	171	2,896	1,293	989	23,241
Net profit	-	-	440	781	1,314	-101	158	63	130	2,785
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	117	-	-	117
Value changes on loans measured at fair value	-	-	-	-	-	-	9	-	-	9
Actuarial gains (losses), pensions	-	-	-	-	-	-	133	-	-	133
Other comprehensive income	-	-	-	-	-	-	259	-	-	259
Total comprehensive income	-	-	440	781	1,314	-101	417	63	130	3,044
Transactions with owners										
Dividend declared for 2021	-	-	-	-	-970	-	-	-	-	-970
To be disbursed from gift fund	-	-	-	-	-547	-	-	-	-	-547
Additional Tier 1 capital issued	-	-	-	-	-	-	-	476	-	476
Buyback additional Tier 1 Capital issued	-	-	-	-	-	-	-	-	-	-
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-63	-	-63
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-	-0
Own ECC held by SB1 Markets*)	-2	-	-	-16	-	-	-2	-	-	-21
Direct recognitions in equity	-	-	50	88	-	-	-149	-	-	-11
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-19	-	-	-19
Change in non-controlling interests	-	-	-	-	-	-	-	-	-122	-122
Total transactions with owners	-2	-	50	72	-1,517	-	-170	413	-122	-1,276
Equity at 31 December 2022	2,586	895	6,408	7,828	1,314	70	3,142	1,769	997	25,009

*) 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 2021. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts.

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

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

Pensions

Sparebank1 SMN Group has one pension arrangement; defined contribution plan. For a further description of the pension scheme, see note 22 in the 2021 annual report.

The group's pension liabilities are accounted for under IAS 19R. Estimate variances are therefore directly reflected in equity capital and are presented under other comprehensive income.

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

A new calculation of the Group's pension liabilities has been carried out as per 31 December 2022:

Actuarial assumptions	31 Dec 2021	1 Jan 2022	31 Dec 2022
Discount rate	1.60 %	1.60 %	3.00 %
Expected rate of return on plan assets	1.60 %	1.60 %	3.00 %
Expected future wage and salary growth	2.25 %	2.25 %	3.25 %
Expected adjustment on basic amount (G)	2.25 %	2.25 %	3.25 %
Expected increase in current pension	0.00 %	0.00 %	0.00 %
Employers contribution	19.10 %	19.10 %	19.10 %

Demographic assumptions:

Mortality base table	K2013 BE
Disability	IR73
Voluntary exit	2% to 50 years, 0% after 50 years

Movement in net pension liability in the balance sheet Group (NOKm)	Funded	Unfunded	Total
Net pension liability in the balance sheet 1.1	-62	8	-54
OCI accounting 1 Jan	0	0	0
OCI accounting 31 December	-177	-1	-177
Net defined-benefit costs in profit and loss account	-1	0	-1
Paid in pension premium, defined-benefit schemes	0	0	0
Paid in pension premium, defined-benefit plan	0	-1	-1
Net pension liability in the balance sheet 31 December 2022	-240	6	-234

Net pension liability in the balance sheet Group (NOKm)	31 Dec 2022	31 Dec 2021
Net present value of pension liabilities in funded schemes	577	645
Estimated value of pension assets	-812	-701
Net pension liability in the balance sheet before employer's contribution	-235	-56
Employers contribution	1	1
Net pension liability in the balance sheet	-234	-54

Pension cost Group (NOKm)	31 Dec 2022	31 Dec 2021
Present value of pension accumulated in the year	0	0
Net interest income	-1	-2
Net pension cost related to defined plans, incl unfunded pension commitment	-1	-1
Employer's contribution subject to accrual accounting	0	0
Cost of defined contribution pension and early retirement pension scheme	99	101
Total pension cost for the period	98	100

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.

Income Statement (NOKm)	Fourth Quarter 2022	Fourth Quarter 2021	2022	2021
Net interest	2	4	8	9
Interest on capital employed	-	-	-	-
Total interest income	2	4	8	9
Commission income and other income	-162	-170	-515	-691
Net return on financial investments	-46	-45	-273	-216
Total income	-207	-212	-780	-898
Total operating expenses	-163	-160	-574	-633
Result before losses	-61	-51	-206	-254
Loss on loans, guarantees etc.	-	-	-	-
Result before tax	-61	-51	-206	-254
Tax charge	15	10	27	46
Net profit for investment held for sale	46	42	179	208

2022 (NOKm)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	75	30	12	11	-0	100 %
SpareBank1 Markets	1,844	1,063	780	601	179	67%
Total Held for sale	1,919	1,093	791	612	179	

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 2021.

In 2020 and 2021, the bank changed the model assumptions due to increased uncertainty related to the pandemic. The change consisted of increased loss expectations in the base scenario both for retail and corporate portfolio. These changes were reversed in 2021 for retail customers and in first quarter of 2022 for corporate market portfolio. In addition, the bank's exposure to hotels and tourism in stage 1 was included in stage 2 and this change was reversed in fourth quarter of 2022.

In 2022, increased macroeconomic uncertainty as a result of the war in Ukraine, strong increases in energy and raw material prices, challenges in the supply chains and the prospect of permanently higher inflation and interest rates have led to an increased probability of a low scenario for the corporate market excl. offshore. Future loss expectations have been increased by increased PD and LGD for both the personal market and the corporate market, excl. offshore in the base scenario. The bank has focused on the expected long-term effects of the crisis. For the offshore portfolio, during 2022, as a result of significant improvement in the market and market prospects,

increased earnings assumptions have been used in the simulations and the weight for low scenarios has been reduced for supply and subsea.

The effect of the change in input assumptions in 2022 is shown as "Effect of changed assumptions in the ECL model" in note 7.

The write-downs are reduced as a result of the removal of mark-ups in the base scenario for the business portfolio (excl. offshore and hotels) and reduced mark-ups in PD and LGD paths for hotels (down from a very high level). On the other hand, write-downs are increasing for both the business and personal market portfolio as a result of a new mark-up in PD and LGD lines as a result of a significantly increased interest rate level. In addition, an increased weight on the low scenario for the business portfolio results in increased write-downs. The write-downs are reduced for offshore as a result of increased earnings assumptions and a reduced weight for the low scenario for the most important segments. The write-downs for hotels/tourism are reduced because the assumption of minimum classification in stage 2 was completed in the fourth quarter of 2022.

In total, this amounts to NOK 104 million for the Bank and NOK 86 million for the Group in reduced write-downs.

Sensitivity

The first part of the table below show total calculated expected credit loss as of 31 December 2022 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 2022, this would have entailed an increase in loss provisions of NOK 315 million for the parent bank and NOK 343 million for the group.

