

Third Quarter Report 2023



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Main figures

	Third quarter		January - September		
From the income statement (NOKm) ²⁾	2023	2022	2023	2022	2022
Net interest	1,191	814	3,319	2,377	3,339
Net commission income and other income	484	491	1,586	1,568	2,042
Net return on financial investments	97	86	228	217	380
Total income	1,772	1,391	5,133	4,163	5,760
Total operating expenses	741	583	2,152	1,797	2,443
Results before losses	1,032	808	2,981	2,366	3,317
Loss on loans, guarantees etc	35	22	-6	-26	-7
Results before tax	996	785	2,988	2,391	3,324
Tax charge	278	179	642	508	718
Result investment held for sale, after tax	22	10	96	133	179
Net profit	740	617	2,441	2,017	2,785
Interest Tier 1 Capital	27	12	86	45	63
Net profit excl. Interest Tier 1 Capital	714	604	2,355	1,971	2,722

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Balance sheet figures			
Gross loans to customers	168,940	150,247	152,629
Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt	234,316	208,900	211,244
Deposits from customers	138,230	120,558	122,010
Average total assets	235,949	210,562	213,112
Total assets	243,472	218,918	223,110

	Third quarter		January - September		
Key figures	2023	2022	2023	2022	2022
Profitability					
Return on equity ¹⁾	11.1 %	10.9 %	13.0 %	12.0 %	12.3 %
Cost-income ratio ¹⁾	44 %	45 %	44 %	46 %	45 %
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	82 %	80 %	82 %	80 %	80 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt ¹⁾	59 %	58 %	59 %	58 %	58 %
Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt)	1.0 %	1.7 %	12.2 %	8.8 %	8.1 %
Growth in deposits last 12 months	-1.4 %	-2.6 %	14.7 %	9.9 %	9.6 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt					
Impairment losses ratio ¹⁾	0.06 %	0.04 %	0.00 %	-0.02 %	0.00 %
Stage 3 as a percentage of gross loans	0.98 %	1.02 %	0.98 %	1.02 %	0.97 %

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Solidity			
Capital ratio	23.7 %	23.0 %	23.1 %
Tier 1 capital ratio	21.3 %	20.8 %	20.9 %
Common equity Tier 1 capital ratio	19.7 %	19.2 %	18.9 %
Tier 1 capital	24,283	21,252	21,835
Total eligible capital	26,950	23,546	24,147
Liquidity Coverage Ratio (LCR)	173 %	180 %	239 %
Leverage Ratio	7.3 %	7.3 %	7.1 %

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Branches and staff			
Number of branches	46	40	40
No. Of full-time positions ²⁾	1,582	1,608	1,432

¹⁾ Defined as alternative performance measures, see 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	30 Sep 23	30 Sep 22	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
ECC ratio	67 %	64 %	64 %	64 %	64 %	64 %
Number of certificates issued, millions ¹⁾	143.82	129.29	129.29	129.39	129.39	129.30
ECC share price at end of period (NOK)	137.20	111.40	127.40	149.00	97.60	100.20
Stock value (NOKM)	19,732	14,402	16,471	19,279	12,629	12,956
Booked equity capital per ECC (including dividend) ¹⁾	116.39	107.19	109.86	103.48	94.71	90.75
Profit per ECC, majority ¹⁾	11.14	9.29	12.82	13.31	8.87	12.14
Dividend per ECC			6.50	7.50	4.40	6.50
Price-Earnings Ratio ¹⁾	9.24	9.00	9.94	11.19	11.01	8.26
Price-Book Value Ratio ¹⁾	1.18	1.04	1.16	1.44	1.03	1.10

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

Report of the Board of Directors

Third quarter 2023

(Consolidated figures. Figures for the former SpareBank 1 Søre Sunnmøre are included as from the second quarter of 2023. Figures in parenthesis refer to the same period of 2022 unless otherwise stated. Growth figures adjusted for the merger are referred to under 'loans' and 'deposits')

- Pre-tax profit NOK 996m (785m)
- Net profit NOK 740m (617m)
- Return on equity 11.1 per cent (10.9 per cent)
- CET1 ratio 19.7 per cent (19.2 per cent)
- Growth in lending 1.0 per cent (1.7 per cent) and in deposits minus 1.4 per cent (minus 2.6 per cent)
- Lending to retail customers rose 1.6 per cent in the quarter (1.3 per cent), 8.2 percentage points lower growth than in the second quarter. Lending to corporates fell 0.8 per cent (1.7 per cent) which was 8.0 percentage points lower growth than in the second quarter. Figures for the second quarter were affected by the merger with the former SpareBank 1 Søre Sunnmøre
- Deposits from retail customers fell 0.8 per cent (minus 2.5 per cent), 15.9 per cent lower growth than in the second quarter. Deposits from corporate clients were reduced by 3.0 per cent (minus 2.8 per cent), 16.4 percentage points lower growth than in the second quarter. Figures for the second quarter were affected by the merger with the former SpareBank 1 Søre Sunnmøre
- Net result of ownership interests was minus NOK 2m (108m)
- Net result of financial instruments (incl. dividends) was NOK 99m (minus 22m)
- Losses on loans and guarantees NOK 35m (NOK 22m)
- Earnings per equity certificate (EC) NOK 3.28 (2.89)
- Book value per EC NOK 116.39 (107.19)

First nine months 2023

- Pre-tax profit NOK 2,988m (2,391m)
- Net profit NOK 2,441m (2,017m)
- Return on equity 13.0 per cent (12.0 per cent)
- Growth in lending 12.2 per cent (8.8 per cent) and in deposits 14.7 per cent (9.9 per cent) in the last 12 months. Growth in lending to personal customers was 13.8 per cent (7.5 per cent) in the last 12 months. Growth in lending to corporates was 8.8 per cent (11.1 per cent) in the last 12 months
- Lending to wage earners accounts for 68 per cent (67 per cent) of overall lending
- Deposits from personal customers rose 17.3 per cent (9.1 per cent) in the last 12 months. Deposits from corporate clients rose 11.8 per cent (6.2 per cent) in the last 12 months
- Net result of ownership interests NOK 207m (246m)
- Net result of financial instruments (incl. dividends) NOK 20m (minus 29m)
- Losses on loans and guarantees: a net recovery of NOK 6m (net recovery of NOK 26m), -0.00 per cent (-0.02 per cent) of gross outstanding loans
- Earnings per equity certificate (EC) NOK 11.14 (9.29)

Events in the quarter

Signs of subsiding inflationary pressures

Norges Bank raised its base rate from 3.75 per cent in the second quarter to 4.0 per cent in August and then to 4.25 per cent in September. SpareBank 1 SMN has like other banks raised mortgage interest rates and deposit rates in step with Norges Bank's base rate changes. At its interest rate meeting in September the central bank indicated a very probable base rate hike to 4.50 per cent in December. Inflation figures emerging since the publication of the central bank's monetary policy report have increased uncertainty as to the interest rate path ahead. Sustained pressure in the economy and a weaker krone exchange rate than expected could result in high inflation for a longer period than Norges Bank laid down as a basis.

The 12-month rate of growth in the consumer price index (CPI) was 3.3 per cent at the end of the quarter. Underlying inflation over the last 12 months in terms of the consumer price index adjusted for changes in indirect taxes and excluding energy products (CPI-ATE) was 5.7 per cent. The macroeconomic picture in Norway is complex, and the path of the economy ahead is uncertain. The building and construction industry is affected by a sluggish market with fewer housing starts at the same time as energy-related manufacturing is experiencing an increased level of activity.

The labour market in Norway remains tight, and activity levels in the Norwegian economy are high, but edging down. Growth in credit to households (C2) and non-financial undertakings has slowed further. Lower household purchasing power is expected to impact firms' activity levels in the period ahead. The number of customers turning to the bank for financial advice and mortgage payment holidays is rising slightly, but remains at a relatively low level. No significant increase in loan defaults is so far in evidence in any of the Group's business lines.

2022 was a good year for mid-Norwegian business, but now the mood has turned. With the exception of when the corona pandemic broke out in March 2020, mid-Norwegian business leaders have not been so pessimistic since the financial crisis. This is shown by the economic barometer from SpareBank 1 SMN.

Result for the third quarter

The third quarter of 2023 reflects a good trend in underlying operations. However, a weak profit contribution from related companies, one-time costs and a correction for a low tax expense in the second quarter reduce return on equity in the quarter. Return on equity in the third quarter was 11.1 per cent, 1.9 percentage points below the target level for the group.

Net interest income has increased as a result of interest rate changes carried out and the full effect of the merger. The bank has announced two further rate hikes of up to 0.25 per cent with effect in the fourth quarter. The group's financing costs have risen due to a further increase in market interest rates.

Increased organic growth, acquisitions and an expanded product range have brought a strong increase in commission income from accounting services compared with the same quarter last year. Activity in the housing market has slowed and property sales are down on last year, while repricing and an expanded product range have contributed to higher commission income from estate agency services compared with the third quarter of 2022.

Results posted by related companies were reduced in the quarter, mainly as a result of a negative performance by SpareBank 1 Gruppen where extreme weather events have impacted Fremtind Forsikring's results. Portfolio write-downs at Kredinor also made a negative contribution. BN Bank continues to deliver good results.

The group's operating expenses came to NOK 741m in the quarter (583m). The increase is mainly down to the merger with SpareBank 1 Søre Sunnmøre and to price and wage growth.

Losses on loans and guarantees totalled NOK 35m in the quarter, breaking down to NOK 29m at the bank and NOK 6m at SpareBank 1 Finans Midt-Norge.

In connection with the merger with SpareBank 1 Søre Sunnmøre, SpareBank 1 SMN calculated a second-quarter tax expense that was NOK 71 million below the correct level. This brings a corresponding increase in the tax expense for the third quarter.

An increase in CET1 capital along with lower risk weighted assets make for a higher CET1 ratio, which at the end of the third quarter stood at 19.7 per cent. This is 2.5 percentage points above the group's long-term target.

Net interest income

Market interest rates in terms of NIBOR rose from 4.37 per cent at the end of the second quarter to 4.72 per cent as of 30 September 2023. NIBOR averaged 4.62 per cent in the third quarter, 0.73 percentage points higher than in the preceding quarter. The bank raised its mortgage and deposit rates with effect from 9 August 2023, and has announced two further hikes for retail customers with effect from 25 October 2023 and 28 November 2023.

Net interest income totalled NOK 1,191m (814m) compared with NOK 1,094m in the second quarter. This is an increase of 8.9 per cent from the second quarter. Rising market rates through the quarter brought lower margins on loans and higher margins on deposits. Growth in lending, interest rate changes given effect in the quarter, along with higher return on equity, strengthened net interest income.

Commission income and other operating income

SpareBank 1 SMN's strategy of exploiting the breadth present in the group and expanding interaction across the respective business lines stands firm. A high proportion of multi-product customers contributes to a capital efficient, diversified income flow and high customer satisfaction.

Commission income (NOKm)	3Q 23	2Q 23	3Q 22
Payment transfers	79	77	91
Creditcard	16	15	15
Saving products	10	12	9
Insurance	67	65	60
Guarantee commission	15	13	16
Real estate agency	110	119	105
Accountancy services	138	182	115
Other commissions	20	22	12
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	455	504	424
Commissions SB1 Boligkreditt	25	53	63
Commissions SB1 Næringskreditt	4	4	4
Total commissions	484	561	491

Commission income excluding the captive mortgage companies declined by NOK 49m measured against the second quarter. This is down to seasonal variations featuring in particular high accounting income in the second quarter. Compared with the third quarter of 2022, commission income excluding the captive mortgage companies have risen by NOK 31m.

In the case of loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt the bank receives a commission corresponding to the loan interest less the funding and operating expenses of those companies. The main reason for reduced commission income in the third quarter is higher funding costs.

Return on financial investments

Return on financial investments in the third quarter was NOK 83m (minus 30m). The group's shareholdings showed a capital gain of NOK 17m, primarily as a result of value increases at SpareBank 1 SMN Invest. Financial instruments, including bonds and CDs, showed a capital gain of NOK 47m (6m) while income from foreign exchange transactions declined from NOK 30m in the third quarter of 2022 to NOK 20m in the third quarter of 2023.

Return on financial investments (NOKm)	3Q 23	2Q 23	3Q 22
Capital gains/losses shares	17	-7	-67
Gain/(loss) on financial instruments	47	-30	6
Foreign exchange gain/(loss)	20	38	30
Net return on financial instruments	83	1	-30

Product companies and other related companies

SpareBank 1 SMN has a broad and well-diversified income platform. The group offers its customers a broad product range through various product companies which provide commission income along with return on invested capital.

The overall profit share from the product companies and other related companies was minus NOK 2m (108m) in the third quarter. In the second quarter the corresponding figure was NOK 85m. The weak profit contribution from related companies is primarily due to a negative result on the part of SpareBank 1 Gruppen and a negative result at SpareBank 1 Mobilitet Holding.

Income from investment in associated companies (NOKm)	3Q 23	2Q 23	3Q 22
SpareBank 1 Gruppen (19.5 %) ^{*)}	-13	-5	17
SpareBank 1 Boligkreditt (24.1 %)	5	29	10
SpareBank 1 Næringskreditt (17.8 %)	4	3	0
BN Bank (35.0 %)	64	58	53
SpareBank 1 Kreditt (19.2 %)	-3	-2	3
SpareBank 1 Betaling (21.9 %)	-10	-11	-3
SpareBank 1 Forvaltning (20.9 %)	6	8	10
Other companies	-55	5	18
Income from investment in associated companies	-2	85	108

^{*)} SpareBank 1 Gruppen has implemented IFRS 17 from 1 January 2023, comparison figures have not been reinstated but information about the effect is shown in Note 1.

SpareBank 1 Alliance

The SpareBank 1 Alliance is a collaboration between the SpareBank 1 banks. The Alliance's mission is to offer competitive financial services and products, and to exploit economies of scale. The Alliance collaboration is driven through its ownership and participation in SpareBank 1 Utvikling DA, which develops and delivers shared products and services, and through SpareBank 1 Gruppen, as owner of the product companies.

SpareBank 1 Gruppen

SpareBank 1 Gruppen posted a net profit of NOK 64m (444m) in the third quarter, of which SpareBank 1 SMN's share is minus NOK 13m (17m).

