

Fourth Quarter Report 2023



Contents

Main figures 3

Report of the Board of Directors 5

Income statement 22

Balance sheet 24

Cash flow statement 25

Change in equity 26

Notes 29

Results from quarterly accounts 59

Key figures from quarterly accounts 60

Equity capital certificates 61

Main figures

From the income statement (NOKm)	Fourth quarter		January - December	
	2023	2022	2023	2022
Net interest	1,312	961	4,632	3,339
Net commission income and other income	498	473	2,084	2,042
Net return on financial investments	571	163	799	380
Total income	2,382	1,597	7,515	5,760
Total operating expenses	866	646	3,017	2,443
Results before losses	1,517	951	4,498	3,317
Loss on loans, guarantees etc	20	19	14	-7
Results before tax	1,496	932	4,484	3,324
Tax charge	262	210	904	718
Result investment held for sale, after tax	12	46	108	179
Net profit	1,247	768	3,688	2,785
Interest Tier 1 Capital	40	17	125	63
Net profit excl. Interest Tier 1 Capital	1,207	751	3,563	2,722

Balance sheet figures	31 Dec 2023	31 Dec 2022
Gross loans to customers	169,862	152,629
Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt	236,329	211,244
Deposits from customers	132,888	122,010
Average total assets	235,303	213,112
Total assets	232,717	223,312

Key figures	Fourth quarter		January - December	
	2023	2022	2023	2022
Profitability ¹⁾				
Return on equity	18.3 %	13.1 %	14.4 %	12.3 %
Cost-income ratio ²⁾	48 %	45 %	45 %	45 %
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	78 %	80 %	78 %	80 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt	56 %	58 %	56 %	58 %
Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt)	0.9 %	1.1 %	11.9 %	8.1 %
Growth in deposits last 12 months	-3.9 %	1.2 %	8.9 %	9.6 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt ¹⁾				
Impairment losses ratio	0.03 %	0.04 %	0.01 %	0.00 %
Stage 3 as a percentage of gross loans	0.88 %	0.97 %	0.88 %	0.97 %

Solidity	31 Dec 2023	31 Dec 2022
Capital ratio	23.0 %	23.1 %
Tier 1 capital ratio	20.8 %	20.9 %
Common equity Tier 1 capital ratio	18.8 %	18.9 %
Tier 1 capital	23,793	21,835
Total eligible capital	26,399	24,147
Liquidity Coverage Ratio (LCR)	175 %	239 %
Leverage Ratio	7.2 %	7.1 %

Branches and staff		
Number of branches	46	40
No. Of full-time positions ²⁾	1,545	1,432

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

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

Key figures ECC	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
ECC ratio	67 %	64 %	64 %	64 %	64 %
Number of certificates issued, millions ¹⁾	144.20	129.29	129.39	129.39	129.30
ECC share price at end of period (NOK)	141.80	127.40	149.00	97.60	100.20
Stock value (NOKM)	20,448	16,471	19,279	12,629	12,956
Booked equity capital per ECC (including dividend) ¹⁾	120.48	109.86	103.48	94.71	90.75
Profit per ECC, majority ¹⁾	16.88	12.82	13.31	8.87	12.14
Dividend per ECC	12.00	6.50	7.50	4.40	6.50
Price-Earnings Ratio ¹⁾	8.40	9.94	11.19	11.01	8.26
Price-Book Value Ratio ¹⁾	1.18	1.16	1.44	1.03	1.10

Report of the Board of Directors

Fourth 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 1,496m (932m)
- Net profit NOK 1,247m (768m)
- Return on equity 18.3 per cent (13.1 per cent)
- CET1 ratio 18.8 per cent (18.9 per cent)
- Growth in lending 0.9 per cent (1.1 per cent) and in deposits minus 3.9 per cent (1.2 per cent)
- Lending to retail customers of the bank rose 0.8 per cent in the quarter (1.4 per cent), 0.8 percentage points lower growth than in the third quarter. Lending to the bank's corporate clients rose 1.0 per cent (decline of 0.4 per cent) which was 1.8 percentage points higher growth than in the third quarter
- Deposits from retail customers rose 1.1 per cent (0.9 per cent), 1.9 percentage points higher growth than in the third quarter. Deposits from corporate clients were reduced by 10.0 per cent (0.4 per cent). This is 7 percentage points lower growth than in the third quarter, and is in all essentials due to a reduction in deposits from the public sector
- Net result of ownership interests was NOK 90m (195m)
- Net result of financial instruments (incl. dividends) was NOK 481m (minus 33m)
- Losses on loans and guarantees: NOK 20m (19m)
- Earnings per equity certificate (EC): NOK 5.62 (3.53)
- Book value per EC: NOK 120.48 (109.86)

Preliminary annual accounts 2023

- Pre-tax profit: NOK 4,484m (3,324m)
- Net profit: NOK 3,688m (2,785m)
- Return on equity: 14.4 per cent (12.3 per cent)
- Growth in lending: 11.9% (8.1%) and in deposits: 8.9 per cent (9.6 per cent) in the last 12 months
- Growth in lending to the bank's retail customers was 13.1 per cent (7.1 per cent) in the last 12 months. Growth lending to corporates was 10.4 per cent (8.9 per cent) in the last 12 months
- Lending to wage earners accounts for 68 per cent (67 per cent) of total lending
- Deposits from retail customers rose 17.6 per cent (8.4 per cent) in the last 12 months. Deposits from corporate clients rose 0.1 per cent (5.5 per cent) in the last 12 months
- Net result of ownership interests: NOK 297m (442m)
- Net result of financial instruments (incl. dividends): NOK 502m (minus 61m)
- Losses on loans and guarantees: NOK 14m (net recovery of 7m), 0.01 per cent (-0.00 per cent) of gross lending
- Earnings per EC: NOK 16.88 (12.82)
- The board of directors proposes a dividend of NOK 12.00 per EC (NOK 6.50), equivalent to 74 per cent of the net profit, and a community dividend of NOK 860m (474m)

Events in the quarter

Base rate at 4.50 per cent and continued decline in credit growth

Norges Bank raised its base rate from 4.25 per cent to 4.50 per cent in December 2023. 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 December the central bank indicated that the base rate had probably reached its peak in the present interest rate cycle, and signalled a gradual decline in the base rate from autumn 2024.

The 12-month rate of growth in the consumer price index (CPI) was 4.8 per cent at the end of 2023. Underlying inflation in the same period in terms of the consumer price index adjusted for changes in indirect taxes and excluding energy products (CPI-ATE) was 5.5 per cent. The macroeconomic situation in Norway is complex, and the path of the economy ahead is uncertain. The building and construction industry is impacted by a sluggish market with fewer housing starts at the same time as energy-related manufacturing is experiencing an increased level of activity.

Growth in credit to households and non-financial undertakings fell further in the fourth quarter. As at December the national twelve-month rate of growth in credit to households and non-financial undertakings was 3.1 and 2.6 per cent respectively.

SpareBank 1 Markets strengthened and acquires regional ownership

On 22 June 2022 SpareBank 1 SMN announced SpareBank 1 Markets' move to reinforce its focus in the capital market and to bring in SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge as major owners. This puts the SpareBank 1 banks on a more robust footing in Norway's capital market with a strong regional presence in Trondheim, Tromsø and Stavanger, in addition to Oslo. The transaction was carried through in December 2023.

SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge transferred their capital market businesses to SpareBank 1 Markets. In addition a private placement was made with SpareBank 1 SR-Bank. Upon completion of the transaction SpareBank 1 SMN owns 39.9 per cent, SpareBank 1 SR-Bank 33.34 per cent, and SpareBank 1 Nord-Norge 18.1 per cent of SpareBank 1 Markets.

The transaction brought a gain of NOK 414m for SpareBank 1 SMN in the fourth quarter.

Fremtind Forsikring and Eika Forsikring merge

Fremtind Forsikring and Eika Forsikring, and their respective owners – SpareBank 1 Gruppen, DNB Bank and Eika Gruppen – entered on 12 December an agreement of intent to merge the two companies. The merged entity will be known as Fremtind Forsikring.

SpareBank 1 SMN owns 19.5 per cent of the shares of SpareBank 1 Gruppen, which upon completion of the transaction will own 51.44 per cent of the shares of Fremtind Holding. Based on figures as at 30 June 2023 and pro forma consolidated accounts, the transaction will entail an increase of about NOK 7bn in group equity for SpareBank 1 Gruppen. SpareBank 1 SMN's share of this increase comes to about NOK 470m, which will be recognised in the consolidated accounts upon completion of the transaction. The effect on the bank's capital adequacy will be close to neutral since the equity capital increase will be deductible for capital adequacy calculation purposes.

In order for the transaction to go ahead the parties need to formalise a transaction agreement and the required government approvals must not impose significantly burdensome terms or conditions. The transaction is expected to go ahead in summer 2024 at the earliest.

SpareBank 1 Kreditt and Eika Kreditbank pool their credit activities

SpareBank 1 Kreditt and Eika Kreditbank, the credit-card and consumer-finance product companies of the two largest savings bank alliances in Norway, are pooling their credit businesses. The economies of scale the companies achieve by integrating their resources will contribute to increased competitiveness and even more prudent lending practices.