	CM (excl offshore and agriculture)	RM	Offshore	Tourism	Agriculture	Total parent	SB 1 Finans MN, CM	SB 1 Finans MN, RM	Group
ECL base case	465	80	236	10	47	839	42	22	903
ECL worst case	1,240	268	482	32	191	2,214	89	78	2,381
ECL best case	353	30	195	6	28	612	29	14	654
ECL with scenario weights used 60 /25/15	642	-	-	-	81	723	44	-	767
ECL with scenario weights used 65 /20/15	-	-	279	-	-	279	-	-	279
ECL with scenario weights used 60 /30/10	-	-	-	15	-	15	-	-	15
ECL with scenario weights used 70 /15/15	-	100	-	-	-	100	-	29	129
Total ECL used	642	100	279	15	81	1,117	44	29	1,190
ECL alternative scenario weights 35 /50/15	836	-	-	-	117	952	64	-	1,016
ECL alternative scenario weights 45 /40/15	-	-	328	-	-	328	-	-	328
ECL alternative scenario weights 30 /60/10	-	-	-	23	-	23	-	-	23
ECL alternative scenario weights 55 /30/15	-	129	-	-	-	129	-	37	166
Total ECL alternative weights	836	129	328	23	117	1,432	64	37	1,533
Change in ECL if alternative weights were used	194	28	49	8	36	315	20	8	343

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 70 per cent of the ECL in the expected scenario. The downside scenario gives about double the ECL than in the expected scenario. Applied scenario weighting gives about 30 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 associates and joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

Group 31 December 2022

Profit and loss account (NOKm)	RM	CM	EM 1	SB 1	SB 1	Other	Uncollated	Total
				Finans	Regnskaps-			
				MN	huset SMN			
Net interest	1,328	1,380	3	459	2	-	167	3,339
Interest from allocated capital	163	125	-	-	-	-	-288	-
Total interest income	1,491	1,505	3	459	2	-	-121	3,339
Comission income and other income	796	290	418	-106	605	-	39	2,042
Net return on financial investments **)	-4	9	8	-23	-	466	-76	380
Total income	2,283	1,804	429	329	607	466	-158	5,760
Total operating expenses	958	467	371	108	511	-	28	2,443
Ordinary operating profit	1,325	1,337	58	221	96	466	-186	3,317
Loss on loans, guarantees etc.	29	-66	-	30	-	-	-0	-7
Result before tax	1,296	1,403	58	191	96	466	-186	3,324
Return on equity *)	13.6%	20.8%						

Group 31 December 2021

Profit and loss account (NOKm)	RM	CM	EM 1	SB 1	SB 1	Other	Uncollated	Total
				Finans	Regnskaps-			
				MN	huset SMN			
Net interest	1,128	1,106	2	450	0	-	120	2,805
Interest from allocated capital	37	14	-	-	-	-	-52	-
Total interest income	1,165	1,120	2	450	0	-	68	2,805
Comission income and other income	906	251	441	-90	562	-	70	2,141
Net return on financial investments **)	2	15	10	4	-	701	107	840
Total income	2,074	1,386	453	364	562	701	246	5,786
Total operating expenses	916	446	382	141	476	-	-1	2,360
Ordinary operating profit	1,157	940	71	223	86	701	247	3,426
Loss on loans, guarantees etc.	-10	145	-	25	-	-	1	161
Result before tax	1,167	795	71	198	86	701	246	3,266
Return on equity *)	13.4%	11.5%						

*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 17.2 percent to be in line with the capital plan

**) Specification of other (NOKm)	31 Dec 22	31 Dec 21
SpareBank 1 Gruppen	175	471
SpareBank 1 Boligkreditt	1	16
SpareBank 1 Næringskreditt	3	7
BN Bank	203	164
SpareBank 1 Kreditt	9	13
SpareBank 1 Betaling	13	-15
SpareBank 1 Forvaltning	33	32
Other companies	29	13
Income from investment in associates and joint ventures	466	701
SpareBank 1 Mobilitet Holding	-23	4
Net income from investment in associates and joint ventures	442	705

Note 4 - Capital adequacy

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

As of 31 December 2022 the overall minimum requirement on CET1 capital is 13.5 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 2.0 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 2.5 per cent with effect from 31 March 2023.

Under the CRR/CRDIV regulations the average risk weighting of exposures secured on residential property in Norway cannot be lower than 20 per cent. As of 31 December 2022 an adjustment was made in both the parent bank and the group to bring the average risk weight up to 20 per cent. This is presented in the note together with 'mass market exposure, property' under 'credit risk IRB'.

The systemic risk buffer stands at 4.5 per cent for the Norwegian exposures. For exposures in other countries, the particular country's systemic buffer rate shall be employed. As of 31 December 2022 the effective rate for the parent bank and for the group is accordingly 4.5 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. As of 31 December 2022 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 2021	31 Dec 2022	(NOKm)	31 Dec 2022	31 Dec 2021
19,356	20,887	Total book equity	25,009	23,241
-1,250	-1,726	Additional Tier 1 capital instruments included in total equity	-1,769	-1,293
-458	-467	Deferred taxes, goodwill and other intangible assets	-947	-961
-1,517	-1,314	Deduction for allocated dividends and gifts	-1,314	-1,517
-	-	Non-controlling interests recognised in other equity capital	-997	-989
-	-	Non-controlling interests eligible for inclusion in CET1 capital	784	568
-	-	Net profit	-	-
-	-	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	-	-
-41	-72	Value adjustments due to requirements for prudent valuation	-89	-56
-495	-194	Positive value of adjusted expected loss under IRB Approach	-279	-560
-	-	Cash flow hedge reserve	-4	3
-202	-281	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-619	-648
15,393	16,833	Common equity Tier 1 capital	19,776	17,790
1,250	1,726	Additional Tier 1 capital instruments	2,106	1,581
-48	-47	Deduction for significant investments in financial institutions	-47	-48
16,595	18,512	Tier 1 capital	21,835	19,322
		Supplementary capital in excess of core capital		
1,750	2,000	Subordinated capital	2,523	2,226
-214	-210	Deduction for significant investments in financial institutions	-210	-214
1,536	1,790	Additional Tier 2 capital instruments	2,312	2,011
18,130	20,301	Total eligible capital	24,147	21,333