The most important companies in SpareBank 1 Gruppen (SpareBank 1 Gruppen's holding):

- **Fremtind Forsikring (65 per cent)** offers non-life and personal insurance coverage and is headquartered in Oslo. The company posted a profit of NOK 8m (444m) after tax in the third quarter. The decline is primarily due to extreme weather events in the quarter.
- **SpareBank 1 Forsikring (100 per cent)** is a pension company headquartered in Oslo. The company mainly offers contribution-based occupational pensions, collective disability insurance and private pension saving. SpareBank 1 Forsikring reported a profit of NOK 69m (minus 24m) after tax in the third quarter.
- **SpareBank 1 Factoring (100 per cent)** offers financial and administrative factoring services. The company is headquartered in Ålesund. The company posted a third-quarter profit of NOK 19m (16m) after tax.
- **Kreditor (50 per cent)** is Norway's largest debt collection company. The company's third-quarter result was a negative NOK 166m. Portfolio write-downs of NOK 180m were carried out in the quarter.

SpareBank 1 Forvaltning delivers products and services to a broad range of clients in the field of capital management and securities services. SpareBank 1 SMN's profit share in the third quarter was NOK 6m (10m).

SpareBank 1 Boligkreditt is a mortgage company that issues covered bonds secured by residential mortgages with a view to stable financing and low financing costs. SpareBank 1 SMN's profit share was NOK 5m (10m) in the third quarter.

SpareBank 1 Næringskreditt is a mortgage company that issues covered bonds secured by commercial mortgages with a view to stable financing and low financing costs. SpareBank 1 SMN's profit share was NOK 4m (0m) in the quarter.

SpareBank 1 Kreditt offers unsecured finance to retail customers. SpareBank 1 SMN's profit share in the third quarter was minus NOK 3m (3m).

BN Bank offers residential mortgages and loans to commercial property and its main market is south-eastern Norway. SpareBank 1 SMN's share of BN Bank's profit was NOK 64m (53m).

SpareBank 1 Betaling is the SpareBank 1 banks' holding company in Vipps AS. SpareBank 1 SMN's profit share was minus NOK 10m (minus 3m) in the third quarter.

Other companies

The negative profit contribution is attributable to SpareBank 1 Mobilitet Holding's write-down of its shareholding in the car subscription company Fleks. Car subscriptions, like the new car market, have experienced weaker demand in 2023.

Operating expenses

The group aims for a cost-income ratio below 40 per cent at the parent bank and below 85 per cent at EiendomsMegler 1 Midt-Norge and SpareBank 1 Regnskapshuset SMN. The cost-income ratio is defined as the ratio of operating expenses to total income excluding net return on financial investments.

The parent bank's cost-income ratio was 35.8 per cent in the quarter (37.1 per cent). The corresponding figures for EiendomsMegler 1 Midt-Norge and SpareBank 1 Regnskapshuset SMN were 101.3 (88.7) and 92.7 (82.5) per cent respectively.

	3Q 23	2Q 23	3Q 22
Staff costs	435	383	348
IT costs	24	105	84
Marketing	24	25	18
Ordinary depreciation	43	35	26
Operating expenses, real properties	15	14	17
Purchased services	51	44	48
Merger expenses	14	18	0
Other operating expense	56	59	42
Total operating expenses	741	683	583

Overall group expenses rose by NOK 158m from last year's third quarter, of which respectively NOK 23m and NOK 12m of the increase refers to the wage and price growth in the bank and subsidiaries. Additional wage growth in subsidiaries of NOK 45m is attributed to organic growth and acquisitions made by SpareBank 1 Regnskapshuset SMN.

In addition to price and wage growth, the growth in costs seen by the bank in the quarter measured against last year's third quarter is driven mainly by the inclusion of the former SpareBank 1 Søre Sunnmøre's cost base by NOK 35m, and costs related to the implementation of the merger by NOK 14m. Further, higher costs have been incurred on technology development at SpareBank 1 Utvikling and growth initiatives in selected geographical locations.

Measured against the second quarter, personnel costs at the bank have risen by NOK 39m. This is attributable to the full effect of the merger with SpareBank 1 Søre Sunnmøre, an increased focus on selected geographical locations and costs related to the group's 200th anniversary and outcome of the national wage settlement.

Losses on loans and guarantees

The group's losses on loans and guarantees in the third quarter of 2023 came to NOK 35m.

Losses in the third quarter break down to NOK 36m in Stage 1 and 2 and minus NOK 1m in Stage 3. Losses in the period measured 0.06 per cent of total outstanding loans (0.04 per cent).

Impairment losses (NOKm)	3Q 23	2Q 23	3Q 22
RM	1	-14	11
CM	27	18	1
SpareBank 1 Finans Midt-Norge	6	25	10
Total impairment losses	35	29	22

Overall impairment write-downs on loans and guarantees as at 30 September amounted to NOK 1,174m (1,199m).

The bank's loan portfolio is of good credit quality. The portfolio comprises NOK 166,651m (148.108m) in Stages 1 and 2 respectively, corresponding to 99.02 per cent. Problem loans (Stage 3) total NOK 2,289m (2,139m), corresponding to 0.98 per cent (1.02 per cent) of gross outstanding loans, including loans sold to the captive mortgage companies.

Total assets of NOK 243bn

The bank's total assets as of the third quarter of 2023 were NOK 243bn (219bn), having risen by NOK 24bn, or 11 per cent, over the last 12 months. Total assets have grown as a result of the merger and lending growth.

As at 30 September 2023 loans totalling NOK 65bn (59bn) had been sold from SpareBank 1 SMN to the captive mortgage companies SpareBank 1 Boligkreditt and 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 to the two mortgage companies.

Loans

Total outstanding loans rose in the last 12 months by NOK 25.4bn (16.9bn), corresponding to 12.2 per cent (8.8 per cent), and stood at NOK 234.3bn (208.9bn) at the end of the third quarter. Lending growth in the quarter was 1.0 per cent (1.7 per cent).

Lending to retail customers climbed NOK 2.6bn in the quarter (1.9bn). This corresponds to a lending growth of 1.6 per cent (1.3 per cent). Lending growth in the last 12 months was 13.8 per cent (7.5 per cent), of which the merger with the former SpareBank 1 Søre Sunnmøre accounts for 8.5 percentage points. Total lending to the bank's retail customers came to NOK 165.5bn (145.4bn) at the end of the third quarter.

Lending to the bank's corporate clients was reduced by NOK 0.5bn in the quarter (growth of NOK 0.9bn), corresponding to minus 0.8 per cent (1.7 per cent). Growth in lending in the last 12 months was 8.8 per cent (11.1 per cent), of which the merger accounts for 3.5 percentage points. Overall lending to the bank's corporate customers came to NOK 56.4bn (52.0bn) as at 30 September 2023.

SpareBank 1 Finans Midt-Norge's loan volume was NOK 12.6bn (11.6bn) at the end of the third quarter 2023.

Deposits

Customer deposits rose in the last 12 months by NOK 17.7bn (10.9bn) to NOK 138.2bn (120.6bn), corresponding to a growth of 14.7 per cent (9.9 per cent). Growth in the third quarter was minus 1.4 per cent (minus 2.6 per cent).

Personal deposits were reduced by NOK 0.5bn in the quarter (reduction of 1.4bn), corresponding to deposit growth of minus 0.8 per cent (minus 2.5 per cent). Deposit growth in the last 12 months was 17.3 per cent (9.1 per cent), of which the merger accounts for 9.2 percentage points. Total deposits from personal customers came to NOK 63.9bn (54.5bn) at the end of the third quarter.

Deposits by corporate customers of the bank were reduced by NOK 2.2bn in the quarter (reduction of 1.8 bn), corresponding to minus 3.0 per cent (minus 2.8 per cent). Deposit growth in the last 12 months was 11.8 per cent (6.2 per cent), of which the merger accounts for 7.0 percentage points. Overall corporate deposits with the parent bank amounted to NOK 70.0bn (62.7bn) as at 30 September 2023.

Result for the business areas

The **Retail Banking Division** achieved a pre-tax profit of NOK 481m in the third quarter of 2023 (322m). Return on capital employed was 18.9 per cent (14.7 per cent), a reduction of 1.4 percentage points from the second quarter. The retail banking portfolio consists of wage earners, agricultural customers and sole proprietorships.

Profit and loss account (NOKm)	3Q 23	2Q 23	3Q 22
Net interest	632	570	367
Comission income and other income	165	190	208
Total income	797	760	575
Total operating expenses	315	281	241
Ordinary operating profit	482	479	334
Loss on loans, guarantees etc.	1	-14	11
Result before tax	481	493	322
Balance			
Loans and advances to customers	165.454	162.822	145.433
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-63.873	-63.769	-57.299
Deposits to customers	63.878	64.398	54.458
Key figures			
Return on equity per quarter *)	18,9 %	20,3 %	14,7 %
Lending margin	0,33 %	0,57 %	0,39 %
Deposit margin	2,58 %	2,20 %	1,67 %

1) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital in accordance with the capital plan.

Lending growth in the quarter was 1.6 per cent and deposit growth was minus 0.8 per cent. The corresponding figures in the third quarter 2022 were 1.3 and minus 2.5 per cent respectively.

One general interest rate increase on loans and deposits was carried out in the course of the quarter, with two further rate increases announced for the fourth quarter. Net interest income rose from the second quarter as a result of volume growth, a higher deposit margin along with higher return on the division's allocated equity.

Increased income from the payments area is noted compared with the second quarter. Reduced lending margins on loans sold to SpareBank 1 Boligkreditt bring a decline in net commission income and other incomes measured against the same period of last year.

Lending to personal customers consistently carries low risk, as reflected in continued low losses. The loan portfolio is largely secured by residential property, and risk weights employed in the portfolio are below the regulatory floor of 20 per cent.

The Retail Banking Division prioritises balanced growth. A focus on deposits in advisory services to customers enables the bank to deliver robust earnings and heightens customers' financial security through increased buffer capital.

The distribution model is enhanced by the introduction of co-location in finance centres and a transition from personal advisers to customer teams. Increased use of data and insights enables a closer interplay between the physical and digital advisory channels, providing customers with improved and more efficient advice.

EiendomsMegler 1 Midt-Norge is the market leader in Trøndelag and in Møre og Romsdal. The pre-tax profit was minus NOK 1m (12m) in the third quarter.

EiendomsMegler 1 Midt-Norge (92.4%)	3Q 23	2Q 23	3Q 22
Total income	110	120	107
Total operating expenses	111	89	95
Result before tax (NOKm)	-1	31	12
Profit margin	-1 %	26 %	11 %

As expected, higher mortgage rates have changed the tempo of the housing market since the summer. A large supply of properties and lower demand have resulted in longer selling periods and an increase in the number of properties sold below the asking price. Overall sales have nonetheless remained at a stable level.

1,632 properties were sold in the third quarter (1,763), and new assignments totalled 1,962 (1,944), 18 more than in the third quarter of 2022. The company's market share at 30 September 2023 was 37.0 per cent, up from 36.4 per cent in the same period last year.

The **Corporate Banking Division** achieved a pre-tax profit of NOK 452m (322m). Return on capital employed was 24.3 per cent (18.4 per cent).

CM, Profit and loss account (NOKm)	3Q 23	2Q 23	3Q 22
Net interest	537	483	361
Commission income and other income	77	57	75
Total income	614	540	436
Total operating expenses	135	124	114
Ordinary operating profit	480	415	322
Loss on loans, guarantees etc.	27	15	1
Result before tax	452	400	322
Balance			
Loans and advances to customers	56.605	57.077	52.047
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-1.503	-1.512	-1.354
Deposits to customers	70.011	72.180	62.638
Key figures			
Return on equity per quarter ¹⁾	24,3 %	22,0 %	18,4 %
Lending margin	2,33 %	2,40 %	2,05 %
Deposit margin	0,60 %	0,37 %	0,27 %

¹⁾ Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital in accordance with the capital plan.

The Corporate Banking Division's loan volume was reduced by 0.8 per cent in the quarter (increase of 1.7 per cent) while the deposit volume was reduced by 3.0 per cent (reduction of 2.8 per cent).

Increased market interest rates in the quarter narrowed the lending margin and widened the deposit margin. For customers with lending and deposit products unrelated to interbank rates, one general interest rate increase was carried out in the third quarter, with two further rate increases announced for the fourth quarter.

The credit quality of the loan portfolio is good. The bankruptcy rate in the region has risen, but so far with limited impact on the loan portfolio.

A strengthened input of resources in Trondheim and greater coordination with SpareBank 1 Regnskapshuset SMN is contributing to Corporate Banking's acquisition of market shares in Mid-Norway. The establishment of a presence in Oslo is expected to spur lending growth in selected segments where SpareBank 1 SMN offers competencies and experience.

SpareBank 1 Regnskapshuset SMN is the market leader in Trøndelag and in Møre og Romsdal. The company posted a pre-tax profit of NOK 11m (22m).

SpareBank 1 Regnskapshuset SMN (93.3%)	3Q 23	2Q 23	3Q 22
Total income	153	198	125
Total operating expenses	141	154	103
Result before tax (NOKm)	11	45	22
Profit margin	7 %	22 %	17 %

Operating income climbed by NOK 28m from the third quarter of 2022, driven by increased incomes from advisory and accounting services.

Substantial sums have been invested in developing the company's competitive power. This is producing results ranging from strengthened advisory competencies and capacity, greater focus on digitalisation to new income flows. Cloud-based solutions that simplify matters for the company, along with enhanced insights and improvements in the customer process, are at centre stage. This has brought customer growth and reinforced existing customers' loyalty.

SpareBank 1 Finans Midt-Norge's focal areas are leasing and invoice purchasing services to businesses and car loans to personal customers. SpareBank 1 Finans Midt-Norge recorded a pre-tax profit of NOK 3m (44m).

SpareBank 1 Finans Midt-Norge (58.0%)	3Q 23	2Q 23	3Q 22
Total income	40	96	83
Total operating expenses	31	29	28
Loss on loans, guarantees etc.	6	25	10
Result before tax (NOKm)	3	43	44

The company has in recent years developed new distribution channels with a special focus on the car dealer channel. More than 20 per cent of vendor's liens to personal customers now come directly from car dealers. SpareBank 1 Finans Midt-Norge has a market share of about 10 per cent in vendor's liens in the counties where the owner banks are represented.

SpareBank 1 Finans Midt-Norge and other SpareBank 1 banks own, through SpareBank 1 Mobilitet Holding, 47.2 per cent of the shares of the car subscription company Fleks which is the market leader in Norway with regard to car subscriptions. Like the market for new cars, car subscriptions have experienced

weaker demand in 2023, prompting SpareBank 1 Finans Midt-Norge to write down its holding in Fleks in the third quarter. The write-down is presented as net return on financial investments and is included in total income in the segment information.

SpareBank 1 Markets is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It employs 167 FTEs.

SpareBank 1 Markets' pre-tax profit was NOK 24m (minus 3m) in the third quarter.

The third quarter is traditionally marked by lower activity. The third quarter of 2023 showed consistently higher incomes in the business lines compared with the same quarter of recent years. Overall incomes in the quarter amounted to NOK 166m (108m) and expenses to NOK 142m (105m).