The two credit companies have more than one million customers combined, and an overall 6.3 per cent share of the market in credit cards and consumer loans. Assuming government approval, the product areas 'credit cards' and 'unsecured repayment loans' will be transferred from today's Eika Kreditbank to SpareBank 1 Kreditt. The amalgamated entity's business address will be in Trondheim and the company will be renamed.

New Pillar 2 requirement and revised capital target

SpareBank 1 SMN received a new Pillar 2 requirement in the fourth quarter. The requirement was reduced to 1.7 percentage points and must be met with a minimum of 56.25 per cent common equity tier 1 (CET1) capital. Following the change the Group's long-term CET1 target has been reduced to 16.3 per cent.

Savings programme for employees

SpareBank 1 SMN continued its equity certificate saving programme for employees in the fourth quarter. The object of the programme is to motivate employees to become co-owners of the bank and the same time to increase interest in the bank's strategy and results. As much as 74 per cent of the Group's employees are participating in the programme.

Results in the fourth quarter

The fourth quarter of 2023 reflects high earnings due to a good development in net interest income and a gain of NOK 414m from the amalgamation of the capital market units of SpareBank 1 Markets, SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge. Increased costs and SpareBank 1 Gruppen's write-down of shares in Kredinor have a negative impact on the result.

Net interest income has increased as a result of growth and implemented interest rate changes. The bank has announced a rate hike of up to 0.25 per cent with effect in the first quarter of 2024. In addition, net interest income is positively affected by the recognition of NOK 59m of previously unrecognised interest due to redemption of an exposure previously acquired at a discount.

A positive trend is noted in commission income again in the fourth quarter, driven mainly by accounting services and payments transmission services.

The group's operating expenses came to NOK 866m in the quarter (646m). The increase is mainly down to the merger with SpareBank 1 Søre Sunnmøre, an increase in the bank's workforce, acquisitions made in SpareBank 1 Regnskapshuset SMN and price and wage growth.

Return on financial investments in the fourth quarter was NOK 491m (minus 52m). The increase is primarily due to a gain of NOK 414m from disinvestment in SpareBank 1 Markets.

The result from related companies rose from the third quarter but is substantially reduced compared with the fourth quarter of 2022. BN Bank continues to deliver good results, but SpareBank 1 SMN profit share from SpareBank 1 Gruppen was minus NOK 51m (128m) due to the write-down of SpareBank 1 Gruppen's stake in Kredinor.

Losses on loans and guarantees came to NOK 20m in the quarter (19m), comprising a net recovery of NOK 27m at the bank and a loss of NOK 47m at SpareBank 1 SMN Finans Midt-Norge related to a corporate exposure.

The CET1 ratio was 18.8 per cent (18.9) at the end of the fourth quarter, which is well above regulatory requirements and the Group's long-term target.

Proposed distribution of net profit

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

The net profit is distributed between the ownerless capital and the equity certificate (EC) capital in proportion to their relative shares of the bank's total equity, such that dividends and the allocation to the dividend equalisation fund constitute 74 per cent of the distributed profit. Earnings per equity certificate were NOK 16.88. Given the bank's solid capitalisation, but also its prospects for profitable operation in the period ahead, the board of directors recommends a cash dividend of NOK 12.00 per equity certificate (EC). This makes for a payout ratio of 71 per cent. The bank's long-term dividend policy is to distribute about 50 per cent of distributable profit.

The board of directors further recommends an allocation of NOK 860m to community dividend. Of this amount, NOK 250m is to be transferred to non-profit causes and NOK 610m to the foundation Sparebankstiftelsen SMN. NOK 621m and NOK 308m are to be transferred to the dividend equalisation fund and the ownerless capital respectively.

	2023	2022
Profit for the year, Group	3,688	2,785
Interest hybrid capital (after tax)	-122	-60
Profit for the year excl interest hybrid capital, group	3,566	2,725
Profit, subsidiaries	-408	-479
Dividend, subsidiaries	302	422
Profit, associated companies	-297	-443
Dividend, associated companies	391	224
Group eliminations	2	-15
Profit for the year excl interest hybrid capital, Parent bank	3,557	2,434
Distribution of profit	2023	2022
Profit for the year excl interest hybrid capital, Parent bank	3,557	2,434
Transferred to/from revaluation reserve	-37	101
Profit for distribution	3,520	2,535
Dividends	1,731	840
Equalisation fund	621	781
Saving Bank's fund	308	440
Gifts	860	474
Total distributed	3,520	2,535

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

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

The net annual profit for distribution reflects changes of NOK 37m in the unrealised gains reserve.

The total amount for distribution is accordingly NOK 3,520m.

After distribution of the net profit for 2023, the ratio of EC capital to total equity remains 66.8 per cent.

Net interest income

Market interest rates in terms of NIBOR were relatively stable in the fourth quarter. Three-month NIBOR averaged 4.72 per cent in the fourth quarter, 0.07 percentage points higher than in the preceding quarter. The bank raised its mortgage and deposit rates with effect from 25 October and 28 November, and has announced a further increase for personal customers with effect from 9 March 2024.

Net interest income totalled NOK 1,312m (961m) compared with NOK 1,191m in the third quarter. Stable market interest rates through the quarter and implemented interest rate increases brought higher margins on loans and lower margins on deposits. The quarter's net interest income includes NOK 59m related to redemption of an exposure previously acquired at a discount. Without this one-time effect, net interest income rose 5.3 per cent measured against the third quarter and 30 per cent against the fourth quarter of 2022.

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)	4Q 23	3Q 23	4Q 22
Payment transfers	101	79	91
Creditcard	14	16	15
Saving products	11	10	11
Insurance	61	67	60
Guarantee commission	16	15	25
Real estate agency	98	110	94
Accountancy services	152	138	127
Other commissions	23	20	14
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	475	455	438
Commissions SB1 Boligkreditt	19	25	32
Commissions SB1 Næringskreditt	4	4	4
Total commissions	498	484	473

Commission income excluding the captive mortgage companies rose by NOK 20m from the preceding quarter, and by NOK 37m from the same quarter of 2022. The good trend in commission income is driven in particular by incomes from payment services and accounting services.

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 fourth quarter is higher funding costs.

Return on financial investments

Return on financial investments in the fourth quarter was NOK 491m (minus 52m). Capital gains of NOK 472m include NOK 414m related to disinvestment from SpareBank 1 Markets. Other capital gains are related to SpareBank 1 SMN Invest's share portfolio.

Financial instruments, including bonds and CDs, showed a capital loss of NOK 8m (capital loss of 55m) while income from foreign exchange transactions rose by NOK 7m from the preceding quarter to NOK 27m (NOK 25m).

Return on financial investments (NOKm)	4Q 23	3Q 23	4Q 22
Capital gains/losses shares	472	17	-23
Gain/(loss) on financial instruments	-8	47	-55
Foreign exchange gain/(loss)	27	20	25
Net return on financial instruments	491	83	-52

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 NOK 90m (195m) in the quarter. In the third quarter the corresponding figure was minus NOK 2m.

Income from investment in associated companies (NOKm)	4Q 23	3Q 23	4Q 22
SpareBank 1 Gruppen (19.5 %)*	-51	-13	128
SpareBank 1 Boligkreditt (23.9 %)	30	5	-1
SpareBank 1 Næringskreditt (14.8 %)	1	4	2
BN Bank (35.0 %)	73	64	54
SpareBank1 Markets (39.9 %)	19	-	-
SpareBank 1 Kreditt (19.2 %)	-3	-3	0
SpareBank 1 Betaling (21.9 %)	-8	-10	22
SpareBank 1 Forvaltning (21.5 %)	12	6	5
Other companies	16	-55	-15
Income from investment in associated companies	90	-2	195

*) SpareBank 1 Gruppen has implemented IFRS 17 from 01 January 2023, comparable figures have not been restated but information about the effect is described 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 of 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 60m (518m) in the fourth quarter, of which SpareBank 1 SMN's share of the controlling interest's net profit was minus NOK 51m (128m). The non-controlling interests share of SpareBank 1 Gruppen's net profit relates to the results from Fremtind Forsikring.

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 912m (151m) after tax in the fourth quarter. The increase is attributable to a return of NOK 904m on net investments in the quarter and an estimate change in a loss component which resulted in NOK 177m being taken to income.
- **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 60m (65m) after tax in the fourth 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 22m (21m) after tax in the fourth quarter.
- **Related companies** in SpareBank 1 Gruppen posted a negative contribution of NOK 85m (minus 41m) to SpareBank 1 Gruppen's profit.
- **Kredinor (50 per cent)** is Norway's largest debt collection company, and is a related company in SpareBank 1 Gruppen. Write-downs of NOK 769m were made in the shares of Kredinor 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 fourth quarter was NOK 12m (5m).

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 30m (minus 1m) in the fourth 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 1m (2m) in the quarter.

SpareBank 1 Kreditt offers unsecured finance to retail customers. SpareBank 1 SMN's profit share in the fourth quarter was minus NOK 3m (0m).