Minimum requirements subordinated capital				
1,049	1,148	Specialised enterprises	1,351	1,248
1,016	901	Corporate	923	1,030
1,400	1,379	Mass market exposure, property	2,559	2,384
93	98	Other mass market	100	95
1,000	1,249	Equity positions IRB	-	1
4,558	4,774	Total credit risk IRB	4,933	4,758
3	6	Central government	6	4
106	82	Covered bonds	139	133
398	403	Institutions	276	299
1	187	Local and regional authorities, state-owned enterprises	207	29
188	143	Corporate	385	432
7	7	Mass market	662	466
25	27	Exposures secured on real property	109	128
279	90	Equity positions	504	521
92	97	Other assets	162	142
1,098	1,042	Total credit risk standardised approach	2,450	2,154
35	27	Debt risk	29	36
-	-	Equity risk	10	34
-	-	Currency risk and risk exposure for settlement/delivery	1	1
433	458	Operational risk	853	817
26	30	Credit value adjustment risk (CVA)	101	93
6,150	6,331	Minimum requirements subordinated capital	8,377	7,893
76,873	79,140	Risk weighted assets (RWA)	104,716	98,664
3,459	3,561	Minimum requirement on CET1 capital, 4.5 per cent	4,712	4,440
Capital Buffers				
1,922	1,978	Capital conservation buffer, 2.5 per cent	2,618	2,467
3,459	3,561	Systemic risk buffer, 4.5 per cent	4,712	4,440
769	1,583	Countercyclical buffer, 2.0 per cent (1.0 per cent)	2,094	987
6,150	7,123	Total buffer requirements on CET1 capital	9,424	7,893
5,784	6,149	Available CET1 capital after buffer requirements	5,639	5,457
Capital adequacy				
20.0 %	21.3 %	Common equity Tier 1 capital ratio	18.9 %	18.0 %
21.6 %	23.4 %	Tier 1 capital ratio	20.9 %	19.6 %
23.6 %	25.7 %	Capital ratio	23.1 %	21.6 %
Leverage ratio				
191,697	210,227	Balance sheet items	302,617	269,857
10,782	6,234	Off-balance sheet items	7,744	11,341
-1,042	-1,061	Regulatory adjustments	-1,985	-2,110
201,437	215,400	Calculation basis for leverage ratio	308,376	279,088
16,595	18,512	Core capital	21,835	19,322
8.2 %	8.6 %	Leverage Ratio	7.1 %	6.9 %

Note 5 - Distribution of loans by sector/industry

Parent Bank			Group	
31 Dec 2021	31 Dec 2022	(NOKm)	31 Dec 2022	31 Dec 2021
9,433	10,707	Agriculture and forestry	11,140	9,783
5,853	7,047	Fisheries and hunting	7,075	5,870
1,926	2,324	Sea farming industries	2,656	2,176
2,151	2,563	Manufacturing	3,150	2,766
3,169	4,370	Construction, power and water supply	5,526	4,124
2,572	2,976	Retail trade, hotels and restaurants	3,632	2,966
4,715	5,382	Maritime sector	5,382	4,715
16,924	18,722	Property management	18,840	17,044
4,497	3,561	Business services	4,312	4,990
5,714	5,327	Transport and other services provision	6,375	6,667
2	1	Public administration	35	34
1,383	1,343	Other sectors	1,288	1,325
58,337	64,322	Gross loans in Corporate market	69,411	62,458
126,828	134,841	Wage earners	141,833	132,894
185,165	199,163	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	211,244	195,353
46,650	56,876	of which SpareBank 1 Boligkreditt	56,876	46,650
1,402	1,739	of which SpareBank 1 Næringskreditt	1,739	1,402
137,113	140,549	Total Gross loans to and receivables from customers	152,629	147,301
1,250	890	- Loan loss allowance on amortised cost loans	972	1,313
97	109	- Loan loss allowance on loans at FVOCI	109	97
135,766	139,550	Net loans to and receivables from customers	151,549	145,890

Note 6 - Losses on loans and guarantees

Parent Bank (NOKm)	Jan - Dec						Fourth quarter					
	2022			2021			2022			2021		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses	29	-97	-68	-11	39	27	26	-30	-4	2	-64	-61
Actual loan losses on commitments exceeding provisions made	7	38	45	10	107	117	3	12	15	2	84	86
Recoveries on commitments previously written-off	-7	-7	-14	-9	-1	-10	-2	-0	-3	-4	-1	-5
Losses for the period on loans and guarantees	29	-66	-37	-10	145	134	27	-19	8	0	20	20

Group (NOKm)	Jan - Dec						Fourth quarter					
	2022			2021			2022			2021		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses	38	-86	-48	-20	50	30	29	-22	7	3	-53	-50
Actual loan losses on commitments exceeding provisions made	13	45	58	30	112	142	4	13	17	6	83	89
Recoveries on commitments previously written-off	-7	-10	-17	-9	-3	-12	-2	-3	-6	-4	-3	-7
Losses for the period on loans and guarantees	44	-51	-7	1	159	161	31	-12	19	4	27	32

Note 7 - Losses

Parent Bank (NOKm)	1 Jan 22	Change in provision	Net write-offs /recoveries	31 Dec 22
Loans as amortised cost- CM	1,298	-98	-278	921
Loans as amortised cost- RM	31	10	-5	35
Loans at fair value over OCI- RM	128	19	-	147
Loans at fair value over OCI- CM	1	1	-	2
Provision for expected credit losses on loans and guarantees	1,458	-68	-284	1,106
Presented as				
Provision for loan losses	1,348	-65	-284	999
Other debt- provisions	79	-12	-	67
Other comprehensive income - fair value adjustment	31	9	-	40

Parent Bank (NOKm)	1 Jan 21	Change in provision	Net write-offs /recoveries	31 Dec 21
Loans as amortised cost- CM	1,377	38	-117	1,298
Loans as amortised cost- RM	35	8	-12	31
Loans at fair value over OCI- RM	147	-19	-	128
Loans at fair value over OCI- CM	0	1	-	1
Provision for expected credit losses on loans and guarantees	1,559	27	-129	1,458
Presented as				
Provision for loan losses	1,446	30	-129	1,348
Other debt- provisions	81	-2	-	79
Other comprehensive income - fair value adjustment	32	-1	-	31

Group (NOKm)	1 Jan 22	Change in provision	Net write-offs /recoveries	31 Dec 22
Loans as amortised cost- CM	1,343	-88	-280	976
Loans as amortised cost- RM	49	19	-5	63
Loans at fair value over OCI- RM	128	19	-	147
Loans at fair value over OCI- CM	1	1	-	2
Provision for expected credit losses on loans and guarantees	1,520	-48	-285	1,188
Presented as				
Provision for loan losses	1,410	-45	-285	1,081
Other debt- provisions	79	-12	-	67
Other comprehensive income - fair value adjustment	31	9	-	40