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, more diversified earnings. The merger is currently scheduled for completion in 2023, but this is dependent on government approvals.

SpareBank 1 SMN Invest

This company owns shares in regional growth companies and funds. The portfolio is managed together with other long-term shareholdings of the bank and will be scaled down over time. The company's portfolio is worth NOK 565m (604m) as at 30 September 2023.

The company's pre-tax profit in the third quarter of 2023 was NOK 36m (minus 30m). The third quarter result is ascribable to dividends received and value adjustments to the equity portfolio.

First nine months of 2023

Good result

SpareBank 1 SMN posted a net profit NOK 2,441m (2,017m) and a return on equity of 13.0 per cent (12.0 per cent). The result is higher than in the same period of 2022 due primarily to increased net interest income.

Net interest income came to NOK 3,319m (2,377m). Norges Bank raised its base rate to 4.25 per cent in August 2023. At the end of the third quarter of 2022 the base rate was 2.25 per cent. This has brought a substantial increase in banks' funding costs. Lending margins in the retail market have narrowed concurrent with a widening of deposit margins compared with 2022, and return on the bank's equity has risen.

Both loan and deposit volumes have risen, in part due the merger with SpareBank 1 Søre Sunnmøre, which has served to further strengthen net interest income. The bank has carried out general interest rate increases on mortgages and deposits in line with Norges Bank's base rate hikes. Two further base rate hikes have been announced, taking effect in the fourth quarter.

Net commission income was NOK 1,586m (1,568m). Incomes from accounting services have climbed NOK 71m measured against the first nine months of 2022. Incomes from insurance products and estate agency services and other commissions have concurrently risen. Net commission income excluding the captive

mortgage companies has increased by NOK 107m from last year. Lower margins on loans sold to SpareBank 1 Boligkreditt have reduced commissions from this mortgage company by NOK 88m.

The profit from related companies was NOK 207m (246m). A weaker performance by SpareBank 1 Gruppen and a negative performance by SpareBank 1 Mobilitet Holding are the main explanation for the decline.

The group's operating expenses were NOK 2,152m (1,797m). Expenses are impacted by wage and price growth along with the merger with the former SpareBank 1 Søre Sunnmøre and expensing of the embezzlement affair in the first quarter.

A net recovery of NOK 6m was recorded on loan losses (net recovery of 26m) in the nine months to 30 September. A net amount of NOK 22m was recovered on losses on loans to the group's corporate customers in the same period (net recovery of 39m). The corresponding figure for personal customers is a loss of NOK 16m (14m).

Lending growth in the group was 10.9 per cent (6.9 per cent) in the year's first nine months. Growth in lending to the retail segment was 12.2 per cent (5.6 per cent). Lending to corporate customers climbed 9.2 per cent (9.4 per cent).

Deposits increased by 13.3 per cent (8.3 per cent). Deposits from personal customers rose 16.3 per cent (7.4 per cent). Deposits from corporate customers climbed 11.3 per cent (5.1 per cent).

Good funding and liquidity

The central banks of several countries raised their base rates, but credit spreads have narrowed somewhat over the quarter. SpareBank 1 SMN has ample liquidity and access to funding. The bank follows 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 estimated at 173 per cent as at 30 September 2023 (239 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 30 September 2023, including the captive mortgage companies SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, was 59 per cent (58 per cent).

The bank's funding sources and products are amply diversified. The share of the bank's overall money market funding with a maturity above one year was 90 per cent (90 per cent) at 30 September 2023.

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt are important funding sources for the bank, and loans totalling NOK 65bn (59bn) had been sold to these mortgage companies as of 30 September 2023.

MREL worth NOK 2,875m was issued in the third quarter. At the end of the third quarter SpareBank 1 SMN held NOK 12.1bn in senior non-preferred debt (MREL) and will meet the MREL requirements by the end of 2023.

Rating

The bank's rating with Moody's was upgraded from A1 to Aa3 in October 2023.

Financial soundness

The CET1 ratio at 30 September 2023 was 19.7 per cent (19.2 per cent) compared with 19.1 per cent as at 30 June 2023. The CET1 requirement is 15.9 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. The provisional add-on of 0.7 per cent is not included in the bank's long-term capital target.

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 rose by 0.6 percentage point in the third quarter. Risk weighted assets were reduced by 1.2 per cent in the same quarter. The reduction is explained by a decline in loan volume to corporates, lower exposure to institutions and reduced CVA risk.

CET1 capital climbed 1.6 per cent in the third quarter. A payout ratio of 50 per cent of the group' net profit for 2023 is assumed.

A leverage ratio of 7.3 per cent (7.3 per cent) shows the bank to be very solid. See note 5 for details.

Sustainability

The group's strategies and objectives stand firm, and our effort to engage our customers and partners through our advisory capabilities, transition plans and product development will be strengthened in the period ahead.

Work on developing transition plans towards net zero emissions at industry level is ongoing and transition plans for fishing, agriculture and property has been published. Plans for most other significant industries and residential property will be published during 2024. To strengthen this effort, SpareBank 1 SMN has signed and endorsed the Science-Based Targets initiative (SBTi). SBTi is a framework for setting net zero targets in line with climate science, and this commitment is a natural follow-up to the group's strategic objective of net zero emissions by 2050. The validation process is expected to take a minimum of two years, and SpareBank 1 Regnskapshuset SMN will act as advisor in that process.

SpareBank 1 SMN has over the course of the quarter continued to prepare for the implementation of new sustainability reporting requirements. Corporate Banking has strengthened the credit department by appointing a sustainability officer to join the group's sustainability unit. Retail Banking has established a financial health team as part of its customer offering. The financial health team is a pilot project designed to assist customers experiencing acute stress and crisis reactions due to unmanageable debt or financial problems.

The bank's equity certificate (MING)

The book value per EC at 30 September 2023 was NOK 116.39 (107.19) and earnings per EC in the year's first nine months were NOK 11.14 (9.29).

The Price / Income ratio was 9.24 (9.00) and the Price / Book ratio was 1.18 (1.04).

Outlook

SpareBank 1 SMN achieved a good operating profit in the third quarter with strong income growth, low losses and strengthened financial soundness.

Inflation remains above target both in Norway and a number of other countries. Central banks are responding by raising base rates, and Norges Bank raised its base rate by 0.25 percentage points at its interest rate meeting in September. The further path of interest rates will depend on economic developments. That said, activity in the Norwegian economy remains high and the labour market is tight. However, the latest report from Norges Bank's regional network indicates that activity levels are expected to edge down ahead driven by reduced construction activity and lower demand, albeit with regional and industry differences. This picture is confirmed by the bank's own assessment of industries in SpareBank 1 SMN's market area.

Growth in credit to households and non-financial enterprises alike has slowed over the past year, but SpareBank 1 SMN's ambition to expand its market shares stands firm. The bank's growth aspirations will be realised through growth initiatives in selected geographical locations and industries. In addition, work continues to strengthen synergies in the group's business lines, along with an increased focus on deposits and saving. Moreover, the group sees good opportunities for growth in the wake of structural changes in Norway's banking industry. Major improvements have been made in the distribution model for both private and business customers that lays the foundation for that the growth ambition will be realised in a profitable and efficient way.

The risk picture in SpareBank 1 SMN's loan portfolio is satisfactory. Higher interest rates make for an uncertain trend in commercial property, building and construction and retail trade. Bankruptcies in the region are increasing in number, but remain at a lower level than prior to the pandemic. Parts of the business sector are flourishing and the bank has not observed an increase in defaults in the corporate portfolio. Enquiries from personal customers regarding payment holidays showed a further increase in the third quarter. The number of enquiries is nonetheless low and only marginally higher than at the same time last year. So far there are few indications of any deterioration of the portfolio's credit quality, and neither defaults nor losses have increased.

The group aims for a CET1 ratio of 17.2 per cent in the longer term. At the end of the third quarter the CET1 ratio was 19.7 per cent which meets both the group's own objective and regulatory expectations. The group's dividend policy requiring about one half of net profit to be disbursed as dividends stands firm. When setting the size of the annual dividend payment, account is taken of the group's need for capital, prospects for profitable growth and strategic plans.

SpareBank 1 SMN aspires to be among the best performers in the Nordic region, and the group's overriding financial goal is deliver a return on equity of 13 per cent over time. The group's strategy stands firm, and the focus is on implementation and realisation of desired effects. The board of directors is pleased with results achieved thus far in 2023, and expects the merger with SpareBank 1 Søre Sunnmøre to further strengthen the group's market position ahead.

Trondheim, 1 November 2023
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal
(chair)

Christian Stav
(deputy chair)

Mette Kamsvåg

Freddy Aursø

Tonje Eskeland Foss

Ingrid Finboe Svendsen

Kristian Sætre

Inge Lindseth
(employee rep.)

Christina Straub
(employee rep.)

Jan-Frode Janson
(Group CEO)

Income statement

Parent bank					Group						
Third quarter			January - September		(NOKm)	Note	January - September		Third quarter		
2022	2022	2023	2022	2023			2023	2022	2023	2022	2022
5,128	1,308	2,484	3,388	6,490	Interest income effective interest method	6,873	3,732	2,610	1,425	5,596	
724	181	385	450	1,129	Other interest income	1,126	448	384	180	720	
2,972	792	1,801	1,802	4,674	Interest expenses	4,679	1,802	1,803	791	2,977	
2,880	697	1,069	2,037	2,945	Net interest	11	3,319	2,377	1,191	814	3,339
1,192	307	273	909	845	Commission income	1,044	1,106	336	370	1,446	
90	25	34	66	88	Commission expenses	159	140	58	52	186	
55	17	21	36	55	Other operating income	700	603	206	173	781	
1,156	298	259	880	813	Commission income and other income	12	1,586	1,568	484	491	2,042
677	3	41	584	630	Dividends	35	13	16	8	33	
-	-	-	-	-	Income from investment in related companies	4	207	246	-2	108	442
-123	29	63	-92	17	Net return on financial investments	14	-15	-42	83	-30	-94
554	32	104	491	647	Net return on financial investments	228	217	97	86	380	
4,590	1,027	1,432	3,408	4,405	Total income	5,133	4,163	1,772	1,391	5,760	
661	179	220	505	590	Staff costs	1,215	1,073	435	348	1,406	
841	190	255	580	784	Other operating expenses	13	936	724	306	235	1,038
1,502	369	475	1,086	1,375	Total operating expenses	2,152	1,797	741	583	2,443	
3,088	658	957	2,322	3,030	Result before losses	2,981	2,366	1,032	808	3,317	
-37	12	29	-45	-45	Loss on loans, guarantees etc.	7, 8	-6	-26	35	22	-7
3,125	646	928	2,367	3,075	Result before tax	4	2,988	2,391	996	785	3,324
631	159	287	438	592	Tax charge	642	508	278	179	718	
-	-	-	-	-	Result investment held for sale, after tax	2	96	133	22	10	179
2,494	487	641	1,930	2,483	Net profit	2,441	2,017	740	617	2,785	
60	12	26	44	84	Attributable to additional Tier 1 Capital holders	86	45	27	12	63	
1,557	304	411	1,206	1,603	Attributable to Equity capital certificate holders	1,521	1,201	471	374	1,658	
877	171	204	680	797	Attributable to the saving bank reserve	756	677	234	211	934	
					Attributable to non-controlling interests	78	93	8	19	130	
2,494	487	641	1,930	2,483	Net profit	2,441	2,017	740	617	2,785	
					Profit/diluted profit per ECC	20	11.14	9.29	3.28	2.89	12.82

Other comprehensive income

Parent bank						Group				
		Third quarter	January - September			January - September	Third quarter			
2022	2022	2023	2022	2023	(NOKm)	2023	2022	2023	2022	2022
2,494	487	641	1,930	2,483	Net profit	2,441	2,017	740	617	2,785
Items that will not be reclassified to profit/loss										
177	-	-	-	-	Actuarial gains and losses pensions	-	171	-	171	177
-44	-	-	-	-	Tax	-	-43	-	-43	-44
-	-	-	-	-	Share of other comprehensive income of associates and joint venture	2	7	1	1	4
133	-	-	-	-	Total	2	136	1	129	137
Items that will be reclassified to profit/loss										
9	1	9	-0	7	Value changes on loans measured at fair value	7	3	9	3	9
-	-	-	-	-	Share of other comprehensive income of associates and joint venture	-48	234	-37	142	113
9	1	9	-0	7	Total	-41	237	-28	145	122
142	1	9	-0	7	Net other comprehensive income	-39	372	-28	274	259
2,636	488	650	1,929	2,491	Total comprehensive income	2,402	2,389	713	891	3,044
60	12	26	44	84	Attributable to additional Tier 1 Capital holders	86	45	27	12	63
1,647	623	417	902	1,608	Attributable to Equity capital certificate holders	1,495	1,439	453	550	1,823
929	351	207	508	799	Attributable to the saving bank reserve	743	811	225	310	1,028
					Attributable to non-controlling interests	78	93	8	19	130
2,636	985	650	1,454	2,491	Total comprehensive Income	2,402	2,389	713	891	3,044

Balance sheet

Parent bank			(NOKm)	Note	Group		
31 Dec 2022	30 Sep 2022	30 Sep 2023			30 Sep 2023	30 Sep 2022	31 Dec 2022
1,171	317	1,187	Cash and receivables from central banks		1,187	317	1,171
21,972	26,596	23,574	Deposits with and loans to credit institutions		12,956	16,773	11,663
139,550	137,727	155,435	Net loans to and receivables from customers	6	167,865	149,162	151,549
38,072	30,560	36,611	Fixed-income CDs and bonds	18	36,612	30,561	38,073
6,804	7,242	8,818	Derivatives	18	8,818	7,480	6,804
417	399	606	Shares, units and other equity interests	18	1,006	1,974	840
5,063	4,676	5,436	Investment in related companies		8,093	7,714	7,873
2,379	2,374	2,021	Investment in group companies		-	-	-
98	98	561	Investment held for sale	2	2,376	111	1,919
467	465	842	Intangible assets		1,074	864	663
2,092	2,671	2,928	Other assets	15	3,485	3,962	2,555
218,085	213,124	238,019	Total assets		243,472	218,918	223,110
14,636	13,715	12,870	Deposits from credit institutions		12,870	14,495	14,636
122,699	121,148	138,873	Deposits from and debt to customers	10	138,230	120,558	122,010
47,474	46,158	45,956	Debt created by issue of securities	17	45,956	46,158	47,474
8,307	8,024	9,813	Derivatives	18	9,813	8,115	8,307
2,067	2,217	4,421	Other liabilities	16	5,165	3,672	2,725
-	-	-	Investment held for sale	2	1,567	2	1,093
2,015	2,010	2,361	Subordinated loan capital	17	2,401	2,054	2,058
197,199	193,273	214,295	Total liabilities		216,001	195,054	198,303
2,597	2,597	2,884	Equity capital certificates		2,884	2,597	2,597
-0	-0	-0	Own holding of ECCs		-8	-11	-11
895	895	2,422	Premium fund		2,409	895	895
7,877	7,007	7,879	Dividend equalisation fund		7,840	6,958	7,828
840	-	-	Recommended dividends		-	-	840
474	-	-	Provision for gifts		-	-	474
6,408	5,918	6,566	Ownerless capital		6,566	5,918	6,408
70	171	70	Unrealised gains reserve		70	171	70
(0)	128	5	Other equity capital		2,898	3,067	2,940
1,726	1,206	1,416	Additional Tier 1 Capital		1,451	1,247	1,769
	1,930	2,483	Profit for the period		2,441	2,017	
			Non-controlling interests		919	1,005	997
20,887	19,852	23,725	Total equity capital		27,471	23,863	24,807
218,085	213,124	238,019	Total liabilities and equity		243,472	218,918	223,110