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 73m (54m).

SpareBank 1 Markets is a leading Norwegian investment firm. The company offers services in the fields of equity and credit analysis, equity and bond trading and services in the corporate finance area. SpareBank 1 SMN's share of SpareBank 1 Markets' profit in December 2023 was NOK 19m. Other profit share from SpareBank 1 Markets in the fourth quarter is recognised as profit share from business held for sale.

SpareBank 1 Betaling is the SpareBank 1 banks' parent company in Vipps AS. SpareBank 1 SMN's profit share was minus NOK 8m (22m) in the fourth quarter.

Other companies

The net profit of NOK 16m in the fourth quarter is driven by a positive contribution of NOK 38m (0m) from the development company Grilstad Marina and a negative contribution of NOK 12m (minus 5m) from SpareBank 1 Mobilitet Holding and minus NOK 11m (minus 9m) from SpareBank 1 Utvikling.

Operating expenses

The group aims for a cost-income ratio below 40 per cent at the 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 net interest income and commission and other income.

The bank's cost-income ratio was 41 per cent in the quarter (37 per cent). The corresponding figures for EiendomsMegler 1 and Regnskapshuset were 107 (107) and 95 (85) per cent respectively.

NOKm	4Q 23	3Q 23	4Q 22
Staff costs	476	435	333
IT costs	132	93	100
Marketing	21	24	24
Ordinary depreciation	47	43	33
Operating expenses, real properties	11	15	9
Purchased services	71	62	53
Merger expenses	18	14	22
Other operating expense	90	56	73
Total operating expenses	866	741	646

Overall expenses rose by NOK 220m from the fourth quarter of 2022, of which NOK 41m of the increase refers to the subsidiaries. Price and wage growth along with acquisitions made by SpareBank 1 Regnskapshuset SMN are the chief driver behind the subsidiaries' expense growth.

The growth in costs seen by the bank in the quarter measured against last year's fourth quarter is driven by wage and price growth and also to some extent by technology investments through SpareBank 1 Utvikling and growth initiatives in selected geographical locations, primarily Trondheim, Oslo and Sunnmøre. The bank is also building a presence in the area of wealth management and private banking. These measures will strengthen the bank's market position and earnings. In addition, costs have risen with the inclusion of the former SpareBank 1 Søre Sunnmøre's cost base, celebration of the bank's 200th anniversary, and legal assistance related to court proceedings in the embezzlement affair.

From the third to fourth quarter costs have risen as a result of aspects of the investments and initiatives mentioned above. In addition, costs related to the anniversary celebrations, including anniversary gifts to the group's employees, along with retrospective payment of local-level pay settlement awards, have impacted costs in the fourth quarter.

Losses on loans and guarantees

The group's losses on loans and guarantees in the fourth quarter of 2023 came to NOK 20m.

Losses in the quarter break down to minus NOK 30m in Stage 1 and 2 and NOK 50m in Stage 3. Losses in the period measured 0.03 per cent of total outstanding loans (0.04 per cent).

Impairment losses (NOKm)	4Q 23	3Q 23	4Q 22
RM	-2	1	19
CM	-25	27	-12
SpareBank 1 Finans Midt-Norge	47	6	12
Total impairment losses	20	35	19

Overall impairment write-downs on loans and guarantees as at 31 December amount to NOK 995m (1,188 m).

The bank's loan portfolio is of good credit quality. The portfolio comprises NOK 167,777m (150.585m) in Stages 1 and 2 respectively, corresponding to 99.12 per cent. Problem loans (Stage 3) total NOK 2,085m (2,044m), corresponding to 0.88 per cent (0.97 per cent) of gross outstanding loans, including loans sold to the captive mortgage companies.

Total assets of NOK 233bn

The bank's total assets as at the fourth quarter of 2023 were NOK 233bn (223bn), having risen by NOK 10bn, or 4.2 per cent, over the last 12 months. Total assets have grown as a result of the merger and lending growth.

As at 31 December 2023 loans totalling NOK 66bn (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 25.1bn (15.9bn), corresponding to 11.9 per cent (8.1 per cent), and stood at NOK 236.3bn (211.2bn) at the end of the fourth quarter. Lending growth in the quarter was 0.9 per cent (1.1 per cent).

Lending to the bank's retail customers climbed NOK 1.3bn in the quarter (2.0bn). This corresponds to a lending growth of 0.8 per cent (1.4 per cent). Lending growth in the last 12 months was 13.1 per cent (7.1 per cent), of which the merger with the former SpareBank 1 Søre Sunnmøre accounts for 8.3 percentage points. Total lending to the bank's retail customers came to NOK 166.7bn (147.4bn) at the end of the fourth quarter.

Lending to the bank's corporate clients rose by NOK 0.6bn in the quarter (decline of NOK 0.2bn), corresponding to 1.0 per cent (minus 0.4 per cent). Growth in lending in the last 12 months was 10.4 per cent (8.9 per cent), of which the merger accounts for 3.5 percentage points. Overall lending to the bank's corporate customers came to NOK 57.2bn (51.8bn) as at 31 December 2023.

SpareBank 1 Finans' gross loan volume was NOK 12.6bn (12.1bn) at the end of the fourth quarter 2023. This corresponds to a growth of 4.5 per cent in the last 12 months.

Deposits

Customer deposits rose in the last 12 months by NOK 10.9bn (10.7bn) to NOK 132.9bn (122.0bn), corresponding to a growth of 8.9 per cent (9.6 per cent). Growth in the fourth quarter was minus 3.9 per cent (1.2 per cent).

Personal deposits rose NOK 0.7bn in the quarter (0.5bn), corresponding to deposit growth of 1.1 per cent (0.9 per cent). Deposit growth in the last 12 months was 17.6 per cent (8.4 per cent), of which the merger accounts for 10.7 percentage points. Total deposits from personal customers came to NOK 64.6bn (54.9bn) at the end of the fourth quarter.

Deposits from the bank's corporate segment were reduced by NOK 7.0bn in the quarter (increase of 0.3bn), corresponding to minus 10.0 per cent (growth of 0.4 per cent). The decline is attributable to increasing competition for corporate sector deposits. Deposit growth in the last 12 months was 0.1 per cent (5.5 per cent). When adjusted for the merger with SpareBank 1 Søre Sunnmøre, growth in deposits from the bank's corporate segment would have been minus 6.8 per cent. Total deposits from the bank's corporate segment were NOK 63.0bn (62.9bn) as at 31 December 2023.

The **Retail Banking Division** achieved a pre-tax profit of NOK 423m in the fourth quarter of 2023 (371m). Return on capital employed was 16.3 per cent (16.2 per cent), a reduction of 2.7 percentage points from the third quarter. The retail banking portfolio consists of wage earners, agricultural customers and sole proprietorships.

Profit and loss account (NOKm)	4Q 23	3Q 23	4Q 22
Net interest	626	632	476
Comission income and other income	167	165	176
Total income	794	797	651
Total operating expenses	373	315	253
Ordinary operating profit	421	482	398
Loss on loans, guarantees etc.	-2	1	27
Result before tax including held for sale	423	481	371
Balance			
Loans and advances to customers	166,713	165,454	147,426
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-64,892	-63,873	-57,134
Deposits to customers	64,601	63,878	54,930
Key figures			
Return on equity per quarter *)	16.3 %	18.9 %	16.2 %
Lending margin	0.68 %	0.33 %	0.39 %
Deposit margin	2.14 %	2.58 %	2.19 %

*) Regulatory capital with reference to the capital target underlies the calculation of capital employed at Retail Banking and Corporate Banking.

Lending growth in the quarter was 0.8 per cent and deposit growth 1.1 per cent. The corresponding figures in the fourth quarter 2022 were 1.4 and 0.9 per cent respectively.

Two general interest rate increases on loans and deposits were implemented in the course of the quarter, with a further rate increase announced for the first quarter 2024.

Increased income from the payments area is noted compared with the third 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 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 in the form of 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 and Romsdal. The pre-tax profit was minus NOK 7m (minus 6m) in the fourth quarter.

EiendomsMegler 1 Midt-Norge (92.4%)	4Q 23	3Q 23	4Q 22
Total income	99	110	93
Total operating expenses	106	111	100
Result before tax (NOKm)	-7	-1	-6
Operating margin	-7 %	-1 %	-7 %

Higher mortgage rates have dampened activity in the housing market and the sales volume is somewhat lower than last year. EiendomsMegler 1 Midt-Norge is winning market shares, thereby compensating to some extent for the fall in sales volume. Higher incomes per sale make for increased turnover compared with the same period last year.

1,394 properties were sold in the fourth quarter (1,484), and new assignments totalled 1,310 (1,307). The company's market share at 31 December 2023 was 37.3 per cent, up from 36.5 per cent in the same period last year.

The **Corporate Banking Division** achieved a pre-tax profit of NOK 606m (443m). Return on capital employed was 33.1 per cent (26.0 per cent).