Group (NOKm)	1 Jan 21	Change in provision	Net write-offs /recoveries	31 Dec 21
Loans as amortised cost- CM	1,421	50	-128	1,343
Loans as amortised cost- RM	62	-1	-12	49
Loans at fair value over OCI- RM	147	-19	-	128
Loans at fair value over OCI- CM	0	1	-	1
Provision for expected credit losses on loans and guarantees	1,630	30	-140	1,520
Presented as				
Provision for loan losses	1,517	33	-140	1,410
Other debt- provisions	81	-2	-	79
Other comprehensive income - fair value adjustment	32	-1	-	31

Accrual for losses on loans

Parent Bank (NOKm)	31 Dec 2022				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market								
Opening balance	39	82	36	156	35	97	47	180
Transfer to (from) stage 1	18	-18	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-6	6	-	-1	-6	7	-
Net remeasurement of loss allowances	-24	20	7	4	-22	24	-3	-1
Originations or purchases	17	24	4	45	19	17	1	37
Derecognitions	-12	-24	-3	-39	-12	-32	-4	-48
Changes due to changed input assumptions	9	13	-2	20	1	-0	-	1
Actual loan losses	0	0	-5	-5	-	-	-12	-12
Closing balance	46	93	42	181	39	82	36	156
Corporate Market								
Opening balance	84	268	871	1,223	88	387	823	1,299
Transfer to (from) stage 1	75	-74	-1	-	15	-15	-	-
Transfer to (from) stage 2	-5	97	-92	-	-5	5	-	-
Transfer to (from) stage 3	-1	-3	4	-	-2	-26	28	-
Net remeasurement of loss allowances	-67	-35	-66	-168	-26	26	38	39
Originations or purchases	49	34	4	87	32	21	100	153
Derecognitions	-33	-31	-24	-88	-20	-145	-1	-166
Changes due to changed input assumptions	37	41	4	83	1	14	-	15
Actual loan losses	-	-	-278	-278	-	-	-117	-117
Closing balance	138	298	421	858	84	268	871	1,223
Total accrual for loan losses	184	391	463	1,039	123	350	907	1,379

Group (NOKm)	31 Dec 2022				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market								
Opening balance	45	89	40	174	42	107	58	207
Transfer to (from) stage 1	20	-20	-0	-	22	-22	-0	-
Transfer to (from) stage 2	-3	3	-1	-	-2	3	-0	-
Transfer to (from) stage 3	-0	-7	7	-	-1	-7	8	-
Net remeasurement of loss allowances	-24	25	8	9	-23	26	-1	2
Originations or purchases	22	30	4	56	22	20	1	43
Derecognitions	-13	-26	-4	-43	-14	-37	-9	-60
Changes due to changed input assumptions	8	13	-3	18	-0	-2	-4	-5
Actual loan losses	-	-	-5	-5	-	-	-12	-12
Closing balance	55	107	47	209	45	89	40	174
Corporate Market								
Opening balance	94	278	896	1,268	98	399	845	1,342
Transfer to (from) stage 1	77	-76	-1	-	20	-20	-0	-
Transfer to (from) stage 2	-7	99	-92	-	-7	7	-0	-
Transfer to (from) stage 3	-2	-3	4	-	-2	-27	29	-
Net remeasurement of loss allowances	-68	-30	-47	-145	-29	31	42	44
Originations or purchases	55	35	5	95	35	23	112	169
Derecognitions	-34	-33	-26	-93	-21	-146	-2	-169
Changes due to changed input assumptions	35	40	-8	67	-2	12	-2	9
Actual loan losses	-	-	-280	-280	-	-	-128	-128
Closing balance	151	311	450	912	94	278	896	1,268
Total accrual for loan losses	206	418	497	1,121	138	367	936	1,442

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	31 Dec 2022				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	19	55	5	79	27	50	4	81
Transfer to (from) stage 1	16	-16	-0	-	6	-6	-0	-
Transfer to (from) stage 2	-1	1	-0	-	-7	7	-	-
Transfer to (from) stage 3	-0	-0	1	-	-0	-1	1	-
Net remeasurement of loss allowances	-16	-3	3	-15	-9	4	0	-4
Originations or purchases	12	6	0	18	7	4	0	11
Derecognitions	-4	-12	-0	-16	-6	-5	-0	-11
Changes due to changed input assumptions	-3	3	0	1	0	2	-	2
Actual loan losses	-	-	-	-	-	-	-	-
Closing balance	24	34	9	67	19	55	5	79
Of which								
Retail market				1				3
Corporate Market				66				79

Provision for credit losses specified by industry

Parent Bank (NOKm)	31 Dec 2022				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	4	38	18	60	2	31	6	39
Fisheries and hunting	11	12	0	23	6	7	0	13
Sea farming industries	3	1	1	5	1	0	0	2
Manufacturing	9	47	2	58	5	36	15	56
Construction, power and water supply	26	22	11	59	13	16	14	43
Retail trade, hotels and restaurants	16	14	1	32	8	28	11	46
Maritime sector	19	117	184	320	14	118	555	687
Property management	34	55	28	117	20	50	36	105
Business services	13	24	177	214	13	12	222	247
Transport and other services	9	11	16	36	7	6	17	30
Public administration	0	-	-	0	0	-	-	0
Other sectors	0	0	-	0	0	0	-	0
Wage earners	1	50	25	75	2	47	30	79
Total provision for losses on loans	144	391	463	999	91	350	907	1,348
loan loss allowance on loans at FVOCI	40			40	31			31
Total loan loss allowance	184	391	463	1,039	123	350	907	1,379

Group (NOKm)	31 Dec 2022				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	5	40	19	64	3	33	7	42
Fisheries and hunting	11	12	0	23	6	7	0	13
Sea farming industries	4	1	4	9	1	1	1	3
Manufacturing	11	50	8	70	7	38	21	66
Construction, power and water supply	30	25	16	71	16	19	18	53
Retail trade, hotels and restaurants	17	15	2	34	9	28	16	53
Maritime sector	19	117	184	320	14	118	555	687
Property management	35	55	29	118	20	50	36	106
Business services	15	25	184	224	14	14	227	255
Transport and other services	12	16	21	49	8	7	22	37
Public administration	0	-	-	0	0	-	0	0
Other sectors	0	0	0	0	0	0	-	0
Wage earners	8	61	29	99	7	53	34	95
Total provision for losses on loans	166	418	497	1,081	107	367	936	1,410
loan loss allowance on loans at FVOCI	40			40	31			31
Total loan loss allowance	206	418	497	1,121	138	367	936	1,442