Cash flow statement

Parent bank				Group		
January - September				January - September		
2022	2022	2023	(NOKm)	2023	2022	2022
2,494	1,930	2,483	Net profit	2,441	2,017	2,785
77	57	116	Depreciations and write-downs on fixed assets	106	83	117
-37	-45	-45	Losses on loans and guarantees	-6	-26	-7
-324	-252	-391	Adjustments for undistributed profits of related companies	-207	-248	-443
-2,420	-993	1,320	Other adjustments	1,344	-1,032	-2,436
-210	697	3,483	Net cash increase from ordinary operations	3,678	795	16
-4,626	-5,643	-2,714	Decrease/(increase) other receivables	-2,876	-6,144	-4,193
5,155	5,013	3,997	Increase/(decrease) short term debt	4,455	4,792	5,136
-3,739	-1,913	-5,488	Decrease/(increase) loans to customers	-5,958	-3,243	-5,643
-8,782	-13,406	-0	Decrease/(increase) loans credit institutions	308	-12,069	-6,959
10,672	9,120	6,180	Increase/(decrease) deposits to customers	6,227	9,272	10,724
294	-626	-1,774	Increase/(decrease) debt to credit institutions	-1,774	-569	-429
-7,310	202	1,667	Increase/(decrease) in short term investments	1,667	201	-7,311
-	-	-	Increase/(decrease) in shares held for trading	-	-	1,821
-8,546	-6,557	5,349	A) Net cash flow from operations	5,727	-6,966	-6,837
-	-	35	Increase in cash and cash equivalents by merger	35	-	-
-71	-64	-79	Increase in tangible fixed assets	-206	-109	-89
-18	-	-	Proceeds from sales of property, plant and equipment	-	-	276
-5	-0	-	Cash flows used in obtaining control of subsidiaries or other businesses	-	637	-1,815
324	252	391	Dividends received from investments in related companies	391	252	324
6	6	-	Other cash receipts from sales of interests in associates and joint ventures	3	6	6
-479	-92	-127	Other cash payments to acquire interests in associates and joint ventures	-130	-117	-492
813	551	942	Other cash receipts from sales of equity instruments of other entities	950	587	849
-835	-549	-974	Other cash payments to acquire equity instruments of other entities	-990	-557	-846
-265	104	189	B) Net cash flow from investments	54	698	-1,788
1,000	1,000	750	Increase in subordinated loan capital	750	1,000	1,000
-750	-750	-558	Decrease in subordinated loan capital	-558	-750	-750
-0	-0	-	Purchase of treasury shares	-169	-21	-21
-	-	3	Proceeds from sale or issue of treasury shares	-	-	-
-970	-970	-840	Dividend cleared	-840	-970	-970
-	-	-	Dividends paid to non-controlling interests	-65	-162	-162
-547	-547	-474	Disbursed from gift fund	-474	-547	-547
-	-	116	Additional Tier 1 capital issued	111	-	-
476	-	-342	Repayments of Additional Tier 1 Capital	-342	-	476
-60	-44	-84	Interest payments Additional Tier 1 Capital	-86	-45	-63
16,194	13,225	5,080	Increase in other long term loans	5,080	13,225	16,194
-6,613	-6,397	-9,173	Decrease in other long term loans	-9,173	-6,397	-6,613
8,729	5,517	-5,522	C) Net cash flow from financial activities	-5,765	5,332	8,544
-81	-935	16	A) + B) + C) Net changes in cash and cash equivalents	16	-935	-81
1,252	1,252	1,171	Cash and cash equivalents at 1.1	1,171	1,252	1,252
1,171	317	1,187	Cash and cash equivalents at end of quarter	1,187	317	1,171
-81	-935	16	Net changes in cash and cash equivalents	16	-935	-81

Change in equity

Parent Bank (NOKm)	Issued equity		Earned equity						Total equity
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	
Equity at 1 January 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									
Financial assets through OCI	-	-	-	-	-	-	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

Parent Bank (NOKm)	Issued equity		Earned equity						Total equity
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	
Equity at 1 January 2023	2,597	895	6,408	7,877	1,314	70	0	1,726	20,887
Net profit	-	-	-	-	-	-	2,483	-	2,483
Other comprehensive income									
Value changes on loans measured at fair value	-	-	-	-	-	-	7	-	7
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	7	-	7
Total comprehensive income	-	-	-	-	-	-	2,491	-	2,491
Transactions with owners									
Dividend declared for 2022	-	-	-	-	-840	-	-	-	-840
To be disbursed from gift fund	-	-	-	-	-474	-	-	-	-474
Additional Tier 1 Capital	-	-	-	-	-	-	-	116	116
Buyback Additional Tier 1 Capital issued	-	-	-	-	-	-	-	-342	-342
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-84	-84
Purchase and sale of own ECCs	-0	-	-	3	-	-	-	-	3
Fusion with SpareBank 1 Søre Sunnmøre	288	1,526	158	-	-	-	-	-	1,972
Direct recognitions in equity	-	-	-	-	-	-	-3	-	-3
Total transactions with owners	287	1,526	158	3	-1,314	-	-3	-310	347
Equity at 30 September 2023	2,884	2,422	6,566	7,879	-	70	2,488	1,416	23,725

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	NCI	
Equity at 1 January 2022	2,588	895	5,918	6,974	1,517	171	2,896	1,293	989	23,241
Implementation effect of IFRS 17 in SpareBank 1 Gruppen ²⁾	-	-	-	-	-	-	-234	-	-	-234
Equity at 1 January 2022	2,588	895	5,918	6,974	1,517	171	2,662	1,293	989	23,007
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 ¹⁾	-2	-	-	-16	-	-	-2	-	-	-21
Direct recognitions in equity	-	-	50	88	-	-	-149	-	-	-11
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	13	-	-	13
Change in non-controlling interests	-	-	-	-	-	-	-	-	-122	-122
Total transactions with owners	-2	-	50	72	-1,517	-	-138	413	-122	-1,244
Equity at 31 December 2022	2,586	895	6,408	7,828	1,314	70	2,940	1,769	997	24,807

Equity at 1 January 2023	2,586	895	6,408	7,828	1,314	70	2,940	1,769	997	24,807
Net profit	-	-	-	-	-	-	2,363	-	78	2,441
Other comprehensive income										
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-46	-	-	-46
Value changes on loans measured at fair value	-	-	-	-	-	-	7	-	-	7
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-39	-	-	-39
Total comprehensive income	-	-	-	-	-	-	2,325	-	78	2,402
Transactions with owners										
Dividend declared for 2022	-	-	-	-	-840	-	-	-	-	-840
To be disbursed from gift fund	-	-	-	-	-474	-	-	-	-	-474
Additional Tier 1 capital issued	-	-	-	-	-	-	-	111	-	111
Buyback additional Tier 1 Capital issued	-	-	-	-	-	-	-	-342	-	-342
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-86	-	-86
Purchase and sale of own ECCs	-0	-	-	3	-	-	-	-	-	3
Own ECC held by SB1 Markets ¹⁾	3	-	-	10	-	-	2	-	-	16
Merging with SpareBank 1 Søre Sunnmøre	288	1,513	158	-	-	-	-	-	-93	1,866
Direct recognitions in equity	-	-	-	-	-	-	-5	-	-	-5
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	77	-	-	77
Change in non-controlling interests	-	-	-	-	-	-	-	-	-63	-63
Total transactions with owners	291	1,513	158	13	-1,314	-	74	-317	-156	262
Equity at 30 September 2023	2,876	2,409	6,566	7,840	-	70	5,339	1,451	919	27,471

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

²⁾ The change in principle as a result of the implementation of IFRS 17 is described in Note 1 Accounting Principles

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 2022. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts, with the exception of the implementation of IFRS 17 in the associated company SpareBank 1 Gruppen, as described below.

IFRS 17 Insurance contracts

IFRS 17 Insurance contracts replace IFRS 4 Insurance Contracts and specify principles for recognition, measurement, presentation and disclosure of insurance contracts. The purpose of the new standard is to eliminate inconsistent practices in accounting for insurance contracts and the core of the new model are as follows:

- An estimate of the present value of future cash flows for a group of insurance contracts. Future cash flows include future premium payments and payments of insurance settlements, claims and other payments to policyholders. The estimate shall take an explicit adjustment for risk into account and the estimates shall be based on the balance sheet date.
- A contractual service margin, which is equal to the one-day gain in the estimate of the present value of future cash flows from a group of insurance contracts. This corresponds to the profit element of the insurance contracts that will be recognised over the period of service, ie over the cover period of the insurance.
- Certain changes in the estimate of the present value of future cash flows are adjusted against the contract margin, and thereby recognised in the result over the remaining period covered by the relevant contracts.
- The effect of change in discount rate shall, as a choice of accounting principle, be presented either in in profit or loss or in other comprehensive income.

IFRS 17 shall, as a starting point, be used retrospectively, but it has been opened for a modified retrospective application or use based on fair value at the time of transition if retrospective use is impracticable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted.

The effect on equity as a result of the associated company SpareBank 1 Gruppen implementing this standard as of 1 January 2022 is NOK 234 million in reduced equity. The result for 2022 from SpareBank 1 Gruppen, after adapting IFRS 17/IFRS 9, has been adjusted by NOK 32 million. As such the effect on equity as of 1 January 2023 is NOK 202 million. The group's result for 2022 and other key figures have not been restated.

IFRS 17 effects for the Group	NOK million
Implementation of IFRS 17/IFRS 9 as of 1 January 2022	- 234
Restated results from SpareBank 1 Gruppen for 2022 as a result of implementing IFRS 17/IFRS 9	32
Implementation effect on equity as of 1 January 2023	- 202
Restatement of comparable figures	First nine months 2022
Group's share of recognised profit from SpareBank 1 Gruppen	46
Effects of implementing IFRS 17/IFRS 9	61
Group's restated results from SpareBank 1 Gruppen	108

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

Sparebank 1 SMN Group has one pension arrangement; defined contribution plan. For a further description of the pension scheme, see note 22 in the 2022 annual report.

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

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

A new calculation of the Group's pension liabilities has not been carried out as per 30 September 2023.

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.

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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.

From fourth quarter 2022, the subsidiary SpareBank 1 Markets is classified as held for sale. On 22 June 2022, SpareBank 1 SMN announced that SpareBank 1 Markets is strengthening its investment within the capital market and SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge will be its majority owners. SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge will transfer their markets business to SpareBank 1 Markets, and also buy into the company in the form of a cash consideration. After completion of the transaction, SpareBank 1 SMN will own 39.4 per cent and SpareBank 1 Markets will be treated as an associated company. The transaction is dependent on approval from the Norwegian Financial Supervisory Authority and the Norwegian Competition Authority, and is planned to be completed in second half of 2023.

Profit from SpareBank 1 Markets has been reclassified as shown:

Income Statement (NOKm)	Third quarter 2023	Third quarter 2022	Year to date 2023	Year to date 2022
Net interest	7	3	-7	7
Commission income and other income	-102	-49	-342	-353
Net return on financial investments	-70	-62	-231	-210
Total income	-166	-108	-580	-556
Total operating expenses	-142	-105	-470	-411
Result before losses	-24	-3	-110	-145
Loss on loans, guarantees etc.	-	-	-	-
Result before tax	-24	-3	-110	-145
Tax charge	2	-6	15	12
Net profit for investment held for sale	22	10	96	-133

January - September 2023 (NOK Million)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	81	25	11	10	1	100 %
SpareBank 1 Markets	2,294	1,541	580	485	96	67 %
Total Held for sale	2,376	1,567	591	495	96	

Losses on loans and guarantees

For a detailed description of the Bank's model for expected credit losses, refer to note 10 in the annual accounts for 2022.

In the second quarter of 2023, an upgraded loss model was used for the first time, which provides proposals for key assumptions when using regression analysis and simulation. Future default level (PD) is predicted based on the expected development in money market interest rates and unemployment. In third quarter model parameters have been re-calibrated due to updated information about defaults from 2022. All other things being equal, this leads to somewhat lower write-downs.

Future level of loss (LGD) is simulated based on collateral values and expectations of price development for collateral objects in various industries. With SpareBank 1 SMN's assumptions in the upgraded model, write-downs are to a greater extent than previously allocated to industries with large interest-bearing debt such as property, shipping and fisheries. Norges Bank's Monetary Policy Report has been chosen as the main source for the explanatory variables interest rate and unemployment as well as the expected price development of residential property. Management's estimates and discretionary assessments of the expected development of default and loss levels (PD and LGD) were largely based on macro forecasts from Monetary Policy report (PPR) 3/23. In PPR 3/23, rising unemployment and increased interest rates are expected. The bank assessed as of 30 September 2023 that the changes in the macro forecasts, compared to the equivalent as of 31 June 2023, overall called for marginally higher default levels and approximately equal degree of loss in case of default due to the higher interest rate in the base scenario. The scenario weighting is subject to ongoing assessment based on available information.

In 2022, the probability of a low scenario for corporate market excl. offshore increased for several reasons - increased macroeconomic uncertainty as a result of the war in Ukraine, strong increases in energy and raw material prices, challenges in supply chains and prospects for permanently higher inflation and interest rates. Future loss expectations were increased both in 2022 and in the first quarter of 2023 in that PD and LGD pave the way for both the personal market and the corporate market excl. offshore was raised in the base scenario. The bank has focused on the expected long-term effects of a higher interest rate and weaker economic growth. For offshore portfolio, in the course of 2022, as a result of a significant improvement in the market and market prospects, increased earnings assumptions in the simulations and weight for the low scenario were reduced for supply and subsea. From the first quarter of 2023 is the model write-downs for the offshore portfolio calculated with the same assumptions as for the corporate market in general. Expected credit loss (ECL) per 30 September 2023 was calculated as a combination of 75 per cent expected scenario, 15 per cent downside scenario and 10 percent upside scenario (75/15/10 percent) for the business market including agriculture, and 70 percent expected scenario, 15 percent downside scenario and 15 per cent upside scenario (70/15/15 per cent) for the retail market.