Profit and loss account (NOKm)	4Q 23	3Q 23	4Q 22
Net interest	659	537	458
Comission income and other income	90	77	85
Total income	749	614	544
Total operating expenses	168	135	119
Ordinary operating profit	581	480	425
Loss on loans, guarantees etc.	-25	27	-19
Result before tax	606	452	443
Balance			
Loans and advances to customers	57,191	56,605	51,822
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-1,576	-1,503	-1,481
Deposits to customers	62,988	70,011	62,920
Key figures			
Return on equity per quarter ^{*)}	33.1 %	24.3 %	26.0 %
Lending margin	2.85 %	2.33 %	2.23 %
Deposit margin	0.63 %	0.60 %	0.47 %

^{*)} Regulatory capital with reference to the capital target underlies the calculation of capital employed in Retail Banking and Corporate Banking.

The Corporate Banking Division's loan volume climbed 1.0 per cent in the fourth quarter (reduction of 0.4 per cent) while the deposit volume was reduced by 10.0 per cent (increase of 0.4 per cent). The decline is attributable to growing competition for public sector deposits.

Effectuation of interest rate changes and recognition of unrecognised interest on an exposure acquired at a discount widened the lending margin in the quarter. When adjusted for the one-time effect of NOK 59m, the lending margin in terms of NIBOR averaged 2.45 per cent in the quarter. The change in portfolio composition brought a positive development in deposit margins.

Increased market interest rates and a change in portfolio composition in the quarter narrowed the lending margin and widened the deposit margin. For customers with lending and deposit products unrelated to interbank rates, two general interest rate increases were carried out in the third quarter, with a further rate increase 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 spurs Corporate Banking's acquisition of market shares in Mid-Norway. The establishment

of a presence in Oslo is expected to stimulate 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 and Romsdal. The company posted a pre-tax profit of NOK 8m (20m).

SpareBank 1 Regnskapshuset SMN (93.3%)	4Q 23	3Q 23	4Q 22
Total income	167	153	139
Total operating expenses	159	141	119
Result before tax (NOKm)	8	11	20
Operating margin	5 %	7 %	15 %

Operating income climbed NOK 28m from the fourth quarter of 2022, driven by increased incomes from advisory and accounting services. The cost increase is in all essentials driven by higher personnel costs due to wage growth and acquisitions.

Substantial sums have been invested in developing the company's competitive power. This is producing results ranging from strengthened advisory competencies and capacity to a greater focus on digitalisation and 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 spurred 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 12m (51m).

SpareBank 1 Finans Midt-Norge (56.5%)	4Q 23	3Q 23	4Q 22
Total income	85	40	87
Total operating expenses	26	31	25
Loss on loans, guarantees etc.	47	6	11
Result before tax (NOKm)	12	3	51

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 parent banks are represented.

The company has made a sizeable provision for loss on a corporate exposure in the quarter. Other losses are in accordance with a normal market development.

SpareBank 1 SMN Invest

The 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 608m (584m) as at 31 December 2023.

The company's pre-tax profit in the fourth quarter 2023 was NOK 66m (minus 21m). The fourth quarter result is ascribable to profit shares from the development company Grilstad Marina and an increased value of the equity portfolio.

At 31 December 2023

Good profit

SpareBank 1 SMN posted a net profit NOK 3,688m (2,785m) and a return on equity of 14.4 per cent (12.3 per cent). The result for 2023 is higher than in 2022 due primarily to increased net interest income and a gain on the disinvestment from SpareBank 1 Markets.

Net interest income came to NOK 4,632m (3,339m). Norges Bank raised its base rate to 4.50 per cent in December 2023. At the end of the fourth quarter 2022 the base rate was 2.75 per cent. This has brought a substantial increase in banks' funding costs. The bank has carried out general interest rate increases on mortgages and deposits in line with Norges Bank's base rate hikes. A further base rate hike has been announced, taking effect in the first quarter 2024. Lending margins in the retail market have weakened concurrently with a widening of deposit margins compared with 2022, and return on the bank's equity has risen.

Lending growth in the group was 11.9 per cent (8.1 per cent) in 2023. Growth in lending to the bank's retail segment was 13.1 per cent (7.1 per cent). Lending to the bank's corporate customers rose 10.4 per cent (8.9 per cent).

Deposits increased by 8.9 per cent (9.6 per cent). Deposits from personal customers rose 17.6 per cent (8.4 per cent). Deposits from corporate customers rose 0.1 per cent (5.5 per cent).

Net commission income was NOK 2,084m (2,042m). Incomes from accounting services have climbed NOK 97m measured against 2022. Incomes from insurance products and estate agency services have concurrently risen. Net commission income excluding the captive mortgage companies has increased by NOK 145m from 2022. Lower margins on loans sold to SpareBank 1 Boligkreditt have reduced commissions from this mortgage company by NOK 101m.

Profits from related companies came to NOK 297m (442m). A weaker profit share from SpareBank 1 Gruppen and a negative performance posted by SpareBank 1 Mobilitet Holding are the main explanation for the decline.

Net return on financial investments increased from minus NOK 94m in 2022 to NOK 476m in 2023. The increase is primarily due to a gain of NOK 414m from disinvestment in SpareBank 1 Markets in the fourth quarter 2023.

The group's operating expenses were NOK 3,017m (2,443m). Expenses are impacted by wage and price growth, merger expenses and by the expensing of an operational loss of NOK 51m in the first quarter.

The bank's cost-income ratio, measured as operating expenses divided by net interest income and net commission income, was 37,7 per cent (37,2).

Overall loan losses of NOK 14m were recorded as at 31 December 2023 (net recovery of NOK 7m). Losses of NOK 6m were recorded on the Group's corporate customers in 2023 (net recovery of NOK 55m). The corresponding figure for personal customers is a loss of NOK 8m (44m).

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 175 per cent as at 31 December 2023 (239 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 31 December 2023, including the captive mortgage companies SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, was 56 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 89 per cent (90 per cent) at 31 December 2023.

SpareBank 1 Boligkreditt and Næringskreditt are important funding sources for the bank, and loans totalling NOK 66bn (59bn) had been sold to these mortgage companies as at 31 December 2023.

MREL worth NOK 700m was issued in the third quarter. At the end of the fourth quarter SpareBank 1 SMN held NOK 12.4bn in senior non-preferred debt (MREL) and met the MREL requirements at the end of 2023.

Rating

The bank has a rating of Aa3 (stable outlook) with Moody's.

Financial soundness

The CET1 ratio at 31 December 2023 was 18.8 per cent (18.9 per cent) compared with 19.7 per cent as at 30 September 2023.

SpareBank 1 SMN received a new Pillar 2 requirement in the fourth quarter. The requirement was reduced to 1.7 percentage points and must be met with a minimum of 56.25 per cent CET1 capital. As a result of this change the group's long-term CET1 target is revised to 16.3 per cent, including a Pillar 2 guidance. 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.

A leverage ratio of 7.2 per cent (7.1 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. SpareBank 1 SMN has over the course of the quarter initiated preparations for updating its

dual materiality analysis. This process will follow the requirements of the new Corporate Sustainability Reporting Directive, and will involve a broad range of our stakeholders. The work will be ongoing in the first half of 2024.

Revision of the green bond framework was completed in the fourth quarter, with Sustainalytics as SPO (second-party opinion). At year-end, 87 per cent of corporate portfolio loans above NOK 10m were classified under the ESG model. Moreover, a pre-project for green transition in the SpareBank 1 Alliance has been established to attend to both the customer and the advisor perspective through central aspects of the corporate market value chain (distribution, marketing, product development, customer advice and tools). Work on transition plans for Corporate Banking and Retail Banking is ongoing.

The bank's equity certificate (MING)

The book value per EC at 31 December 2023 was NOK 120.48 (109.86) and earnings per EC in 2023 were NOK 16.88 (12.82).

The Price / Income ratio was 8.40 (9.94) and the Price / Book ratio was 1.18 (1.16).

Outlook

SpareBank 1 SMN delivered a very good performance in 2023 reflecting strong profitability and financial soundness. Operating profit was satisfactory while the gain from disinvestment in SpareBank 1 Markets strengthened return on equity.

At the start of 2024 uncertainty continues to affect the economy, with reduced household purchasing power and decreasing credit growth. Inflation remains above target, despite having slowed. Norges Bank raised the base rate to 4.50 per cent at its interest rate meeting in December, and the base rate may now have peaked. The further path of interest rates will in any case depend on economic developments.

Unemployment remains low in Mid-Norway, but showed a weak rising trend through 2023 and Norges Bank's regional network survey indicates a negative trend for the region.

SpareBank 1 SMN's ambition to expand its market shares stands firm. The bank's growth aspirations will be realised through initiatives taken in selected geographical locations and industries. Work on strengthening synergies across the group's business lines continues, along with a reinforced focus on deposits and saving. At the same time the board of directors sees growth opportunities through ongoing structural changes in Norway's financial industry. Investments in technology development and competence are reflected in the bank's cost growth in 2023. Effects of the efforts made are expected to strengthen earnings, the group's market position and efficiency in 2024 and beyond. There will be a tight focus on the trend in costs across the group in 2024.