Note 8 - Gross loans

Parent Bank (NOKm)	31 Dec 2022				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market								
Opening balance	82,299	3,892	444	86,636	73,297	4,430	381	78,108
Transfer to stage 1	1,075	-1,060	-15	-	1,007	-1,002	-6	-
Transfer to stage 2	-1,403	1,411	-8	-	-1,325	1,332	-7	-
Transfer to stage 3	-32	-119	150	-	-61	-87	148	-
Net increase/decrease amount existing loans	-2,501	-106	-15	-2,623	-2,513	-102	-15	-2,630
New loans	38,691	1,418	120	40,229	43,464	1,198	118	44,780
Derecognitions	-37,136	-1,473	-137	-38,746	-31,569	-1,876	-156	-33,601
Financial assets with actual loan losses	0	-1	-11	-12	-0	-1	-20	-21
Closing balance	80,994	3,962	527	85,484	82,299	3,892	444	86,636
Corporate Market								
Opening balance	38,359	5,186	2,656	46,201	35,587	5,979	1,702	43,268
Transfer to stage 1	1,839	-1,820	-19	-	647	-647	-0	-
Transfer to stage 2	-1,699	2,606	-908	-	-1,434	1,434	-	-
Transfer to stage 3	-67	-72	139	-	-43	-593	637	-
Net increase/decrease amount existing loans	-731	-257	-3	-990	-1,202	-196	-39	-1,437
New loans	17,124	1,661	86	18,872	13,125	-550	1,074	13,649
Derecognitions	-11,697	-1,415	-514	-13,625	-8,320	-236	-524	-9,081
Financial assets with actual loan losses	-3	-8	-91	-102	-1	-4	-193	-199
Closing balance	43,127	5,883	1,346	50,356	38,359	5,186	2,656	46,201
Fixed interest loans at FV	4,709			4,709	4,276			4,276
Total gross loans at the end of the period	128,830	9,845	1,874	140,549	124,934	9,079	3,100	137,113

Group (NOKm)	31 Dec 2022				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market								
Opening balance	87,577	4,612	531	92,721	78,206	5,208	453	83,867
Transfer to stage 1	1,278	-1,261	-17	-	1,227	-1,221	-6	-
Transfer to stage 2	-1,771	1,784	-13	-	-1,598	1,609	-11	-
Transfer to stage 3	-40	-151	190	-	-74	-132	206	-
Net increase/decrease amount existing loans	-2,177	-170	-25	-2,372	-2,599	-154	-28	-2,782
New loans	41,570	1,801	129	43,500	46,190	1,465	125	47,781
Derecognitions	-39,465	-1,714	-150	-41,329	-33,775	-2,161	-189	-36,125
Financial assets with actual loan losses	-0	-1	-11	-12	-0	-1	-20	-21
Closing balance	86,972	4,901	635	92,508	87,577	4,612	531	92,721
Corporate Market								
Opening balance	41,855	5,768	2,759	50,382	38,107	6,587	1,802	46,496
Transfer to stage 1	2,090	-2,045	-45	-	879	-876	-2	-
Transfer to stage 2	-2,042	2,959	-917	-	-1,795	1,797	-1	-
Transfer to stage 3	-97	-88	185	-	-57	-626	683	-
Net increase/decrease amount existing loans	-761	-329	-13	-1,104	-652	-257	-53	-963
New loans	19,085	1,751	109	20,945	14,533	-455	1,085	15,164
Derecognitions	-12,507	-1,546	-577	-14,629	-9,159	-397	-561	-10,117
Financial assets with actual loan losses	-3	-8	-91	-102	-1	-4	-193	-199
Closing balance	47,621	6,460	1,410	55,491	41,855	5,768	2,759	50,382
Fixed interest loans at FV	4,631			4,631	4,198			4,198
Total gross loans at the end of the period	139,224	11,361	2,044	152,629	133,630	10,381	3,290	147,301

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank			Group	
31 Dec 2021	31 Dec 2022	(NOKm)	31 Dec 2022	31 Dec 2021
1,958	2,159	Agriculture and forestry	2,159	1,958
991	1,366	Fisheries and hunting	1,366	991
1,050	644	Sea farming industries	644	1,050
2,562	2,881	Manufacturing	2,881	2,562
5,535	5,534	Construction, power and water supply	5,534	5,535
6,649	6,065	Retail trade, hotels and restaurants	6,065	6,649
1,006	1,198	Maritime sector	1,198	1,006
5,692	5,645	Property management	5,577	5,635
11,469	13,036	Business services	13,036	11,469
9,247	9,364	Transport and other services provision	8,856	8,750
16,826	21,690	Public administration	21,690	16,826
4,453	4,800	Other sectors	4,687	4,267
67,439	74,383	Total	73,693	66,697
44,589	48,316	Wage earners	48,316	44,589
112,028	122,699	Total deposits	122,010	111,286

Note 10 - Net interest income

Parent bank					Group			
Fourth quarter		Jan - Dec			Jan - Dec		Fourth quarter	
2021	2022	2021	2022	(NOKm)	2022	2021	2022	2021
				Interest income				
38	169	128	400	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	177	33	82	11
448	761	1,654	2,461	Interest income from loans to and claims on customers (amortised cost)	3,129	2,167	967	578
341	647	1,285	1,879	Interest income from loans to and claims on customers (FVOCI)	1,879	1,300	647	345
28	34	116	125	Interest income from loans to and claims on customers (FVPL)	125	116	34	28
80	239	279	599	Interest income from money market instruments, bonds and other fixed income securities	595	276	238	79
-	-	-	-	Other interest income	22	21	6	5
935	1,850	3,462	5,463	Total interest income	5,927	3,913	1,973	1,046
				Interest expense				
19	108	51	260	Interest expenses on liabilities to credit institutions	260	51	108	19
175	607	547	1,524	Interest expenses relating to deposits from and liabilities to customers	1,508	534	604	173
98	247	395	647	Interest expenses related to the issuance of securities	647	395	247	98
9	22	33	66	Interest expenses on subordinated debt	68	35	23	10
2	2	8	7	Other interest expenses	26	17	10	4
18	20	75	79	Guarantee fund levy	79	75	20	18
321	1,007	1,109	2,583	Total interest expense	2,588	1,107	1,012	321
614	843	2,353	2,880	Net interest income	3,339	2,805	961	725