The effect of the revision of assumptions in 2023 is shown in the line "Changes due to changed input assumptions in the credit loss model" in note 8. Write-downs are increasing for both the corporate and retail market portfolios as a result of significantly increased interest rates and inflation expected to increase future levels for PD and LGD. In total, this amounts to NOK 11 million for the bank and NOK 3 million for the group in increased write-downs.

Sensitivity

The first part of the table below show total calculated expected credit loss as of 30 September 2023 in each of the three scenarios, distributed in the portfolios Retail Market, Corporate Market and agriculture, which adds up to parent bank. In addition the subsidiary SpareBank 1 Finans Midt-Norge is included. ECL for the parent bank and the subsidiary is summed up in the column "Group".

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

If the downside scenario's probability were doubled at the expense of the baseline scenario at the end of September 2023, this would have entailed an increase in loss provisions of NOK 200 million for the parent bank and NOK 224 million for the group.

	CM	RM	Agriculture	Total parent	SB 1 Finans MN, CM	SB 1 Finans MN, RM	Total group
ECL base case	763	93	53	910	39	25	974
ECL worst case	1,727	277	237	2,241	98	87	2,426
ECL best case	528	43	26	597	24	15	636
ECL with scenario weights used 75/15/10	884	-	78	962	-	-	962
ECL with scenario weights used 60/25/15	-	-	-	-	51	-	51
ECL with scenario weights used 70/15/15	-	113	-	113	-	33	146
Total ECL used	884	113	78	1,075	51	33	1,159
ECL alternative scenario weights 60/30/10	1,029	-	106	1,134	-	-	1,134
ECL alternative scenario weights 35/50/15	-	-	-	-	66	-	66
ECL alternative scenario weights 55/30/15	-	141	-	141	-	42	183
Total ECL alternative weights	1,029	141	106	1,275	66	42	1,383
Change in ECL if alternative weights were used	145	28	28	200	15	9	224

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 over double the ECL than in the expected scenario. Applied scenario weighting gives about 20 percent higher ECL than in the expected scenario.

Note 3 - Merger with SpareBank 1 Søre Sunnmøre on 2 May 2023

The merger of SpareBank 1 Søre Sunnmøre and SpareBank 1 SMN was carried out on 2 May 2023 with accounting effect from the same date. SpareBank 1 SMN is the acquiring entity and the merger is accounted for using the acquisition method of accounting in accordance with IFRS 3.

On 20 June 2022 the boards of directors of the two banks entered into an agreement of intent on a merger between SpareBank 1 SMN and SpareBank 1 Søre Sunnmøre. The rationale for the merger was the banks' joint desire to create a larger and more dynamic bank, increasingly attractive to customers, investors and shareholders, employees and local communities in the region.

The overarching goal of the merged bank is to take its place as the leading banking player in Sunnmøre and in Fjordane. A merged bank makes for greater competitive power, an enhanced presence and increased attractiveness to customers, employees, investors and shareholders alike.

The merger plan was approved by the boards of both banks on 3 October 2022, and was finally approved by the respective general meetings of the banks on 9 November 2022. The requisite authorisations were received from Finanstilsynet on 17 March 2023 and the merger completion date was set at 2 May 2023.

In the final merger plan the conversion ratio was set at 93.4 per cent for SpareBank 1 SMN and 6.6 per cent for SpareBank 1 Søre Sunnmøre.

Payment for acquisition of the business activity of SpareBank 1 Søre Sunnmøre will be in the form of new equity certificates (ECs) in SpareBank 1 SMN.

In connection with the merger, the equity certificate capital is raised by NOK 288 million through the issuance of 14,379,147 new equity certificates of which 1,407,923 ECs go to previous EC holders in SpareBank 1 Søre Sunnmøre and 12,971,224 ECs go to the foundation Sparebankstiftinga Søre Sunnmøre. This entails the conversion of one SpareBank 1 Søre Sunnmøre EC for every 1.4079 SpareBank 1 SMN ECs.

These equity certificates are issued at a nominal value of NOK 20 per EC and a subscription price of NOK 103.36 per EC, corresponding to the latest calculated book value per EC on 30 April 2023. After the issuance of new equity certificates the total issued EC capital will amount to 2,884,311,800 distributed on 144,215,590 ECs with a nominal value of NOK 20 per EC.

The fair value of the 14,379,147 ECs issued as payment to EC holders in SpareBank 1 Søre Sunnmøre and the foundation Sparebankstiftinga Søre Sunnmøre is NOK 137.10 per EC, corresponding to the latest market price quoted on 2 May 2023 for SpareBank 1 SMN's EC. The difference between the fair value of the payment made to SpareBank 1 Søre Sunnmøre's EC holders prior to the merger and their share of net equity capital for the purposes of the acquisition analysis constitutes goodwill, and is recognised in the balance sheet on the completion date in accordance with IFRS 3.

The table below shows the merger payment, the fair value of assets and liabilities from SpareBank 1 Søre Sunnmøre and the calculation of goodwill as at 2 May 2023 (merger completion date). The purchase price allocation is not final.

Merger payment	Number	Price (NOK)	Payment (NOKm)
Issued EC capital - SpareBank 1 Søre Sunnmøre	1,407,923	103	146
Issued EC capital - Sparebankstiftinga Søre Sunnmøre	12,971,224	103	1,341
Total payment	14,379,147		1,486

	Book value 30 April 2023	Excess Values	Fair value 2 May 2023
Fair value of identifiable assets and liabilities			
(NOKm)			
Cash and receivables from central banks	35	-	35
Deposits with and loans to credit institutions	1,602	-	1,602
Net loans to and receivables from customers	10,345	20	10,365
Fixed-income CDs and bonds	206	-	206
Shares, units and other equity interests	566	23	589
Investment in related companies	163	107	270
Deferred tax asset	2	-	2
Fixed assets	48	15	63
Other assets	43	-	43
Intangible assets (customer relationship)	-	133	133
Total assets	13,009	299	13,307
Deposits from credit institutions	9	-	9
Deposits from and debt to customers	9,994	-	9,994
Debt created by issue of securities	1,240	-	1,240
Deferred tax	-	42	42
Other liabilities	52	-	52
Provision for accrued expenses and commitments	19	-	19
Subordinated loan capital	150	-	150
Total liabilities	11,463	42	11,505
Additional Tier 1 Capital	50		50
Net assets	1,496		1,753
Goodwill			219
Calculated equity capital based on the latest market price quoted on 2 May 2023 NOK 137.10, and a conversion ratio set at 93.4 per cent for SpareBank 1 SMN and 6.6 per cent for SpareBank 1 Søre sunnmøre			1,971

Note 4 - Account by business line

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

Group January - September 2023

Profit and loss account (NOKm)	Sunnmøre og Fjordane			SB 1 Finans		SB 1 Regnskaps- huset SMN		Other	Uncollated	Total
	RM	CM	EM 1	MN						
Net interest	1,326	971	412	1	376	3	-	-	231	3,319
Interest from allocated capital	231	137	77	-	-	-	-	-	-445	-
Total interest income	1,557	1,108	490	1	376	3	-	-	-215	3,319
Comission income and other income	500	179	78	334	-79	550	-	-	24	1,586
Net return on financial investments **)	0	-4	13	1	-71	-	278	-	10	228
Total income	2,057	1,283	580	336	226	553	278	-181		5,133
Total operating expenses	769	282	202	289	89	453	-	68		2,152
Ordinary operating profit	1,288	1,001	378	47	137	100	278	-249		2,981
Loss on loans, guarantees etc.	3	34	-81	-	38	-	-	-	-0	-6
Result before tax	1,286	968	459	47	99	100	278	-249		2,988
Return on equity *)	18.1 %	24.2 %	18.0 %							13.0 %

Group January - September 2022

Profit and loss account (NOKm)				SB 1 Finans		SB 1 Regnskaps- huset SMN		Other	Uncollated	Total
	RM	CM	EM 1	MN						
Net interest	930	977	4	339	1	-	-	-	127	2,377
Interest from allocated capital	85	69	-	-	-	-	-	-	-155	-
Total interest income	1,015	1,047	4	339	1	-	-	-28		2,377
Comission income and other income	620	206	324	-78	467	-	-	-	29	1,568
Net return on financial investments **)	-3	7	8	-18	-	265	-	-	-42	217
Total income	1,631	1,260	336	243	468	265	-40			4,163
Total operating expenses	705	348	271	83	392	-	-2			1,797
Ordinary operating profit	926	913	64	160	76	265	-38			2,366
Loss on loans, guarantees etc.	2	-47	-	20	-	-	-	-	-0	-26
Result before tax	924	959	64	141	76	265	-38			2,391
Return on equity *)	13.5 %	18.4 %								12.0 %

Group 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 %						12.3 %

*) Regulatory capital use is used a basis for calculating capital used in Private market and Business. This capital has been grossed up to 17.2 per cent to be in line with the bank's capital target.

**) Specification of other (NOKm)	January - september		2022
	2023	2022	
SpareBank 1 Gruppen	17	46	175
SpareBank 1 Boligkreditt	68	2	1
SpareBank 1 Næringskreditt	9	2	3
BN Bank	183	149	203
SpareBank 1 Kreditt	-9	9	9
SpareBank 1 Betaling	-30	-9	13
SpareBank 1 Forvaltning	22	28	33
Other companies	18	38	29
Income from investment in associates and joint ventures	278	265	466
SpareBank 1 Mobilitet Holding	-71	-18	-23
Net income from investment in associates and joint ventures	207	248	442

Note 5 - Capital adequacy

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

As of 30 September 2023 the overall minimum requirement on CET1 capital is 14.0 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 2.5 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. From 30 April 2022, SpareBank 1 SMN has received a new Pillar 2 requirement. The rate of 1.9 per cent is unchanged, but in addition the bank must have an additional 0.7 per cent in Pillar 2 requirements until the application for modeling has been processed.

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 30 September 2023 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 30 September 2023 the effective rate for the parent bank is 4.45 per cent and for the group is 4.43 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 30 September 2023 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 22	30 Sep 22	30 Sep 23	(NOKm)	30 Sep 23	30 Sep 22	31 Dec 22
20,887	19,852	23,725	Total book equity	27,471	23,863	24,807
-1,726	-1,206	-1,416	Additional Tier 1 capital instruments included in total equity	-1,451	-1,247	-1,769
-467	-465	-842	Deferred taxes, goodwill and other intangible assets	-1,433	-955	-947
-1,314	-	0	Deduction for allocated dividends and gifts	0	-	-1,314
-	-	-	Non-controlling interests recognised in other equity capital	-919	-913	-997
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	805	701	784
-	-1,930	-2,483	Net profit	-2,441	-2,017	-
-	900	1,222	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	1,177	986	-
-72	-51	-78	Value adjustments due to requirements for prudent valuation	-94	-68	-89
-194	-141	-311	Positive value of adjusted expected loss under IRB Approach	-416	-213	-279
-	-	-	Cash flow hedge reserve	-7	-5	-4
-281	-219	-305	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-292	-449	-417
16,833	16,739	19,512	Common equity Tier 1 capital	22,400	19,683	19,776
1,726	1,250	1,500	Additional Tier 1 capital instruments	1,930	1,615	2,106
-47	-46	-47	Deduction for significant investments in financial institutions	-47	-46	-47
18,512	17,943	20,965	Tier 1 capital	24,283	21,252	21,835
-	-	-	Supplementary capital in excess of core capital			
2,000	2,000	2,342	Subordinated capital	2,880	2,502	2,523
-210	-208	-213	Deduction for significant investments in financial institutions	-213	-208	-210
1,790	1,792	2,129	Additional Tier 2 capital instruments	2,667	2,294	2,312
20,301	19,735	23,094	Total eligible capital	26,950	23,546	24,147

Minimum requirements subordinated capital						
1,148	1,123	1,248	Specialised enterprises	1,513	1,315	1,351
901	945	988	Corporate	1,014	965	923
1,379	1,352	1,568	Mass market exposure, property	2,891	2,433	2,559
98	101	117	Other mass market	120	104	100
1,249	1,201	1,361	Equity positions IRB	-	-	-
4,774	4,722	5,282	Total credit risk IRB	5,538	4,817	4,933
6	6	4	Central government	6	6	6
82	92	97	Covered bonds	135	136	139
403	361	361	Institutions	250	248	276
187	117	139	Local and regional authorities, state-owned enterprises	165	132	207
143	224	192	Corporate	434	446	385
7	14	17	Mass market	724	653	662
27	29	41	Exposures secured on real property	134	111	109
90	90	95	Equity positions	470	503	504
97	87	111	Other assets	186	154	162
1,042	1,020	1,058	Total credit risk standardised approach	2,503	2,390	2,450
27	39	36	Debt risk	38	41	29
-	-	-	Equity risk	16	16	10
-	-	-	Currency risk and risk exposure for settlement/delivery	1	17	1
458	433	488	Operational risk	900	810	853
30	31	18	Credit value adjustment risk (CVA)	108	98	101
6,331	6,245	6,882	Minimum requirements subordinated capital	9,103	8,189	8,377
79,140	78,063	86,031	Risk weighted assets (RWA)	113,793	102,367	104,716
3,561	3,513	3,871	Minimum requirement on CET1 capital, 4.5 per cent	5,121	4,607	4,712
			Capital Buffers			
1,978	1,952	2,151	Capital conservation buffer, 2.5 per cent	2,845	2,559	2,618
3,561	3,513	3,828	Systemic risk buffer, 4.43 per cent for the group	5,041	4,607	4,712
1,583	1,171	2,151	Countercyclical buffer, 2.5 per cent	2,845	1,536	2,094
7,123	6,635	8,130	Total buffer requirements on CET1 capital	10,731	8,701	9,424
6,149	6,591	7,511	Available CET1 capital after buffer requirements	6,549	6,375	5,639
			Capital adequacy			
21.3 %	21.4 %	22.7 %	Common equity Tier 1 capital ratio	19.7 %	19.2 %	18.9 %
23.4 %	23.0 %	24.4 %	Tier 1 capital ratio	21.3 %	20.8 %	20.9 %
25.7 %	25.3 %	26.8 %	Capital ratio	23.7 %	23.0 %	23.1 %
			Leverage ratio			
209,285	197,794	223,857	Balance sheet items	323,045	283,339	300,772
6,234	6,811	7,874	Off-balance sheet items	8,951	8,100	7,744
-313	-923	-436	Regulatory adjustments	-558	-1,736	-419
215,205	203,682	231,295	Calculation basis for leverage ratio	331,438	289,703	308,097
18,512	17,943	20,965	Core capital	24,283	21,252	21,835
8.6 %	8.8 %	9.1 %	Leverage Ratio	7.3 %	7.3 %	7.1 %