The risk picture in SpareBank 1 SMN's corporate loan portfolio is satisfactory, although higher interest rates and price growth have increased uncertainty in particular 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. So far there are few indications of any deterioration of the portfolio's credit quality, as reflected in continued low losses.

In view of changes in regulatory requirements set by Finanstilsynet in November 2023, the group's long-term CET1 target is lowered from 17.2 per cent to 16.3 per cent with effect from the fourth quarter of 2023.

The group's long-term dividend policy requiring about one half of net profit to be disbursed as dividends stands firm. When setting the size of the annual dividend payout, account is taken of the group's need for capital, prospects for profitable growth and strategic plans. The board of directors will recommend the bank's supervisory board to set a record cash dividend of NOK 12.00 per equity certificate (NOK 6.50) which is equivalent to 74 per cent of the net profit, and a community dividend of NOK 860m (474m). The size of the dividend for 2023 should be viewed in light of the group's solidity, which at the end of the fourth quarter remains well above regulatory requirements and the group's long-term target.

SpareBank 1 SMN aspires to be among the best performers in the Nordic region, and the group's overriding financial goal is to 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 in 2023. The group is well positioned to strengthen its market position with an efficient distribution of products and services. The board of directors expects 2024 to be another good year for the group.

Trondheim, 7 February 2024
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

Kristin Sætre

Christina Straub
(employee rep.)

Inge Lindseth
(employee rep.)

Jan-Frode Janson
(Group CEO)

Income statement

Parent bank					Group				
Fourth quarter		Jan - Dec				Jan - Dec		Fourth quarter	
2022	2023	2022	2023	(NOKm)	Note	2023	2022	2023	2022
1,740	2,729	5,128	9,219	Interest income effective interest method		9,721	5,596	2,847	1,864
273	418	724	1,548	Other interest income		1,542	720	416	272
1,170	1,948	2,972	6,622	Interest expenses		6,631	2,977	1,951	1,175
843	1,199	2,880	4,144	Net interest	11	4,632	3,339	1,312	961
282	272	1,192	1,117	Commission income		1,370	1,446	325	340
25	25	90	114	Commission expenses		199	186	40	45
19	17	55	73	Other operating income		913	781	213	178
276	263	1,156	1,076	Commission income and other income	12	2,084	2,042	498	473
93	82	677	711	Dividends		26	33	-10	19
-	-	-	-	Income from investment in related companies	4	297	442	90	195
-31	447	-123	464	Net return on financial investments	14	476	-94	491	-52
63	529	554	1,176	Net return on financial investments		799	380	571	163
1,182	1,991	4,590	6,396	Total income		7,515	5,760	2,382	1,597
155	258	661	849	Staff costs		1,691	1,406	476	333
261	336	841	1,121	Other operating expenses	13	1,326	1,038	390	314
416	595	1,502	1,969	Total operating expenses		3,017	2,443	866	646
766	1,396	3,088	4,426	Result before losses		4,498	3,317	1,517	951
8	-27	-37	-72	Loss on loans, guarantees etc.	7, 8	14	-7	20	19
758	1,423	3,125	4,498	Result before tax	4	4,484	3,324	1,496	932
194	228	631	820	Tax charge		904	718	262	210
-	-	-	-	Result investment held for sale, after tax	2, 4	108	179	12	46
565	1,195	2,494	3,678	Net profit		3,688	2,785	1,247	768
16	38	60	122	Attributable to additional Tier 1 Capital holders		125	63	40	17
351	773	1,557	2,376	Attributable to Equity capital certificate holders		2,331	1,658	809	456
198	384	877	1,181	Attributable to the saving bank reserve		1,159	934	402	257
				Attributable to non-controlling interests		74	130	-4	37
565	1,195	2,494	3,678	Net profit		3,688	2,785	1,247	768
				Profit/diluted profit per ECC	20	16.88	12.82	5.62	3.53

Other comprehensive income

Parent bank					Group			
Fourth quarter		Jan - Dec			Jan - Dec		Fourth quarter	
2022	2023	2022	2023	(NOKm)	2023	2022	2023	2022
565	1,195	2,494	3,678	Net profit	3,688	2,785	1,247	768
				Items that will not be reclassified to profit/loss				
7	-27	177	-27	Actuarial gains and losses pensions	-27	177	-27	7
-2	7	-44	7	Tax	7	-44	7	-2
-	-	-	-	Share of other comprehensive income of associates and joint venture	6	4	4	-3
5	-20	133	-20	Total	-14	137	-16	2
				Items that will be reclassified to profit/loss				
-	-	-	-	Fair value change on financial assets through other comprehensive income	-	-	-	-
6	-12	9	-5	Value changes on loans measured at fair value	-5	9	-12	6
-	-	-	-	Share of other comprehensive income of associates and joint venture	-140	113	-92	-121
-	-	-	-	Tax	-	-	-	-
6	-12	9	-5	Total	-145	122	-104	-115
11	-32	142	-25	Net other comprehensive income	-158	259	-120	-113
576	1,163	2,636	3,653	Total comprehensive income	3,530	3,044	1,127	655
16	38	60	122	Attributable to additional Tier 1 Capital holders	125	63	40	17
358	751	1,647	2,359	Attributable to Equity capital certificate holders	2,225	1,823	729	384
202	374	929	1,173	Attributable to the saving bank reserve	1,106	1,028	362	217
				Attributable to non-controlling interests	74	130	-4	37
576	1,163	2,636	3,653	Total comprehensive Income	3,530	3,044	1,127	655

Balance sheet

Parent bank		Note	Group	
31 Dec 2022	31 Dec 2023 (NOKm)		31 Dec 2023	31 Dec 2022
1,171	1,172		1,172	1,171
21,972	19,241		8,746	11,663
139,550	156,464	6	168,955	151,549
38,072	34,163	18	34,163	38,073
6,804	6,659	18	6,659	6,804
417	731	18	1,137	840
5,063	6,270		8,695	8,075
2,379	2,090		-	-
98	98	2	112	1,919
467	812		1,228	663
2,092	1,321	15	1,849	2,555
218,085	229,020		232,717	223,312
14,636	13,160		13,160	14,636
122,699	133,462	10	132,888	122,010
47,474	45,830	17	45,830	47,474
8,307	6,989	18	6,989	8,307
2,067	2,262	16	3,005	2,725
-	-	2	1	1,093
2,015	2,169	17	2,247	2,058
197,199	203,871		204,120	198,303
2,597	2,884		2,884	2,597
-0	-0		-0	-11
895	2,422		2,409	895
7,877	8,482		8,482	7,828
840	1,730		1,730	840
474	860		860	474
6,408	6,865		6,865	6,408
70	106		106	70
-0	0		2,690	3,142
1,726	1,800		1,903	1,769
			666	997
20,887	25,150		28,597	25,009
218,085	229,020		232,717	223,312

Cash flow statement

Parent bank			Group	
Jan - Dec			Jan - Dec	
2022	2023	(NOKm)	2023	2022
2.494	3.678	Net profit	3.688	2.785
77	111	Depreciations and write-downs on fixed assets	153	117
-37	-72	Losses on loans and guarantees	14	-7
-324	-413	Adjustments for undistributed profits of related companies	-297	-443
-2.420	1.924	Other adjustments	1.958	-2.436
-210	5.228	Net cash increase from ordinary operations	5.516	16
-4.626	1.035	Decrease/(increase) other receivables	1.000	-4.193
5.155	-1.289	Increase/(decrease) short term debt	-2.287	5.136
-3.739	-6.502	Decrease/(increase) loans to customers	-7.080	-5.643
-8.782	4.333	Decrease/(increase) loans credit institutions	4.519	-6.959
10.672	769	Increase/(decrease) deposits to customers	885	10.724
294	-1.485	Increase/(decrease) debt to credit institutions	-1.485	-429
-7.310	4.115	Increase/(decrease) in short term investments	4.115	-7.311
-8.546	6.204	A) Net cash flow from operations	5.184	-8.658
-	35	Increase in cash and cash equivalents by merging	35	-
-71	-60	Increase in tangible fixed assets	-95	-89
-18	-	Proceeds from sales of property, plant and equipment	-	276
-5	-69	Cash flows used in obtaining control of subsidiaries or other businesses	79	6
324	413	Dividends received from investments in related companies	413	324
6	100	Other cash receipts from sales of interests in associates and joint ventures	100	6
-479	-190	Other cash payments to acquire interests in associates and joint ventures	-198	-492
813	1.424	Other cash receipts from sales of equity instruments of other entities	2.319	849
-835	-1.487	Other cash payments to acquire equity instruments of other entities	-1.509	-846
-265	166	B) Net cash flow from investments	1.145	33
1.000	750	Increase in subordinated loan capital	784	1.000
-750	-750	Decrease in subordinated loan capital	-750	-750
-0	-	Purchase of treasury shares	-	-21
-	2	Proceeds from sale or issue of treasury shares	72	-
-970	-840	Dividend cleared	-840	-970
-	-	Dividends paid to non-controlling interests	-121	-162
-547	-474	Disbursed from gift fund	-474	-547
476	416	Additional Tier 1 capital issued	478	476
-	-342	Repayments of Additional Tier 1 Capital	-342	-
-60	-122	Interest payments Additional Tier 1 Capital	-125	-63
16.194	5.280	Increase in other long term loans	5.280	16.194
-6.613	-10.291	Decrease in other long term loans	-10.291	-6.613
8.729	-6.370	C) Net cash flow from financial activities	-6.329	8.544
-81	1	A) + B) + C) Net changes in cash and cash equivalents	1	-81
1.252	1.171	Cash and cash equivalents at 1.1	1.171	1.252
1.171	1.172	Cash and cash equivalents at end of quarter	1.172	1.171
-81	1	Net changes in cash and cash equivalents	1	-81