Note 11 - Net commission income and other income

Parent bank					Group				
Fourth quarter		Jan - Dec		(NOKm)	Jan - Dec		Fourth quarter		
2021	2022	2021	2022		2022	2021	2022	2021	
				Commission income					
25	27	76	77	Guarantee commission	77	76	27	24	
-	1	-	2	Broker commission	267	291	62	70	
14	12	63	42	Portfolio commission, savings products	44	63	12	14	
102	32	450	256	Commission from SpareBank 1 Boligkreditt	256	450	32	102	
3	4	14	16	Commission from SpareBank 1 Næringskreditt	16	14	4	3	
119	129	413	475	Payment transmission services	471	409	128	118	
55	60	214	236	Commission from insurance services	236	214	60	55	
19	18	77	88	Other commission income	80	69	15	17	
338	282	1,306	1,192	Total commission income	1,446	1,586	340	404	
				Commission expenses					
25	22	84	80	Payment transmission services	80	85	22	32	
3	3	13	11	Other commission expenses	105	91	23	22	
28	25	97	90	Total commission expenses	186	177	45	55	
				Other operating income					
5	8	27	30	Operating income real property	32	26	10	6	
-	-	-	-	Property administration and sale of property	151	150	32	30	
-	-	-	-	Accountant's fees	564	529	127	114	
11	10	21	25	Other operating income	34	26	9	14	
17	19	47	55	Total other operating income	781	731	178	163	
326	276	1,256	1,156	Total net commission income and other operating income	2,042	2,141	473	521	

Note 12 - Operating expenses

Parent bank					Group			
Fourth quarter		Jan - Dec		(NOKm)	Jan - Dec		Fourth quarter	
2021	2022	2021	2022		2022	2021	2022	2021
73	87	265	304		IT costs	355	320	100
2	2	10	11	Postage and transport of valuables	14	14	3	4
13	18	53	59	Marketing	86	75	24	21
22	20	95	77	Ordinary depreciation	117	170	33	35
11	10	44	46	Operating expenses, real properties	55	53	9	9
38	69	143	188	Purchased services	217	173	75	43
46	55	134	156	Other operating expense	195	178	71	68
206	261	745	841	Total other operating expenses	1,038	981	314	267

Note 13 - Net return on financial investments

Parent Bank					Group			
Fourth quarter		Jan - Dec			Jan - Dec		Fourth quarter	
2021	2022	2021	2022	(NOKm)	2022	2021	2022	2021
				Valued at fair value through profit/loss				
-140	51	-433	-428	Value change in interest rate instruments	-427	-433	51	-140
				Value change in derivatives/hedging				
0	-21	-6	-10	Net value change in hedged bonds and derivatives*	-10	-6	-21	0
12	28	12	-38	Net value change in hedged fixed rate loans and derivatives	-38	12	28	12
68	-111	301	275	Other derivatives	275	301	-111	68
				Income from equity instruments				
-	-	-	-	Income from owner interests	442	705	195	186
18	72	726	646	Dividend from owner instruments	-	-	-	-
-0	-	8	4	Value change and gain/loss on owner instruments	4	13	-	14
2	21	6	30	Dividend from equity instruments	33	22	19	1
-5	-0	-4	-19	Value change and gain/loss on equity instruments	9	156	-23	1
-45	39	610	461	Total net income from financial assets and liabilities at fair value through profit/loss	287	770	138	143
				Valued at amortised cost				
-0	-0	-2	-0	Value change in interest rate instruments held to maturity	-0	-2	-0	0
-0	-0	-2	-0	Total net income from financial assets and liabilities at amortised cost	-0	-2	-0	0
25	24	72	93	Total net gain from currency trading	93	72	25	25
-20	63	680	554	Total net return on financial investments	380	840	163	168
* Fair value hedging								
-203	-11	-664	-2,155	Changes in fair value on hedging instrument	-2,155	-664	-11	-203
204	-11	657	2,145	Changes in fair value on hedging item	2,145	657	-11	204
0	-21	-6	-10	Net Gain or Loss from hedge accounting	-10	-6	-21	0

Note 14 - Other assets

Parent Bank		(NOKm)	Group	
31 Dec 2021	31 Dec 2022		31 Dec 2022	31 Dec 2021
3	-	Deferred tax asset	5	90
84	117	Fixed assets	232	210
253	223	Right to use assets	325	460
152	87	Earned income not yet received	104	186
20	262	Accounts receivable, securities	262	300
62	240	Pension assets	240	62
508	1,164	Other assets	1,387	752
1,082	2,092	Total other assets	2,555	2,062

Note 15 - Other liabilities

Parent Bank			Group	
31 Dec 2021	31 Dec 2022	(NOKm)	31 Dec 2022	31 Dec 2021
-	72	Deferred tax	127	56
513	611	Payable tax	705	583
12	13	Capital tax	13	12
118	97	Accrued expenses and received, non-accrued income	388	774
347	427	Provision for accrued expenses and commitments	427	347
78	66	Losses on guarantees and unutilised credits	66	78
8	6	Pension liabilities	6	8
262	233	Lease liabilities	339	476
84	97	Drawing debt	97	84
92	73	Creditors	116	150
157	176	Debt from securities	176	351
-	-	Equity Instruments	-	31
185	196	Other liabilities	265	266
1,855	2,067	Total other liabilities	2,725	3,215

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

Group

	31 Dec 2021	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2022
Change in securities debt (NOKm)					
Bond debt, nominal value	36,805	12,594	6,613	-254	42,532
Senior non preferred, nominal value	3,500	3,600	-	-	7,100
Value adjustments	-152	-	-	-2,286	-2,438
Accrued interest	178	-	-	102	280
Total	40,332	16,194	6,613	-2,438	47,474

	31 Dec 2021	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2022
Change in subordinated debt and hybrid equity (NOKm)					
Ordinary subordinated loan capital, nominal value	1,793	1,000	750	-	2,043
Hybrid equity, nominal value	-	-	-	-	-
Value adjustments	-	-	-	-	-
Accrued interest	3	-	-	13	16
Total	1,796	1,000	750	13	2,058

Note 17 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

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

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

Level 2: Valuation based on observable market data

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

Level 3: Valuation based on other than observable data

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

The following table presents the Group's assets and liabilities measured at fair value at 31 December 22:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	-	6,804	-	6,804
- Bonds and money market certificates	3,721	34,352	-	38,073
- Equity instruments	140	130	570	840
- Fixed interest loans	-	78	4,630	4,708
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	81,901	81,901
Total assets	3,861	41,363	87,101	132,325
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	-	8,307	-	8,307
- Equity instruments	-	-	-	-
Total liabilities	-	8,307	-	8,307