Note 6 - Distribution of loans by sector/industry

Parent Bank				Group		
31 Dec 22	30 Sep 22	30 Sep 23	(NOKm)	30 Sep 23	30 Sep 22	31 Dec 22
10,707	9,975	11,684	Agriculture and forestry	12,141	10,389	11,140
7,047	6,994	6,343	Fisheries and hunting	6,371	7,016	7,075
2,324	2,251	2,709	Sea farming industries	2,978	2,507	2,656
2,563	2,237	3,241	Manufacturing	3,843	2,833	3,150
4,370	4,298	6,107	Construction, power and water supply	7,360	5,436	5,526
2,976	2,889	3,004	Retail trade, hotels and restaurants	3,682	3,471	3,632
5,382	5,313	5,957	Maritime sector	5,957	5,313	5,382
18,722	18,392	20,519	Property management	20,646	18,501	18,840
3,561	3,869	4,335	Business services	5,193	4,530	4,312
5,327	5,756	4,737	Transport and other services provision	5,818	6,721	6,375
1	104	4	Public administration	36	139	35
1,343	1,673	1,554	Other sectors	1,493	1,619	1,288
64,322	63,752	70,194	Gross loans in Corporate market	75,516	68,473	69,411
134,841	133,641	151,599	Wage earners	158,800	140,426	141,833
199,163	197,393	221,793	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	234,316	208,900	211,244
56,876	57,051	63,616	of which SpareBank 1 Boligkreditt	63,616	57,051	56,876
1,739	1,601	1,761	of which SpareBank 1 Næringskreditt	1,761	1,601	1,739
140,549	138,740	156,417	Total Gross loans to and receivables from customers	168,940	150,247	152,629
890	921	863	- Loan loss allowance on amortised cost loans	956	993	972
109	92	118	- Loan loss allowance on loans at FVOCI	118	92	109
139,550	137,727	155,435	Net loans to and receivables from customers	167,865	149,162	151,549

Note 7 - Losses on loans and guarantees

Parent Bank (NOKm)	January - September						Third quarter						2022		
	2023			2022			2023			2022			2022		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses	11	-25	-14	3	-68	-65	-1	26	25	10	7	17	29	-97	-68
Actual loan losses on commitments exceeding provisions made	11	11	22	4	27	31	3	4	7	3	-5	-3	7	38	45
Recoveries on commitments previously written-off	-26	-27	-53	-5	-6	-11	-0	-3	-3	-1	-2	-3	-7	-7	-14
Losses for the period on loans and guarantees	-4	-41	-45	2	-47	-45	1	27	29	11	1	12	29	-66	-37

Group (NOKm)	January - September						Third quarter						2022		
	2023			2022			2023			2022			2022		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses	15	-18	-3	10	-65	-55	-0	25	25	14	12	26	38	-86	-48
Actual loan losses on commitments exceeding provisions made	45	24	70	9	32	41	4	10	13	5	-5	-0	13	45	58
Recoveries on commitments previously written-off	-45	-29	-74	-5	-7	-11	-0	-3	-3	-1	-2	-3	-7	-10	-17
Losses for the period on loans and guarantees	16	-22	-6	14	-39	-26	4	31	35	17	5	22	44	-51	-7

Note 8 - Losses

Parent Bank (NOKm)	1 Jan 23	Merge Søre Sunnmøre	Change in provision	Net write-offs /recoveries	30 Sep 23
Loans as amortised cost- CM	921	32	-75	-5	873
Loans as amortised cost- RM	35	11	4	-5	45
Loans at fair value over OCI- RM	147	-	-4	-	143
Loans at fair value over OCI- CM	2	-	18	-	20
Provision for expected credit losses on loans and guarantees	1,106	43	-57	-11	1,081
Presented as					
Provision for loan losses	999	41	-47	-11	982
Other debt- provisions	67	2	-17	-	52
Other comprehensive income - fair value adjustment	40	-	7	-	48

Parent Bank (NOKm)	1 Jan 22	Change in provision	Net write-offs /recoveries	30 Sep 22
Loans as amortised cost- CM	1,298	-68	-260	969
Loans as amortised cost- RM	31	6	-5	31
Loans at fair value over OCI- RM	128	-3	-	125
Loans at fair value over OCI- CM	1	1	-	2
Provision for expected credit losses on loans and guarantees	1,458	-65	-265	1,127
Presented as				
Provision for loan losses	1,348	-69	-265	1,014
Other debt- provisions	79	1	-	79
Other comprehensive income - fair value adjustment	31	3	-	34

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

Group (NOKm)	1 Jan 23	Merge Søre Sunnmøre	Change in provision	Net write- offs /recoveries	30 Sep 23
Loans as amortised cost- CM	976	32	-75	-5	934
Loans as amortised cost- RM	63	11	4	-5	77
Loans at fair value over OCI- RM	147	-	-4	-	143
Loans at fair value over OCI- CM	2	-	18	-	20
Provision for expected credit losses on loans and guarantees	1,188	43	-57	-11	1,174
Presented as					
Provision for loan losses	1,081	41	-47	-11	1,075
Other debt- provisons	67	2	-17	-	52
Other comprehensive income - fair value adjustment	40	-	7	-	48

Group (NOKm)	1 Jan 22	Change in provision	Net write- offs /recoveries	30 Sep 22
Loans as amortised cost- CM	1,343	-65	-261	1,016
Loans as amortised cost- RM	49	12	-5	56
Loans at fair value over OCI- RM	128	-3	-	125
Loans at fair value over OCI- CM	1	11	-1	2
Provision for expected credit losses on loans and guarantees	1,520	-45	-268	1,199
Presented as				
Provision for loan losses	1,410	-59	-267	1,085
Other debt- provisons	79	1	-	79
Other comprehensive income - fair value adjustment	31	3	-	34

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- provisons	79	-12	-	67
Other comprehensive income - fair value adjustment	31	9	-	40

Accrual for losses on loans

Parent Bank (NOKm)	30 Sep 2023				30 Sep 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market												
Opening balance	46	93	42	181	39	82	36	156	39	82	36	156
Transfer to (from) stage 1	19	-19	-0	-	20	-20	-0	-	18	-18	-0	-
Transfer to (from) stage 2	-3	3	-0	-	-2	2	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-7	7	-	-0	-5	5	-	-0	-6	6	-
Net remeasurement of loss allowances	-26	14	10	-3	-26	16	2	-8	-24	20	7	4
Originations or purchases	12	15	2	29	13	11	2	26	17	24	4	45
Derecognitions	-13	-25	-4	-42	-9	-20	-2	-32	-12	-24	-3	-39
Changes due to changed input assumptions	8	21	-1	28	4	12	-0	16	9	13	-2	20
Actual loan losses	0	0	-5	-5	-	-	-5	-5	0	0	-5	-5
Closing balance	43	94	49	187	39	78	36	154	46	93	42	181
Corporate Market												
Opening balance	138	298	421	858	84	268	871	1,223	84	268	871	1,223
Transfer to (from) stage 1	49	-46	-3	-	34	-33	-1	-	75	-74	-1	-
Transfer to (from) stage 2	-12	20	-7	-	-5	96	-91	-	-5	97	-92	-
Transfer to (from) stage 3	-1	-4	4	-	-1	-2	4	-	-1	-3	4	-
Net remeasurement of loss allowances	-26	22	-6	-9	21	-9	-2	10	-67	-35	-66	-168
Originations or purchases	68	28	23	120	66	19	4	89	49	34	4	87
Derecognitions	-34	-54	-12	-101	-27	-19	-24	-70	-33	-31	-24	-88
Changes due to changed input assumptions	-16	8	-13	-20	-59	5	-43	-98	37	41	4	83
Actual loan losses	-	-	-5	-5	-	-	-260	-260	-	-	-278	-278
Closing balance	166	273	403	842	112	326	456	894	138	298	421	858
Total accrual for loan losses	209	368	452	1,029	152	404	492	1,048	184	391	463	1,039

Group (NOKm)	30 Sep 2023				30 Sep 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market												
Opening balance	55	107	47	209	45	89	40	174	45	89	40	174
Transfer to (from) stage 1	21	-21	-0	-	22	-22	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-4	5	-1	-	-3	3	-1	-	-3	3	-1	-
Transfer to (from) stage 3	-1	-8	9	-	-0	-5	5	-	-0	-7	7	-
Net remeasurement of loss allowances	-27	19	13	5	-26	20	3	-2	-24	25	8	9
Originations or purchases	16	18	2	36	18	14	2	33	22	30	4	56
Derecognitions	-14	-28	-7	-50	-11	-21	-4	-35	-13	-26	-4	-43
Changes due to changed input assumptions	7	19	-2	24	4	11	-1	14	8	13	-3	18
Actual loan losses	-	-	-5	-5	-	-	-5	-5	-	-	-5	-5
Closing balance	53	110	55	218	49	89	41	179	55	107	47	209
Corporate Market												
Opening balance	151	311	450	912	94	278	896	1,268	94	278	896	1,268
Transfer to (from) stage 1	54	-50	-3	-	37	-35	-1	-	77	-76	-1	-
Transfer to (from) stage 2	-14	21	-7	-	-6	98	-91	0	-7	99	-92	-
Transfer to (from) stage 3	-1	-4	5	-	-1	-2	4	-	-2	-3	4	-
Net remeasurement of loss allowances	-26	30	-4	-0	21	-5	9	25	-68	-30	-47	-145
Originations or purchases	78	32	25	134	71	20	4	95	55	35	5	95
Derecognitions	-36	-55	-13	-104	-28	-20	-26	-74	-34	-33	-26	-93
Changes due to changed input assumptions	-19	7	-22	-34	-61	4	-54	-112	35	40	-8	67
Actual loan losses	-	-	-5	-5	-	-	-261	-261	-	-	-280	-280
Closing balance	187	291	426	904	125	337	478	941	151	311	450	912
Total accrual for loan losses	241	401	481	1,122	174	426	519	1,119	206	418	497	1,121

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	30 Sep 2023				30 Sep 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	24	34	9	67	19	55	5	79	19	55	5	79
Transfer to (from) stage 1	6	-6	-0	-	3	-3	-0	-	16	-16	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-1	1	-0	-	-1	1	-0	-
Transfer to (from) stage 3	-0	-1	1	-	-0	-0	0	-	-0	-0	1	-
Net remeasurement of loss allowances	-1	-3	-5	-9	-11	-1	5	-7	-16	-3	3	-15
Originations or purchases	2	1	-	2	10	6	0	16	12	6	0	18
Derecognitions	-5	-7	-0	-13	-2	-6	-0	-9	-4	-12	-0	-16
Changes due to changed input assumptions	-2	3	3	4	-1	0	0	0	-3	3	0	1
Actual loan losses	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	21	24	7	52	18	51	10	79	24	34	9	67
Of which												
Retail market				1				2				1
Corporate Market				50				77				66

Provision for credit losses specified by industry

Parent Bank (NOKm)	30 Sep 2023				30 Sep 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	3	38	15	57	3	32	12	47	4	38	18	60
Fisheries and hunting	11	26	-	37	10	11	0	21	11	12	0	23
Sea farming industries	7	1	0	8	2	1	1	4	3	1	1	5
Manufacturing	16	30	4	49	5	42	4	50	9	47	2	58
Construction, power and water supply	44	40	16	100	20	23	9	52	26	22	11	59
Retail trade, hotels and restaurants	8	13	4	25	9	28	2	39	16	14	1	32
Maritime sector	8	46	150	204	18	144	200	362	19	117	184	320
Property management	40	95	21	155	27	47	28	102	34	55	28	117
Business services	15	19	194	227	14	23	198	235	13	24	177	214
Transport and other services	9	8	15	32	8	11	16	35	9	11	16	36
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	0	0	-	1	1	0	-	1	0	0	0	0
Wage earners	1	52	33	86	1	42	24	67	1	50	25	75
Total provision for losses on loans	162	368	452	982	117	404	492	1,014	144	391	463	999
loan loss allowance on loans at FVOCI	48			48	34			34	40			40
Total loan loss allowance	209	368	452	1,029	152	404	492	1,048	184	391	463	1,039

Group (NOKm)	30 Sep 2023				30 Sep 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	4	41	17	62	4	34	13	51	5	40	19	64
Fisheries and hunting	12	26	0	38	10	11	0	21	11	12	0	23
Sea farming industries	8	1	0	9	3	1	4	8	4	1	4	9
Manufacturing	19	34	4	57	9	45	6	59	11	50	8	70
Construction, power and water supply	49	44	25	118	24	26	12	62	30	25	16	71
Retail trade, hotels and restaurants	12	16	5	33	10	29	5	44	17	15	2	34
Maritime sector	8	46	150	204	18	144	200	362	19	117	184	320
Property management	40	95	21	157	28	48	28	103	35	55	29	118
Business services	19	21	201	241	16	24	202	242	15	25	184	224
Transport and other services	12	12	20	43	11	14	21	46	12	16	21	49
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	0	0	0	1	1	0	-	1	0	0	0	0
Wage earners	9	65	38	112	8	52	28	88	8	61	29	99
Total provision for losses on loans	193	401	481	1,075	140	426	519	1,085	166	418	497	1,081
loan loss allowance on loans at FVOCI	48			48	34			34	40			40
Total loan loss allowance	241	401	481	1,122	174	426	519	1,119	206	418	497	1,121