Change in equity

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

Parent Bank (NOKm)	Issued equity		Earned equity						
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	Total equity
Equity at 1 January 2023	2,597	895	6,408	7,877	1,314	70	0	1,726	20,887
Net profit	-	-	299	602	2,591	37	27	122	3,678
Other comprehensive income									
Value changes on loans measured at fair value	-	-	-	-	-	-	-5	-	-5
Actuarial gains (losses), pensions	-	-	-	-	-	-	-20	-	-20
Other comprehensive income	-	-	-	-	-	-	-25	-	-25
Total comprehensive income	-	-	299	602	2,591	37	3	122	3,653
Transactions with owners									
Dividend declared for 2022	-	-	-	-	-840	-	-	-	-840
To be disbursed from gift fund	-	-	-	-	-474	-	-	-	-474
Additional Tier 1 Capital	-	-	-	-	-	-	-	416	416
Buyback Additional Tier 1 Capital issued	-	-	-	-	-	-	-	-342	-342
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-122	-122
Purchase and sale of own ECCs	-0	-	-	3	-	-	-	-	2
Merger SpareBank 1 Sørre Sunnmøre	288	1,526	158	-	-	-	-	-	1,972
Direct recognitions in equity	-	-	-	-	-	-	-3	-	-3
Total transactions with owners	287	1,526	-	3	-1,314	-	-3	-48	610
Equity at 31 December 2023	2,884	2,422	6,865	8,482	2,591	106	0	1,800	25,150

Group	Attributable to parent company equity holders									
	Issued equity		Earned equity							
(NOKm)	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	NCI	Total equity
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

(NOKm)	Attributable to parent company equity holders									
	Issued equity		Earned equity							
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	NCI	Total equity
Equity at 1 January 2023	2,586	895	6,408	7,828	1,314	70	2,940	1,769	997	24,807
Net profit	-	-	299	602	2,591	37	-40	125	74	3,688
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-133	-	-	-133
Value changes on loans measured at fair value	-	-	-	-	-	-	-5	-	-	-5
Actuarial gains (losses), pensions	-	-	-	-	-	-	-20	-	-	-20
Other comprehensive income	-	-	-	-	-	-	-158	-	-	-158
Total comprehensive income	-	-	299	602	2,591	37	-198	125	74	3,530
Transactions with owners										
Dividend declared for 2022	-	-	-	-	-840	-	-	-	-	-840
To be disbursed from gift fund	-	-	-	-	-474	-	-	-	-	-474
Additional Tier 1 capital issued	-	-	-	-	-	-	-	519	-	519
Buyback additional Tier 1 Capital issued	-	-	-	-	-	-	-	-385	-	-385
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-125	-	-125
Purchase and sale of own ECCs	-0	-	-	3	-	-	-	-	-	2
Own ECC held by SB1 Markets 1)	11	-	-	49	-	-	10	-	-	70
Merging with SpareBank 1 Søre Sunnmøre	288	1,513	158	-	-	-	-	-	-93	1,866
Direct recognitions in equity	-	-	-	-	-	-	110	-	-	110
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-3	-	-	-3
Other transactions from associates and joint ventures	-	-	-	-	-	-	-169	-	-	-169
Change in non-controlling interests	-	-	-	-	-	-	-	-	-312	-312
Total transactions with owners	298	1,513	158	52	-1,314	-	-52	10	-405	260
Equity at 31 December 2023	2,884	2,409	6,865	8,482	2,591	106	2,690	1,903	666	28,597

*) 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

Contents

Note 1 - Accounting principles	30
Note 2 - Critical estimates and assessment concerning the use of accounting principles	31
Note 3 - Merger with SpareBank 1 Søre Sunnmøre on 2 May 2023	34
Note 4 - Account by business line	36
Note 5 - Capital adequacy	37
Note 6 - Distribution of loans by sector/industry	39
Note 7 - Losses on loans and guarantees	40
Note 8 - Losses	41
Note 9 - Gross loans	44
Note 10 - Distribution of customer deposits by sector/industry	45
Note 11 - Net interest income	46
Note 12 - Net commission income and other income	47
Note 13 - Operating expenses	48
Note 14 - Net return on financial investments	49
Note 15 - Other assets	50
Note 16 - Other liabilities	51
Note 17 - Debt created by issue of securities and subordinated debt	52
Note 18 - Measurement of fair value of financial instruments	53
Note 19 - Liquidity risk	56
Note 20 - Earnings per EC	57
Note 21 - Proforma results from quarterly accounts	58

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	As at 31.12.2022
Group's share of recognised profit from SpareBank 1 Gruppen	175
Effects of implementing IFRS 17/IFRS 9	24
Group's restated results from SpareBank 1 Gruppen	199

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

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

Pensions

Sparebank1 SMN Group has one pension arrangement; defined contribution plan. For a further description of the pension scheme, see note 22 in the 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 been carried out as per 31 December 2023:

Actuarial assumptions	31 Dec 2022	1 Jan 2023	31 Dec 2023
Discount rate	3.00 %	3.00 %	3.20 %
Expected rate of return on plan assets	3.00 %	3.00 %	3.20 %
Expected future wage and salary growth	3.25 %	3.25 %	3.25 %
Expected adjustment on basic amount (G)	3.25 %	3.25 %	3.25 %
Expected increase in current pension	0.00 %	0.00 %	0.00 %
Employers contribution	19.10 %	19.10 %	19.10 %

Demographic assumptions:

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

Movement in net pension liability in the balance sheet Group (NOKm)	Funded	Unfunded	Total
Net pension liability in the balance sheet 1.1	-240	6	-234
OCI accounting 1 Jan	0	0	0
OCI accounting 31 December	26	0	27
Net defined-benefit costs in profit and loss account	-7	0	-7
Paid in pension premium, defined-benefit schemes	0	0	0
Paid in pension premium, defined-benefit plan	0	-3	-3
Net pension liability in the balance sheet 31 December 2023	-221	4	-217

Net pension liability in the balance sheet Group (NOKm)	31 Dec 2023	31 Dec 2022
Net present value of pension liabilities in funded schemes	558	577
Estimated value of pension assets	-776	-812
Net pension liability in the balance sheet before employer's contribution	-217	-235
Employers contribution	1	1
Net pension liability in the balance sheet	-217	-234

Pension cost Group (NOKm)	31 Dec 2023	31 Dec 2022
Present value of pension accumulated in the year	0	0
Net interest income	-7	-1
Net pension cost related to defined plans, incl unfunded pension commitment	-7	-1
Employer's contribution subject to accrual accounting	0	0
Cost of defined contribution pension and early retirement pension scheme	124	99
Total pension cost for the period	117	98

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.

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 39.9 per cent and SpareBank 1 Markets will be treated as an associated company. The transaction is approved from the Norwegian Financial Supervisory Authority and the Norwegian Competition Authority, and was completed in December 2023.

Profit from SpareBank 1 Markets has been reclassified as shown:

	Fourth quarter 2023	Fourth quarter 2022	2023	2022
Net interest	-1	2	-8	8
Commission income and other income	-10	-162	-352	-515
Net return on financial investments	-111	-46	-342	-273
Total income	-122	-207	-702	-780
Total operating expenses	-107	-163	-577	-574
Result before tax	-15	-61	-125	-206
Tax charge	2	15	18	27
Net profit for investment held for sale	12	46	108	179

The profit for fourth quarter 2023 relates to the period up to completing the transaction in December 2023. After the completion, the profit from SpareBank 1 Markets is presented as income from investments in related companies.

2023 (NOKm)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	112	1	15	11	1	100 %
SpareBank1 Markets			702	595	108	67%
Total Held for sale	112	1	717	609	108	

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. The model has been adjusted since previous quarter leading to somewhat higher impairment levels. 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) 4/23.

Compared to the previous quarter, both interest rate expectations and unemployment estimates are decreased leading to lower impairment levels in the base scenario. For the worst case scenario the bank has applied the same input assumptions as Finanstilsynet stress scenario used in macro forecasts in June 2023. This implies a lower interest rate level and lower unemployment level than the bank previously applied, leading to lower impairment levels. The building and construction industry is considered to have increased credit risk and the customers in this industry have as previous quarter been classified in stage 2 or 3.

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 31 December 2023 was calculated as a combination of 80 per cent expected scenario, 10 per cent downside scenario and 10 percent upside scenario (80/10/10 percent). This results in lower impairment levels compared to previous quarter where the weighting was 75/15/10 for corporate market and 70/15/15 for the retail market.