The following table presents the Group's assets and liabilities measured at fair value at 31 December 21:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	4	3,221	-	3,224
- Bonds and money market certificates	2,377	28,385	-	30,762
- Equity instruments	1,984	106	564	2,654
- Fixed interest loans	-	-	4,198	4,198
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	83,055	83,055
Total assets	4,364	31,712	87,817	123,893
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	0	3,909	-	3,909
- Equity instruments	31	-	-	31
Total liabilities	31	3,909	-	3,940

The following table presents the changes in the instruments classified in level 3 as at 31 December 22:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	564	4,198	83,055	87,817
Investment in the period	17	1,355	36,461	37,834
Disposals in the period	-2	-752	-37,604	-38,358
Expected credit loss	-	-	-20	-20
Gain or loss on financial instruments	-8	-171	9	-171
Closing balance 31 December 22	570	4,630	81,901	87,101

The following table presents the changes in the instruments classified in level 3 as at 31 December 21:

(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	26	1,201	40,891	42,118
Disposals in the period	-12	-1,150	-32,615	-33,778
Expected credit loss	-	-	19	19
Gain or loss on financial instruments	118	-95	-1	22
Closing balance 31 December 21	563	4,198	83,055	87,817

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 6 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 501 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 31 December 22:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	4,630	-13
Equity instruments through profit/loss*	570	-
Loans at fair value through other comprehensive income	81,901	-6

* 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 fourth quarter 2022 was 3.4 years. The overall LCR at the same point was 239 per cent and the average overall LCR in the fourth quarter was 183 per cent. The LCR in Norwegian kroner and euro at quarter-end was 192 and 216 per cent respectively.

Note 19 - Earnings per EC

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

(NOKm)	Jan - Dec	
	2022	2021
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	2,592	2,692
Allocated to ECC Owners 2)	1,658	1,722
Issues Equity Capital Certificates adjusted for own certificates	129,316,131	129,339,665
Earnings per Equity Capital Certificate	12.82	13.31

1) Adjusted Net Profit	Jan - Dec	
	2022	2021
Net Profit for the group	2,785	2,902
adjusted for non-controlling interests share of net profit	-130	-160
Adjusted for Tier 1 capital holders share of net profit	-63	-50
Adjusted Net Profit	2,592	2,692

2) Equity capital certificate ratio (parent bank) (NOKm)	31 Dec 2022	31 Dec 2021
ECC capital	2,597	2,597
Dividend equalisation reserve	7,877	7,007
Premium reserve	895	895
Unrealised gains reserve	45	109
Other equity capital	-	-
A. The equity capital certificate owners' capital	11,413	10,609
Ownerless capital	6,408	5,918
Unrealised gains reserve	25	62
Other equity capital	-	-
B. The saving bank reserve	6,433	5,980
To be disbursed from gift fund	474	547
Dividend declared	840	970
Equity ex. profit	19,161	18,106
Equity capital certificate ratio A/(A+B)	64.0 %	64.0 %
Equity capital certificate ratio for distribution	64.0 %	64.0 %

Note 20 - Events after the balance sheet date

SpareBank 1 SMN reported to the police on Thursday 19 January a hired replacement employee for gross embezzlement. The relationship was uncovered through the bank's own control functions. The police's investigation, which corresponds to the bank's own investigations, shows that the embezzlement totals just under NOK 75 million. Because the accused returned part of the amount to SpareBank 1 SMN before the arrest, the net amount withdrawn from the bank is in excess of NOK 66 million. The police have secured just over NOK 15 million in Sweden. Based on the information that is now known, more than NOK 50 million of the embezzled amount has been lost.

SpareBank 1 SMN has insurance that covers financial crime, including embezzlement. The insurance has a deductible of NOK 5 million. Most of the embezzlement occurred within a short time before it was discovered and reported to the police. The funds have been transferred to bank accounts in other banks in Norway, and further out of the country. There, they have mainly been invested in securities and financial instruments with a very high risk.

Results from quarterly accounts

Group (NOKm)	4Q 2022	3Q 2022	2Q 2022	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021	4Q 2020
Interest income effective interest method	1,973	1,518	1,279	1,156	1,046	972	957	938	945
Interest expenses	1,012	704	476	397	321	263	256	267	258
Net interest	961	814	803	759	725	709	701	671	688
Commission income	340	370	378	358	405	407	401	374	393
Commission expenses	45	52	46	42	47	47	41	41	54
Other operating income	178	173	223	206	163	162	213	193	399
Commission income and other income	473	491	555	522	521	521	572	526	738
Dividends	19	8	4	2	1	1	17	4	27
Income from investment in related companies	195	108	77	62	186	179	212	128	117
Net return on financial investments	-52	-30	-123	111	-19	37	1	93	53
Net return on financial investments	163	86	-43	175	168	217	230	224	197
Total income	1,597	1,391	1,316	1,456	1,414	1,447	1,503	1,422	1,622
Staff costs	333	348	350	375	342	341	343	352	553
Other operating expenses	314	235	235	255	267	246	235	234	271
Total operating expenses	646	583	585	629	609	586	579	586	824
Result before losses	951	808	731	827	805	861	924	836	798
Loss on loans, guarantees etc.	19	22	-48	-0	32	31	39	59	242
Result before tax	932	785	779	827	773	830	885	777	556
Tax charge	210	179	164	166	103	174	156	131	105
Result investment held for sale, after tax	46	10	87	37	33	19	26	122	-0
Net profit	768	617	702	698	703	675	755	768	450