Note 9 - Gross loans

Parent Bank (NOKm)	30 Sep 2023				30 Sep 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market												
Opening balance	80,994	3,962	527	85,484	82,299	3,892	444	86,636	82,299	3,892	444	86,636
Transfer to stage 1	990	-965	-25	-	1,164	-1,148	-16	-	1,075	-1,060	-15	-
Transfer to stage 2	-1,290	1,297	-7	-	-1,133	1,142	-9	-	-1,403	1,411	1	-
Transfer to stage 3	-21	-136	158	-	-25	-96	121	-	-32	-119	150	-
Net increase/decrease amount existing loans	-2,010	-71	-8	-2,088	-2,241	-90	-14	-2,345	-2,501	-106	-15	-2,623
New loans	36,892	1,117	186	38,195	31,416	695	87	32,197	38,691	1,418	120	40,229
Derecognitions	-24,578	-1,119	-137	-25,835	-31,882	-1,230	-113	-33,226	-37,136	-1,473	-137	-38,746
Financial assets with actual loan losses	0	0	-15	-15	-0	-1	-9	-10	-0	-1	-11	-12
Closing balance	90,977	4,085	679	95,741	79,599	3,163	490	83,253	80,994	3,962	527	85,484
Corporate Market												
Opening balance	43,127	5,883	1,346	50,356	38,359	5,186	2,656	46,201	38,359	5,186	2,656	46,201
Transfer to stage 1	770	-765	-5	-	978	-963	-15	-	1,839	-1,820	-19	-
Transfer to stage 2	-2,491	2,491	-1	-	-1,593	2,463	-869	-	-1,699	2,606	-908	-
Transfer to stage 3	-61	-32	93	-	-64	-73	137	-	-67	-72	139	-
Net increase/decrease amount existing loans	-70	-333	-6	-409	-274	-152	49	-377	-731	-257	-3	-990
New loans	12,734	618	308	13,660	12,908	1,016	93	14,017	17,124	1,661	86	18,872
Derecognitions	-7,664	-578	-305	-8,547	-7,590	-912	-504	-9,006	-11,697	-1,415	-514	-13,625
Financial assets with actual loan losses	-5	0	-10	-15	-2	-5	-59	-66	-3	-8	-91	-102
Closing balance	46,338	7,284	1,422	55,045	42,721	6,560	1,489	50,770	43,127	5,883	1,346	50,356
Fixed interest loans at FV	5,631			5,631	4,718			4,718	4,709	-	-	4,709
Total gross loans at the end of the period	142,946	11,370	2,101	156,417	127,039	9,723	1,979	138,740	128,830	9,845	1,874	140,549

Group (NOKm)	30 Sep 2023				30 Sep 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market												
Opening balance	86,972	4,901	635	92,508	87,577	4,612	531	92,721	87,577	4,612	531	92,721
Transfer to stage 1	1,199	-1,173	-26	-	1,358	-1,341	-17	-	1,278	-1,261	-17	-
Transfer to stage 2	-1,722	1,734	-12	-	-1,447	1,462	-15	-	-1,771	1,784	-13	-
Transfer to stage 3	-34	-190	223	-	-31	-126	157	-	-40	-151	190	-
Net increase/decrease amount existing loans	-1,902	-124	-17	-2,043	-1,956	-134	-20	-2,110	-2,177	-170	-25	-2,372
New loans	39,456	1,302	189	40,947	33,803	912	92	34,807	41,570	1,801	129	43,500
Derecognitions	-26,894	-1,326	-212	-28,432	-33,780	-1,427	-131	-35,338	-39,465	-1,714	-150	-41,329
Financial assets with actual loan losses	-0	-0	-15	-15	-0	-1	-9	-10	-0	-1	-11	-12
Closing balance	97,075	5,124	765	102,964	85,524	3,958	587	90,070	86,972	4,901	635	92,508
Corporate Market												
Opening balance	47,621	6,460	1,410	55,491	41,855	5,768	2,759	50,382	41,855	5,768	2,759	50,382
Transfer to stage 1	990	-980	-10	-	1,224	-1,184	-40	-	2,090	-2,045	-45	-
Transfer to stage 2	-2,910	2,919	-8	-	-1,862	2,739	-877	-	-2,042	2,959	-917	-
Transfer to stage 3	-79	-67	146	-	-75	-92	167	-	-97	-88	185	-
Net increase/decrease amount existing loans	-99	-395	-13	-506	-301	-202	45	-457	-761	-329	-13	-1,104
New loans	13,750	715	322	14,787	14,284	1,079	108	15,471	19,085	1,751	109	20,945
Derecognitions	-8,332	-683	-313	-9,329	-8,225	-1,016	-552	-9,793	-12,507	-1,546	-577	-14,629
Financial assets with actual loan losses	-5	0	-10	-15	-2	-5	-59	-66	-3	-8	-91	-102
Balance at 31 December	50,936	7,968	1,524	60,428	46,897	7,087	1,551	55,536	47,621	6,460	1,410	55,491
Closing balance												
Fixed interest loans at FV	5,548			5,548	4,640			4,640	4,631			4,631
Total gross loans at the end of the period	153,559	13,093	2,289	168,940	137,062	11,046	2,139	150,247	139,224	11,361	2,044	152,629

Note 10 - Distribution of customer deposits by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 22	30 Sep 22	30 Sep 23		30 Sep 23	30 Sep 22	31 Dec 22
2,159	2,286	2,578	Agriculture and forestry	2,578	2,286	2,159
1,366	1,285	1,638	Fisheries and hunting	1,638	1,285	1,366
644	685	1,739	Sea farming industries	1,739	685	644
2,881	3,149	2,515	Manufacturing	2,515	3,149	2,881
5,534	6,423	4,538	Construction, power and water supply	4,538	6,423	5,534
6,065	5,138	5,529	Retail trade, hotels and restaurants	5,529	5,138	6,065
1,198	1,071	1,234	Maritime sector	1,234	1,071	1,198
5,645	6,560	6,755	Property management	6,680	6,495	5,577
13,036	13,416	13,106	Business services	13,106	13,416	13,036
9,364	9,007	11,660	Transport and other services provision	11,216	8,521	8,856
21,690	20,624	25,367	Public administration	25,367	20,624	21,690
4,800	3,836	5,048	Other sectors	4,925	3,797	4,687
74,383	73,482	81,706	Total	81,064	72,892	73,693
48,316	47,666	57,166	Wage earners	57,166	47,666	48,316
122,699	121,148	138,873	Total deposits	138,230	120,558	122,010

Note 11 - Net interest income

Parent bank					Group				
Third quarter		January - September		(NOKm)	January - September		Third quarter		
2022	2022	2023	2022		2023	2022	2023	2022	2022
					Interest income				
435	115	259	249	639	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	282	113	124	59 212
2,814	723	1,247	1,907	3,319	Interest income from loans to and claims on customers (amortised cost)	4,041	2,370	1,502	892 3,483
1,879	469	978	1,232	2,532	Interest income from loans to and claims on customers (FVOCI)	2,532	1,232	978	469 1,879
125	33	46	91	119	Interest income from loans to and claims on customers (FVPL)	119	91	46	33 125
599	149	339	359	1,011	Interest income from money market instruments, bonds and other fixed income securities	1,007	356	337	148 595
-	-	-	-	-	Other interest income	18	16	6	6 22
5,852	1,489	2,870	3,839	7,620	Total interest income	7,999	4,179	2,994	1,605 6,315
					Interest expense				
260	77	142	152	399	Interest expenses on liabilities to credit institutions	399	152	142	77 260
1,524	423	1,075	917	2,645	Interest expenses relating to deposits from and liabilities to customers	2,624	905	1,069	417 1,508
1,035	255	519	625	1,465	Interest expenses related to the issuance of securities	1,465	625	519	255 1,035
66	16	39	43	91	Interest expenses on subordinated debt	94	45	40	17 68
7	2	2	25	30	Other interest expenses	53	56	10	6 26
79	20	23	39	44	Guarantee fund levy	44	20	23	20 79
2,972	792	1,801	1,802	4,674	Total interest expense	4,679	1,802	1,803	791 2,977
2,880	697	1,069	2,037	2,945	Net interest income	3,319	2,377	1,191	814 3,339

Note 12 - Net commission income and other income

Parent bank					Group				
Third quarter		January - September		(NOKm)	January - September		Third quarter		2022
2022	2022	2023	2022	2023	2023	2022	2023	2022	
Commission income									
77	19	17	50	50	Guarantee commission	50	50	17	77
-	-	-	-	-	Broker commission	207	205	66	267
44	11	11	32	35	Portfolio commission, savings products	35	32	11	44
256	63	25	224	136	Commission from SpareBank 1 Boligkreditt	136	224	25	256
16	4	4	12	11	Commission from SpareBank 1 Næringskreditt	11	12	4	16
475	129	127	346	358	Payment transmission services	355	343	126	471
236	60	67	176	192	Commission from insurance services	192	176	67	236
88	22	21	70	64	Other commission income	58	64	19	80
1,192	307	273	909	845	Total commission income	1,044	1,106	336	1,446
Commission expenses									
80	22	31	58	80	Payment transmission services	80	59	31	80
11	3	3	8	9	Other commission expenses	79	82	26	105
90	25	34	66	88	Total commission expenses	159	140	58	186
Other operating income									
30	8	9	22	27	Operating income real property	29	22	10	32
-	-	-	-	-	Property administration and sale of property	126	119	44	151
-	-	-	-	-	Accountant's fees	509	437	138	564
25	9	11	15	28	Other operating income	37	25	14	34
55	17	21	36	55	Total other operating income	700	603	206	781
1,156	298	259	880	813	Total net commission income and other operating income	1,586	1,568	484	2,042

Note 13 - Operating expenses

Parent bank						Group				
Third quarter		January - September		(NOKm)		January - September	Third quarter		2022	2022
2022	2022	2023	2022			2023	2022	2023		
304	71	89	217	273	IT costs	315	255	103	84	355
11	3	3	9	9	Postage and transport of valuables	11	11	4	3	14
59	12	19	41	56	Marketing	72	62	24	18	86
77	19	33	57	80	Ordinary depreciation	106	83	43	26	117
46	11	12	36	37	Operating expenses, real properties	46	46	15	17	55
188	40	57	120	155	Purchased services	180	143	65	48	217
156	34	42	101	176	Other operating expense	207	124	52	39	195
841	190	255	580	784	Total other operating expenses	936	724	306	235	1,038

Parent Bank						Group				
Third quarter			January - September			January - September		Third quarter		
2022	2022	2023	2022	2023	(NOKm)	2023	2022	2023	2022	2022
Valued at fair value through profit/loss										
-428	-100	20	-479	-211	Value change in interest rate instruments	-211	-478	20	-100	-427
-10	13	-3	11	6	Value change in derivatives/hedging Net value change in hedged bonds and derivatives*	6	11	-3	13	-10
-38	-29	23	-66	14	Net value change in hedged fixed rate loans and derivatives	14	-66	23	-29	-38
275	122	5	386	105	Other derivatives	105	386	5	122	275
					Income from equity instruments					
					Income from owner interests	207	246	-2	108	442
646	-	36	574	615	Dividend from owner instruments					
4	-	-3	4	4	Value change and gain/loss on owner instruments	1	4	-0	0	4
30	3	5	9	14	Dividend from equity instruments	35	13	16	8	33
-19	-8	-1	-19	20	Value change and gain/loss on equity instruments	-9	31	17	-66	9
461	1	83	422	568	Total net income from financial assets and liabilities at fair value through profit/(loss)	148	149	76	55	287
Valued at amortised cost										
-0	0	-1	-0	-2	Value change in interest rate instruments held to maturity	-2	-0	-1	0	-0
-0	0	-1	-0	-2	Total net income from financial assets and liabilities at amortised cost	-2	-0	-1	0	-0
93	30	22	69	81	Total net gain from currency trading	81	69	22	30	93
554	31	104	491	647	Total net return on financial investments	228	217	97	86	380
* Fair value hedging										
-2,155	-781	53	-2,144	-44	Changes in fair value on hedging instrument	-44	-2,144	53	-781	-2,155
2,145	794	-56	2,156	50	Changes in fair value on hedging item	50	2,156	-56	794	2,145
-10	13	-3	11	6	Net Gain or Loss from hedge accounting	6	11	-3	13	-10

Note 15 - Other assets

Parent Bank			(NOKm)	Group		
31 Dec 2022	30 Sep 2022	30 Sep 2023		30 Sep 2023	30 Sep 2022	31 Dec 2022
-	3	2	Deferred tax asset	8	79	5
117	106	165	Fixed assets	276	229	232
223	231	267	Right to use assets	399	456	325
-	-	0	Assets held for sale	0	-	-
87	110	57	Earned income not yet received	82	144	104
262	645	1,562	Accounts receivable, securities	1,562	1,182	262
240	233	240	Pension assets	240	233	240
1,164	1,343	634	Other assets	918	1,639	1,387
2,092	2,671	2,928	Total other assets	3,485	3,962	2,555

Note 16 - Other liabilities

Parent Bank			(NOKm)	Group		
31 Dec 2022	30 Sep 2022	30 Sep 2023		30 Sep 2023	30 Sep 2022	31 Dec 2022
72	43	146	Deferred tax	201	99	127
611	615	639	Payable tax	696	682	705
13	12	-	Capital tax	-	12	13
97	44	-13	Accrued expenses and received, non-accrued income	330	594	388
427	486	667	Provision for accrued expenses and commitments	667	486	427
66	79	51	Losses on guarantees and unutilised credits	51	79	66
6	7	11	Pension liabilities	11	7	6
233	241	276	Lease liabilities	411	473	339
97	79	8	Drawing debt	8	79	97
73	64	174	Creditors	215	144	116
176	306	2,215	Debt from securities	2,215	701	176
-	-	-	Equity Instruments	-	8	-
196	241	247	Other liabilities	360	309	265
2,067	2,217	4,421	Total other liabilities	5,165	3,672	2,725

Note 17 - Debt created by issue of securities and subordinated debt

Group

	31 Dec 2022	Issued	Fallen due/ Redeemed	Other changes	30 Sep 2023
Change in securities debt (NOKm)					
Bond debt, nominal value	42,532	-	9,173	2,592	35,951
Senior non preferred, nominal value	7,100	5,080	-	-41	12,139
Value adjustments	-2,438	-	-	-175	-2,613
Accrued interest	280	-	-	200	480
Total	47,474	5,080	9,173	2,575	45,956

	31 Dec 2022	Issued	Fallen due/ Redeemed	Other changes	30 Sep 2023
Change in subordinated debt and hybrid equity (NOKm)					
Ordinary subordinated loan capital, nominal value	2,043	750	558	150	2,385
Hybrid equity, nominal value	-	-	-	-	-
Value adjustments	-	-	-	-5	-5
Accrued interest	16	-	-	5	21
Total	2,058	750	558	150	2,401

Note 18 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

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

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

Level 2: Valuation based on observable market data

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

Level 3: Valuation based on other than observable data

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

The following table presents the Group's assets and liabilities measured at fair value at 30 September 2023:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	-	8,818	-	8,818
- Bonds and money market certificates	3,404	33,208	-	36,612
- Equity instruments	348	91	568	1,006
- Fixed interest loans	-	83	5,547	5,630
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	91,811	91,811
Total assets	3,751	42,199	97,926	143,877
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	-	9,813	-	9,813
- Equity instruments	-	-	-	-
Total liabilities	-	9,813	-	9,813

The following table presents the Group's assets and liabilities measured at fair value at 30 September 2022

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	1	6,170	-	6,170
- Bonds and money market certificates	3,300	28,151	-	31,451
- Equity instruments	1,701	77	659	2,437
- Fixed interest loans	-	-	4,481	4,481
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	79,690	79,690
Total assets	5,002	34,398	84,829	124,228
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	5	6,656	-	6,661
- Equity instruments	56	-	-	56
Total liabilities	62	6,656	-	6,717

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2022:

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	-	-	4,630	4,630
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	81,901	81,901
Total assets	3,861	41,285	87,102	132,248
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 changes in the instruments classified in level 3 as at 30 September 2023:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	570	4,630	81,901	87,101
Investment in the period	27	1,704	26,333	28,064
Disposals in the period	-8	-672	-18,920	-19,599
Expected credit loss	-	-	-3	-3
Gain or loss on financial instruments	-22	-116	-1	-139
Closing balance 30 June 2023	568	5,547	89,311	95,425

The following table presents the changes in the instruments classified in level 3 as at 30 September 2022:

(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	6	889	21,714	22,610
Disposals in the period	-2	-430	-25,090	-25,522
Expected credit loss	-	-	11	11
Gain or loss on financial instruments	90	-177	-0	-86
Closing balance 30 June 2022	659	4,481	79,690	84,829

The following table presents the changes in the instruments classified in level 3 as at 31 December 2022:

(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 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	570	4,630	81,901	87,102

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 482 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank SMN 1 Invest. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions.