The effect of the change in input assumptions in 2023 is shown as "Effect of changed assumptions in the ECL model" in note 8. The write-downs are increased in parts of the corporate market and retail market due to significantly increased interest rates and price growth is expected to increase future levels of PD and LGD. Changes in scenario weights as described above reduces write-downs. In total, this amounts to NOK 4 million for the Bank and NOK 29 million for the Group in reduced write-downs.

Sensitivity

The first part of the table below show total calculated expected credit loss as of 31 December 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 2023, this would have entailed an increase in loss provisions of NOK 108 million for the parent bank and NOK 126 million for the group.

	CM	RM	Agriculture	Total parent	SB 1 Finans MN, CM	SB 1 Finans MN, RM	Total group
ECL base case	624	85	68	777	39	21	838
ECL worst case	1,366	253	243	1,862	158	82	2,102
ECL best case	376	44	32	452	18	12	482
ECL with scenario weights used 80/10/10	673	98	82	853	49	26	928
ECL alternative scenario weights 70/20/10	748	115	99	962	61	32	1,055
Total ECL used	74	17	18	108	12	6	126

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 60 per cent of the ECL in the expected scenario. The downside scenario gives about double the ECL than in the expected scenario. Applied scenario weighting gives about 10 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).

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 associates and joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

Group 31 December 2023

Profit and loss account (NOKm)	RM	CM	Sunnmøre og Fjordane	EM 1	SB 1 Finans MN	SB 1 Regnskaps- huset SMN	Other	Uncollated	Total
Net interest	1,824	1,335	598	2	490	4	-	379	4,632
Interest from allocated capital	328	195	112	-	-	-	-	-634	-
Total interest income	2,151	1,530	709	2	490	4	-	-255	4,632
Comission income and other income	652	234	110	432	-97	716	-	37	2,084
Net return on financial investments **)	1	6	7	1	-82	-	379	488	799
Total income	2,804	1,770	826	435	311	720	379	270	7,515
Total operating expenses	1,078	407	315	395	115	612	-	97	3,017
Ordinary operating profit	1,726	1,363	512	40	196	108	379	173	4,498
Loss on loans, guarantees etc.	1	45	-118	-	86	-	-	-0	14
Result before tax	1,725	1,318	629	40	111	108	379	173	4,484
Return on equity *)	18.1 %	24.2 %	18.0 %						13.0 %

Group 31 December 2022

Profit and loss account (NOKm)	RM	CM	EM 1	SB 1 Finans MN	SB 1 Regnskaps- huset SMN	Other	Uncollated	Total
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 in line with the bank's capital target have been used as basis for calculating capital used in the Retail and Corporate market.

***) Specification of other (NOKm)

	31 Dec 23	31 Dec 22
SpareBank 1 Gruppen	-34	175
SpareBank 1 Boligkreditt	98	1
SpareBank 1 Næringskreditt	10	3
BN Bank	257	203
SpareBank 1 Markets	19	-
SpareBank 1 Kreditt	-13	9
SpareBank 1 Betaling	-37	13
SpareBank 1 Forvaltning	35	33
Other companies	46	29
Income from investment in associates and joint ventures	379	466
SpareBank 1 Mobilitet Holding	-82	-23
Net income from investment in associates and joint ventures	297	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 31 December 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 for SpareBank 1 SMN. From 31 December 2023 the requirement is 1,7 per cent, and must be met with a minimum of 56.25 per cent CET1 capital. 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 31 December 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 31 December 2023 the effective rate is 4.3 per cent for the group.

The countercyclical buffer is calculated using differentiated rates. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. As of 31 December 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 2022	31 Dec 2023	(NOKm)	31 Dec 2023	31 Dec 2022
20,887	25,150	Total book equity	28,597	25,009
-1,726	-1,800	Additional Tier 1 capital instruments included in total equity	-1,903	-1,769
-467	-812	Deferred taxes, goodwill and other intangible assets	-1,625	-947
-1,314	-2,591	Deduction for allocated dividends and gifts	-2,591	-1,314
-	-	Non-controlling interests recognised in other equity capital	-666	-997
-	-	Non-controlling interests eligible for inclusion in CET1 capital	679	784
-	-	Net profit	-	-
-	-	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	-	-
-72	-53	Value adjustments due to requirements for prudent valuation	-72	-89
-194	-412	Positive value of adjusted expected loss under IRB Approach	-546	-279
-	-	Cash flow hedge reserve	-4	-4
-281	-350	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-278	-619
16,833	19,131	Common equity Tier 1 capital	21,589	19,776
1,726	1,800	Additional Tier 1 capital instruments	2,252	2,106
-47	-48	Deduction for significant investments in financial institutions	-48	-47
18,512	20,883	Tier 1 capital	23,793	21,835
		Supplementary capital in excess of core capital		
2,000	2,150	Subordinated capital	2,822	2,523
-210	-216	Deduction for significant investments in financial institutions	-216	-210
1,790	1,934	Additional Tier 2 capital instruments	2,606	2,312
20,301	22,817	Total eligible capital	26,399	24,147

Minimum requirements subordinated capital				
1,148	1,256	Specialised enterprises	1,538	1,351
901	904	Corporate	931	923
1,379	1,569	Mass market exposure, property	2,907	2,559
98	124	Other mass market	126	100
1,249	1,485	Equity positions IRB	-	-
4,774	5,338	Total credit risk IRB	5,502	4,933
6	3	Central government	5	6
82	95	Covered bonds	153	139
403	373	Institutions	280	276
187	110	Local and regional authorities, state-owned enterprises	146	207
143	248	Corporate	506	385
7	4	Mass market	703	662
27	37	Exposures secured on real property	126	109
90	63	Equity positions	465	504
97	112	Other assets	178	162
1,042	1,046	Total credit risk standardised approach	2,561	2,450
27	22	Debt risk	22	29
-	-	Equity risk	7	10
-	-	Currency risk and risk exposure for settlement/delivery	2	1
458	545	Operational risk	924	853
30	38	Credit value adjustment risk (CVA)	153	101
6,331	6,988	Minimum requirements subordinated capital	9,171	8,377
79,140	87,354	Risk weighted assets (RWA)	114,633	104,716
3,561	3,931	Minimum requirement on CET1 capital, 4.5 per cent	5,159	4,712
Capital Buffers				
1,978	2,184	Capital conservation buffer, 2.5 per cent	2,866	2,618
3,561	3,896	Systemic risk buffer, 4.5 per cent	5,081	4,712
1,583	2,184	Countercyclical buffer, 1.0 per cent	2,866	2,094
7,123	8,264	Total buffer requirements on CET1 capital	10,813	9,424
6,149	6,937	Available CET1 capital after buffer requirements	5,618	5,639
Capital adequacy				
21.3 %	21.9 %	Common equity Tier 1 capital ratio	18.8 %	18.9 %
23.4 %	23.9 %	Tier 1 capital ratio	20.8 %	20.9 %
25.7 %	26.1 %	Capital ratio	23.0 %	23.1 %
Leverage ratio				
210,227	221,334	Balance sheet items	323,929	302,617
6,234	7,559	Off-balance sheet items	8,984	7,744
-1,061	-513	Regulatory adjustments	-666	-1,985
215,400	228,380	Calculation basis for leverage ratio	332,247	308,376
18,512	20,883	Core capital	23,793	21,835
8.6 %	9.1 %	Leverage Ratio	7.2 %	7.1 %

Note 6 - Distribution of loans by sector/industry

Parent Bank			Group	
31 Dec 2022	31 Dec 2023	(NOKm)	31 Dec 2023	31 Dec 2022
10,707	12,021	Agriculture and forestry	12,489	11,140
7,047	5,459	Fisheries and hunting	5,488	7,075
2,324	2,218	Sea farming industries	2,473	2,656
2,563	3,170	Manufacturing	3,757	3,150
4,370	6,111	Construction, power and water supply	7,353	5,526
2,976	2,845	Retail trade, hotels and restaurants	3,777	3,632
5,382	6,030	Maritime sector	6,030	5,382
18,722	21,288	Property management	21,400	18,840
3,561	4,239	Business services	5,148	4,312
5,327	5,396	Transport and other services provision	6,459	6,375
1	2	Public administration	39	35
1,343	2,220	Other sectors	2,140	1,288
64,322	70,997	Gross loans in Corporate market	76,553	69,411
134,841	152,710	Wage earners	159,777	141,833
199,163	223,708	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	236,329	211,244
56,876	64,719	of which SpareBank 1 Boligkreditt	64,719	56,876
1,739	1,749	of which SpareBank 1 Næringskreditt	1,749	1,739
140,549	157,240	Total Gross loans to and receivables from customers	169,862	152,629
890	659	- Loan loss allowance on amortised cost loans	790	972
109	117	- Loan loss allowance on loans at FVOCI	117	109
139,550	156,464	Net loans to and receivables from customers	168,955	151,549