Key figures from quarterly accounts

Group (NOKm)	4Q 2022	3Q 2022	2Q 2022	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021	4Q 2020
Profitability									
Return on equity per quarter ¹⁾	13.1%	10.9%	12.9%	12.5%	12.7%	12.4%	14.3%	14.8%	8.9%
Cost-income ratio ¹⁾	40 %	42 %	44 %	43 %	43 %	41 %	39 %	41 %	51 %
Balance sheet figures									
Gross loans to customers	152,629	150,247	148,681	147,023	147,301	143,972	141,935	137,471	134,648
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	211,244	208,900	205,504	199,965	195,353	191,976	189,015	185,342	182,801
Deposit from customers	122,010	120,558	123,812	114,053	111,286	109,691	110,133	102,390	97,529
Total assets	223,312	218,918	217,458	207,027	198,845	200,124	200,426	193,822	187,912
Quarterly average total assets	221,115	218,188	212,243	202,936	199,492	200,275	197,124	190,867	187,406
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months ¹⁾	1.1 %	1.7 %	2.8 %	2.4 %	1.8 %	1.6 %	2.0 %	1.4 %	1.9 %
Growth in deposits last 12 months	1.2 %	-2.6 %	8.6 %	2.5 %	1.5 %	-0.4 %	7.6 %	5.0 %	2.2 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio ¹⁾	0.04 %	0.04 %	-0.09 %	0.00 %	0.07 %	0.07 %	0.08 %	0.13 %	0.54 %
Stage 3 as a percentage of gross loans ¹⁾	0.97 %	1.02 %	1.08 %	1.62 %	1.68 %	1.80 %	1.87 %	1.66 %	1.23 %
Solidity									
Common equity Tier 1 capital ratio	18.9 %	19.2 %	18.8 %	18.3 %	18.0 %	18.1 %	18.3 %	18.0 %	18.3 %
Tier 1 capital ratio	20.9 %	20.8 %	20.4 %	19.8 %	19.6 %	19.7 %	20.0 %	19.7 %	20.0 %
Capital ratio	23.1 %	23.0 %	22.7 %	21.9 %	21.6 %	21.8 %	22.2 %	21.9 %	22.3 %
Tier 1 capital	21,835	21,252	20,547	19,797	19,322	19,265	19,011	18,636	18,636
Total eligible capital	24,147	23,546	22,910	21,839	21,333	21,338	21,105	20,741	20,759
Liquidity Coverage Ratio (LCR)	239 %	180 %	204 %	155 %	138 %	163 %	184 %	190 %	171 %
Leverage Ratio	7.1 %	7.3 %	6.9 %	7.0 %	6.9 %	6.9 %	7.0 %	7.0 %	7.1 %
Key figures ECC									
ECC share price at end of period (NOK)	127.40	111.40	115.80	141.20	149.00	129.80	119.20	107.40	97.60
Number of certificates issued, millions ¹⁾	129.29	129.29	129.31	129.39	129.39	129.39	129.36	129.22	129.39
Booked equity capital per ECC (NOK) ¹⁾	109.86	107.19	102.91	99.55	103.48	103.57	100.18	96.70	94.71
Profit per ECC, majority (NOK) ¹⁾	3.53	2.89	3.20	3.20	3.20	3.22	3.51	3.40	1.99
Price-Earnings Ratio (annualised) ¹⁾	9.02	9.62	9.06	11.05	11.65	10.09	8.50	7.91	12.28
Price-Book Value Ratio ¹⁾	1.16	1.04	1.13	1.42	1.44	1.25	1.19	1.11	1.03

Equity capital certificates

Stock price compared with OSEBX and OSEEX

1 Jan 2021 to 31 Dec 2022

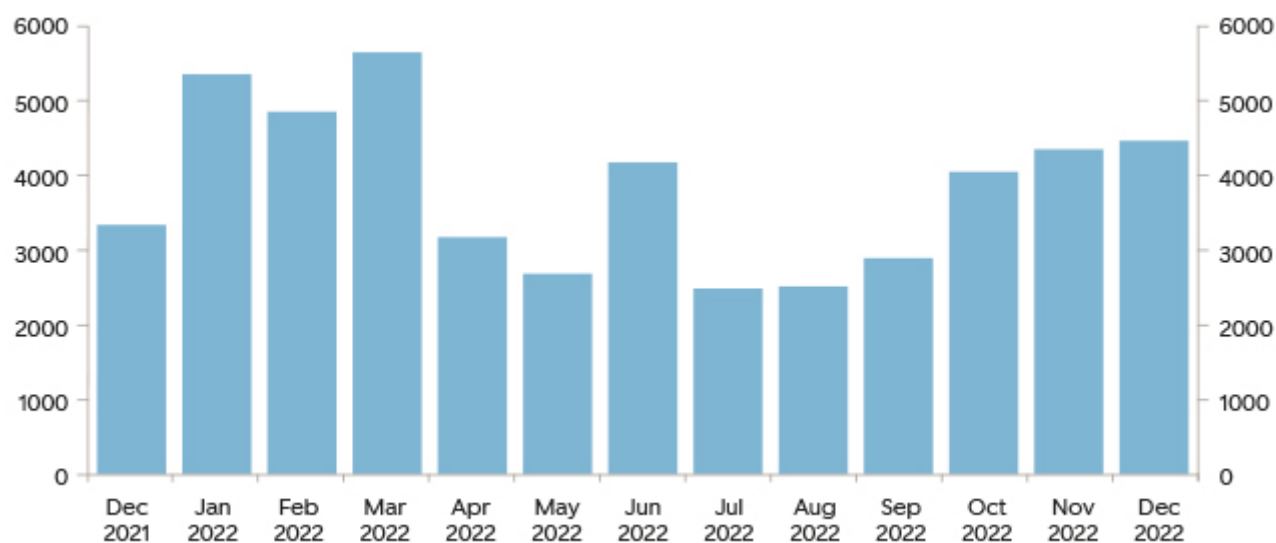


OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics

1 Dec 2021 to 31 Dec 2022



Total number of ECs traded (1000)

20 largest ECC holders	No. Of ECCs	Holding
Sparebankstiftelsen SMN	3,965,391	3.05 %
State Street Bank and Trust Comp	3,188,662	2.46 %
VPF Odin Norge	2,987,707	2.30 %
Pareto Aksje Norge VPF	2,903,393	2.24 %
Pareto Invest Norge AS	2,761,418	2.13 %
KLP	2,738,645	2.11 %
J. P. Morgan Chase Bank, N.A., London	2,555,343	1.97 %
VPF Eika Egenkapitalbevis	2,540,860	1.96 %
State Street Bank and Trust Comp	2,335,792	1.80 %
Danske Invest Norske Aksjer Institusjon II.	2,310,642	1.78 %
VPF Alfred Berg Gamba	2,124,217	1.64 %
VPF Nordea Norge	2,025,266	1.56 %
Forsvarets personellservice	2,014,446	1.55 %
J. P. Morgan SE	1,802,526	1.39 %
Spesialfondet Borea Utbytte	1,789,621	1.38 %
RBC Investor Services Trust	1,527,586	1.18 %
MP Pensjon PK	1,352,771	1.04 %
J. P. Morgan SE	1,262,576	0.97 %
VPF Nordea Avkastning	1,185,237	0.91 %
VPF Holberg Norge	1,166,605	0.90 %
The 20 largest ECC holders in total	44,538,704	34.30 %
Others	85,297,739	65.70 %
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 up to one half of the owner capital's share of the net profit for the year should be disbursed in dividends and, similarly, that up to 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.