Financial derivatives (level 2)

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

Sensitivity analyses, level 3 as at 30 September 2023:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	5,547	-15
Equity instruments through profit/loss*	568	-
Loans at fair value through other comprehensive income	91,811	-6

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

Note 19 - Liquidity risk

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

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

The average residual maturity on debt created by issue of securities at the end of the third quarter 2023 was 3.4 years. The overall LCR at the same point was 173 per cent and the average overall LCR in the third quarter was 186 per cent. The LCR in Norwegian kroner and euro at quarter-end was 172 and 435 per cent respectively.

Note 20 - Earnings per EC

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

(NOKm)	January - September		
	2023	2022	2022
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve ¹⁾	2,277	1,878	2,692
Allocated to ECC Owners ²⁾	1,521	1,201	1,722
Issues Equity Capital Certificates adjusted for own certificates	136,581,953	129,387,872	129,339,665
Earnings per Equity Capital Certificate	11.14	9.28	13.31

¹⁾ Adjusted Net Profit	January - September		
	2023	2022	2022
Net Profit for the group	2,441	2,017	2,902
adjusted for non-controlling interests share of net profit	-78	-93	-160
Adjusted for Tier 1 capital holders share of net profit	-86	-45	-50
Adjusted Net Profit	2,277	1,878	2,692

2) Equity capital certificate ratio (parent bank) (NOKm)	30 Sep 2023		
	30 Sep 2023	30 Sep 2022	31 Dec 2022
ECC capital	2,884	2,597	2,597
Dividend equalisation reserve	7,879	7,007	7,007
Premium reserve	2,422	895	895
Unrealised gains reserve	47	109	109
Other equity capital	3	-	-
A. The equity capital certificate owners' capital	13,235	10,609	10,609
Ownerless capital	6,566	5,918	5,918
Unrealised gains reserve	23	62	62
Other equity capital	2	-	-
B. The saving bank reserve	6,590	5,980	5,980
To be disbursed from gift fund	-	-	547
Dividend declared	-	-	970
Equity ex. profit	19,825	16,588	18,106
Equity capital certificate ratio A/(A+B)	66.8 %	64.0 %	64.0 %
Equity capital certificate ratio for distribution	66.8 %	64.0 %	64.0 %

Note 21 - Proforma results from quarterly accounts

The pro forma results for the quarters is the sum of the quarterly accounts of SpareBank 1 SMN and Sparebank 1 Søre Sunnmøre. For the second quarter 2023, the pro forma figures are as they would have been if the merger had been completed before 2 May 2023.

Group (NOKm)	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Interest income effective interest method	2,683	2,496	2,255	1,696	1,421	1,293
Interest expenses	1,570	1,404	1,236	834	575	496
Net interest	1,113	1,092	1,018	862	846	797
Commission income	374	361	360	391	401	378
Commission expenses	52	51	47	54	47	44
Other operating income	245	250	178	175	223	207
Commission income and other income	567	560	492	512	577	542
Dividends	21	4	24	8	14	6
Income from investment in related companies	85	128	205	108	79	63
Net return on financial investments	1	-98	-41	-33	-116	115
Net return on financial investments	106	34	188	83	-23	184
Total income	1,786	1,687	1,698	1,457	1,400	1,522
Staff costs	389	418	354	368	367	392
Other operating expenses	307	352	334	253	252	270
Total operating expenses	697	769	688	621	619	662
Result before losses	1,090	917	1,010	836	781	860
Loss on loans, guarantees etc.	30	-68	29	16	-59	10
Result before tax	1,060	986	982	820	840	849
Tax charge	162	214	218	187	176	169
Result investment held for sale, after tax	37	38	46	10	87	37
Net profit	935	809	810	642	750	717

Group (NOKm)	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Profitability						
Return on equity per quarter	15.2%	12.7%	13.4%	10.4%	12.0%	11.8%
Cost-income ratio	39 %	46 %	41 %	43 %	44 %	44 %
Impairment losses ratio	0.05 %	-0.12%	0.05%	0.03 %	-0.11 %	0.02%
Balance sheet figures						
Gross loans to customers	166,819	163,591	163,069	160,691	158,853	156,922
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	232,100	228,242	225,553	222,999	219,352	213,539
Deposit from customers	140,164	133,309	131,135	129,439	132,877	122,973
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	84 %	81 %	80 %	81 %	84 %	78 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt	60 %	58 %	58 %	58 %	61 %	58 %
Total assets	248,806	241,058	235,497	231,110	229,780	219,306
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskredtt last 3 months	1.7 %	1.2 %	1.1 %	1.7 %	2.7 %	2.3 %
Growth in deposits last 3 months	5.1 %	1.7 %	1.3 %	-2.6 %	8.1 %	2.7 %

Results from quarterly accounts

Group (NOKm)	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022	4Q 2021	3Q 2021
Interest income effective interest method	2,994	2,638	2,367	2,136	1,605	1,346	1,227	1,107	1,026
Interest expenses	1,803	1,544	1,332	1,175	791	543	468	382	318
Net interest	1,191	1,094	1,035	961	814	803	759	725	709
Commission income	336	367	341	340	370	378	358	405	407
Commission expenses	58	51	50	45	52	46	42	47	47
Other operating income	206	245	249	178	173	223	206	163	162
Commission income and other income	484	561	541	473	491	555	522	521	521
Dividends	16	18	2	19	8	4	2	1	1
Income from investment in related companies	-2	85	125	195	108	77	62	186	179
Net return on financial investments	83	1	-99	-52	-30	-123	111	-19	37
Net return on financial investments	97	103	28	163	86	-43	175	168	217
Total income	1,772	1,757	1,604	1,597	1,391	1,316	1,456	1,414	1,447
Staff costs	435	383	398	333	348	350	375	342	341
Other operating expenses	306	300	330	314	235	235	255	267	246
Total operating expenses	741	683	728	646	583	585	629	609	586
Result before losses	1,032	1,074	875	951	808	731	827	805	861
Loss on loans, guarantees etc.	35	29	-71	19	22	-48	-0	32	31
Result before tax	996	1,045	946	932	785	779	827	773	830
Tax charge	278	159	206	210	179	164	166	103	174
Result investment held for sale, after tax	22	37	38	46	10	87	37	33	19
Net profit	740	923	778	768	617	702	698	703	675

Key figures from quarterly accounts

Group (NOKm)	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022	4Q 2021	3Q 2021
Profitability									
Return on equity per quarter ¹⁾	11.1%	15.1%	13.0%	13.1%	10.9%	12.9%	12.6%	12.7%	12.4%
Cost-income ratio ¹⁾	44 %	41 %	46 %	45 %	45 %	43 %	49 %	49 %	48 %
Balance sheet figures									
Gross loans to customers	168,940	166,819	153,181	152,629	150,247	148,681	147,023	147,301	143,972
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	234,316	232,100	213,967	211,244	208,900	205,504	199,965	195,353	191,976
Deposit from customers	138,230	140,164	123,529	122,010	120,558	123,812	114,053	111,286	109,691
Total assets	243,472	248,806	228,207	223,110	218,918	217,458	207,027	198,845	200,124
Quarterly average total assets	246,139	238,507	225,759	221,115	218,188	212,243	202,936	199,492	200,275
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months ¹⁾	1.0 %	8.5 %	1.3 %	1.1 %	1.7 %	2.8 %	2.4 %	1.8 %	1.6 %
Growth in deposits last 12 months	-1.4 %	13.5 %	1.2 %	1.2 %	-2.6 %	8.6 %	2.5 %	1.5 %	-0.4 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio ¹⁾	0.06 %	0.05 %	-0.13 %	0.04 %	0.04 %	-0.09 %	0.00 %	0.07 %	0.07 %
Stage 3 as a percentage of gross loans ¹⁾	0.98 %	0.99 %	0.96 %	0.97 %	1.02 %	1.08 %	1.62 %	1.68 %	1.80 %
Solidity									
Common equity Tier 1 capital ratio	19.7 %	19.1 %	18.2 %	18.9 %	19.2 %	18.8 %	18.3 %	18.0 %	18.1 %
Tier 1 capital ratio	21.3 %	21.0 %	20.1 %	20.9 %	20.8 %	20.4 %	19.8 %	19.6 %	19.7 %
Capital ratio	23.7 %	23.5 %	22.2 %	23.1 %	23.0 %	22.7 %	21.9 %	21.6 %	21.8 %
Tier 1 capital	24,283	24,192	21,985	21,835	21,252	20,547	19,797	19,322	19,265
Total eligible capital	26,950	27,106	24,298	24,147	23,546	22,910	21,839	21,333	21,338
Liquidity Coverage Ratio (LCR)	173 %	188 %	194 %	239 %	180 %	204 %	155 %	138 %	163 %
Leverage Ratio	7.3 %	7.2 %	6.9 %	7.1 %	7.3 %	6.9 %	7.0 %	6.9 %	6.9 %
Key figures ECC									
ECC share price at end of period (NOK)	137.20	141.00	123.60	127.40	111.40	115.80	141.20	149.00	129.80
Number of certificates issued, millions ¹⁾	143.82	143.80	129.43	129.29	129.29	129.31	129.39	129.39	129.39
Booked equity capital per ECC (NOK) ¹⁾	116.39	112.81	105.63	109.86	107.19	102.91	99.55	103.48	103.57
Profit per ECC, majority (NOK) ¹⁾	3.28	4.21	3.51	3.53	2.89	3.20	3.20	3.20	3.22
Price-Earnings Ratio (annualised) ¹⁾	10.47	8.38	8.79	9.02	9.62	9.06	11.05	11.65	10.09
Price-Book Value Ratio ¹⁾	1.18	1.25	1.17	1.16	1.04	1.13	1.42	1.44	1.25

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

Equity capital certificates

Stock price compared with OSEBX and OSEEX

1 October 2021 to 30 September 2023

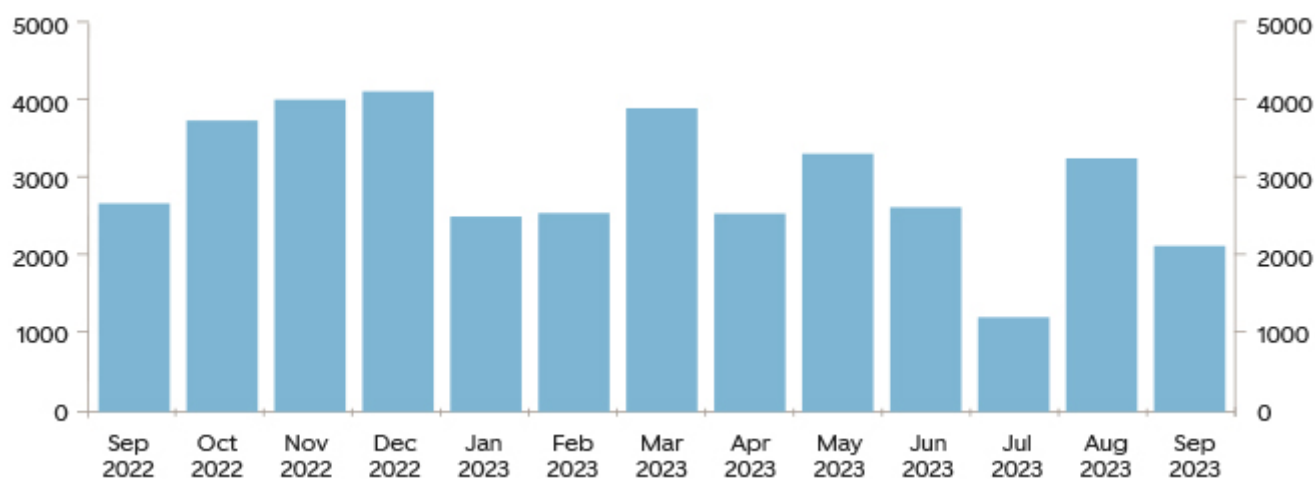


OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics

1 October 2022 to 30 September 2023



Total number of ECs traded (1000)

20 largest ECC holders	No. Of ECCs	Holding
Sparebankstiftinga Søre Sunnmøre	12,971,224	8.99 %
Sparebankstiftelsen SMN	5,463,847	3.79 %
KLP	3,662,282	2.54 %
Pareto Aksje Norge VPF	3,519,218	2.44 %
State Street Bank and Trust Comp	3,433,407	2.38 %
Pareto Invest Norge AS	2,938,362	2.04 %
VPF Eika Egenkapitalbevis	2,586,476	1.79 %
J. P. Morgan Chase Bank, N.A., London	2,577,652	1.79 %
VPF Alfred Berg Gamba	2,562,032	1.78 %
VPF Odin Norge	2,437,704	1.69 %
Danske Invest Norske Aksjer Institusjon II.	2,345,940	1.63 %
State Street Bank and Trust Comp	2,304,307	1.60 %
RBC Investor Services Trust	2,039,805	1.41 %
The Northern Trust Comp	2,032,500	1.41 %
Forsvarets personellservice	2,014,446	1.40 %
VPF Holberg Norge	2,000,000	1.39 %
VPF Nordea Norge	1,847,635	1.28 %
J. P. Morgan SE	1,833,630	1.27 %
MP Pensjon PK	1,352,771	0.94 %
J. P. Morgan SE	1,255,814	0.87 %
The 20 largest ECC holders in total	61,179,052	42.42 %
Others	83,036,538	57.58 %
Total issued ECCs	144,215,590	100.00 %

Dividend policy

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

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

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



To the Board of Sparebank 1 SMN

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated balance sheet of Sparebank 1 SMN as of 30 September 2023, and the related consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information that gives a true and fair view in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not, in all material respects, give a true and fair view of the financial position of the entity as at 30 September 2023, and of its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Trondheim, 1 November 2023
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant

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