Note 7 - Losses on loans and guarantees

Parent Bank (NOKm)	Jan - Dec						Fourth quarter					
	2023			2022			2023			2022		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses	4	-59	-55	29	-97	-68	-8	-33	-41	26	-30	-4
Actual loan losses on commitments exceeding provisions made	11	146	157	7	38	45	0	135	135	3	12	15
Recoveries on commitments previously written-off	-21	-153	-174	-7	-7	-14	5	-126	-121	-2	-0	-3
Losses for the period on loans and guarantees	-6	-66	-72	29	-66	-37	-2	-25	-27	27	-19	8

Group (NOKm)	Jan - Dec						Fourth quarter					
	2023			2022			2023			2022		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses	1	-7	-6	38	-86	-48	-14	11	-4	29	-22	7
Actual loan losses on commitments exceeding provisions made	47	168	215	13	45	58	1	144	145	4	13	17
Recoveries on commitments previously written-off	-40	-155	-195	-7	-10	-17	5	-126	-121	-2	-3	-6
Losses for the period on loans and guarantees	8	6	14	44	-51	-7	-8	28	20	31	-12	19

Note 8 - Losses

Parent Bank (NOKm)	1 Jan 23	Merge Søre Sunnmøre	Change in provision	Net write-offs /recoveries	31 Dec 23
Loans as amortised cost- CM	921	32	-101	-181	671
Loans as amortised cost- RM	35	11	2	-5	43
Loans at fair value over OCI- RM	147	-	-10	-	137
Loans at fair value over OCI- CM	2	-	11	-	13
Provision for expected credit losses on loans and guarantees	1,106	43	-99	-186	864
Presented as					
Provision for loan losses	999	41	-77	-186	776
Other debt- provisons	67	2	-16	-	53
Other comprehensive income - fair value adjustment	40	-	-5	-	36

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- provisons	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	31 Dec 23
Loans as amortised cost- CM	976	32	-44	-181	777
Loans as amortised cost- RM	63	11	-1	-5	68
Loans at fair value over OCI- RM	147	-	-10	-	137
Loans at fair value over OCI- CM	2	-	11	-	13
Provision for expected credit losses on loans and guarantees	1,188	43	-44	-186	995
Presented as					
Provision for loan losses	1,081	41	-23	-186	907
Other debt- provisons	67	2	-16	-	53
Other comprehensive income - fair value adjustment	40	-	-5	-	36

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)	31 Dec 2023				31 Dec 2022			
	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
Transfer to (from) stage 1	18	-18	-0	-	18	-18	-0	-
Transfer to (from) stage 2	-3	3	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-8	9	-	-0	-6	6	-
Net remeasurement of loss allowances	-26	19	-5	-12	-24	20	7	4
Originations or purchases	15	20	3	37	17	24	4	45
Derecognitions	-14	-31	-4	-49	-12	-24	-3	-39
Changes due to changed input assumptions	3	16	8	27	9	13	-2	20
Actual loan losses	0	0	-5	-5	-	-	-5	-5
Closing balance	38	95	45	179	46	93	42	181
Corporate Market								
Opening balance	138	298	421	858	84	268	871	1,223
Transfer to (from) stage 1	59	-59	-0	-	75	-74	-1	-
Transfer to (from) stage 2	-14	24	-10	-	-5	97	-92	-
Transfer to (from) stage 3	-1	-5	6	-	-1	-3	4	-
Net remeasurement of loss allowances	-58	11	9	-38	-67	-35	-66	-168
Originations or purchases	90	35	37	163	49	34	4	87
Derecognitions	-52	-68	-15	-136	-33	-31	-24	-88
Changes due to changed input assumptions	-2	31	-62	-33	37	41	4	83
Actual loan losses	-	-	-181	-181	-	-	-278	-278
Closing balance	160	267	205	633	138	298	421	858
Total accrual for loan losses	198	363	251	812	184	391	463	1,039

Group (NOKm)	31 Dec 2023				31 Dec 2022			
	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
Transfer to (from) stage 1	21	-20	-1	-	20	-20	-0	-
Transfer to (from) stage 2	-4	5	-1	-	-3	3	-1	-
Transfer to (from) stage 3	-1	-10	11	-	-0	-7	7	-
Net remeasurement of loss allowances	-28	25	-6	-9	-24	25	8	9
Originations or purchases	19	25	3	47	22	30	4	56
Derecognitions	-17	-34	-7	-58	-13	-26	-4	-43
Changes due to changed input assumptions	-0	14	7	21	8	13	-3	18
Actual loan losses	-	-	-5	-5	-	-	-5	-5
Closing balance	46	111	46	204	55	107	47	209
Corporate Market								
Opening balance	151	311	450	912	94	278	896	1,268
Transfer to (from) stage 1	63	-63	-0	-	77	-76	-1	-
Transfer to (from) stage 2	-18	28	-10	-	-7	99	-92	-
Transfer to (from) stage 3	-1	-6	7	-	-2	-3	4	-
Net remeasurement of loss allowances	-59	22	60	23	-68	-30	-47	-145
Originations or purchases	96	46	38	181	55	35	5	95
Derecognitions	-54	-70	-16	-140	-34	-33	-26	-93
Changes due to changed input assumptions	-5	29	-75	-51	35	40	-8	67
Actual loan losses	-	-	-186	-186	-	-	-280	-280
Closing balance	172	299	268	739	151	311	450	912
Total accrual for loan losses	218	410	314	943	206	418	497	1,121

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	31 Dec 2023				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	24	34	9	67	19	55	5	79
Transfer to (from) stage 1	6	-6	-0	-	16	-16	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-1	1	-0	-
Transfer to (from) stage 3	-0	-1	1	-	-0	-0	1	-
Net remeasurement of loss allowances	-13	-4	2	-15	-16	-3	3	-15
Originations or purchases	9	4	0	13	12	6	0	18
Derecognitions	-6	-8	-1	-15	-4	-12	-0	-16
Changes due to changed input assumptions	0	5	-3	2	-3	3	0	1
Actual loan losses	-	-	-	-	-	-	-	-
Closing balance	18	27	8	53	24	34	9	67
Of which								
Retail market				1				1
Corporate Market				51				66

Provision for credit losses specified by industry

Parent Bank (NOKm)	31 Dec 2023				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	3	44	10	57	4	38	18	60
Fisheries and hunting	6	33	-	39	11	12	0	23
Sea farming industries	5	0	0	5	3	1	1	5
Manufacturing	15	31	13	59	9	47	2	58
Construction, power and water supply	46	25	28	99	26	22	11	59
Retail trade, hotels and restaurants	8	13	1	23	16	14	1	32
Maritime sector	7	54	103	164	19	117	184	320
Property management	44	92	22	159	34	55	28	117
Business services	17	16	24	57	13	24	177	214
Transport and other services	10	6	13	29	9	11	16	36
Public administration	0	-	-	0	0	-	-	0
Other sectors	1	0	-	1	0	0	-	0
Wage earners	1	47	35	83	1	50	25	75
Total provision for losses on loans	163	363	251	776	144	391	463	999
loan loss allowance on loans at FVOCI	36			36	40			40
Total loan loss allowance	198	363	251	812	184	391	463	1,039

Group (NOKm)	31 Dec 2023				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	4	46	10	60	5	40	19	64
Fisheries and hunting	6	33	0	39	11	12	0	23
Sea farming industries	6	0	0	6	4	1	4	9
Manufacturing	18	36	13	68	11	50	8	70
Construction, power and water supply	46	42	33	121	30	25	16	71
Retail trade, hotels and restaurants	11	15	2	28	17	15	2	34
Maritime sector	7	54	103	164	19	117	184	320
Property management	45	93	22	160	35	55	29	118
Business services	19	18	78	114	15	25	184	224
Transport and other services	12	11	16	39	12	16	21	49
Public administration	0	-	-	0	0	-	-	0
Other sectors	1	0	-	1	0	0	0	0
Wage earners	8	62	36	106	8	61	29	99
Total provision for losses on loans	183	410	314	907	166	418	497	1,081
loan loss allowance on loans at FVOCI	36			36	40			40
Total loan loss allowance	218	410	314	943	206	418	497	1,121

Note 9 - Gross loans

Parent Bank (NOKm)	31 Dec 2023				31 Dec 2022			
	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
Transfer to stage 1	895	-868	-27	-	1,075	-1,060	-15	-
Transfer to stage 2	-1,538	1,557	-18	-	-1,403	1,411	-8	-
Transfer to stage 3	-38	-156	194	-	-32	-119	150	-
Net increase/decrease amount existing loans	-2,305	-95	-6	-2,406	-2,501	-106	-15	-2,623
New loans	42,690	1,549	222	44,460	38,691	1,418	120	40,229
Derecognitions	-29,797	-1,395	-149	-31,342	-37,136	-1,473	-137	-38,746
Financial assets with actual loan losses	0	0	-18	-18	-0	-1	-11	-12
Closing balance	90,901	4,553	725	96,178	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
Transfer to stage 1	1,026	-1,021	-5	-	1,839	-1,820	-19	-
Transfer to stage 2	-2,669	2,670	-1	-	-1,699	2,606	-908	-
Transfer to stage 3	-72	-44	116	-	-67	-72	139	-
Net increase/decrease amount existing loans	-1,099	-485	-10	-1,594	-731	-257	-3	-990
New loans	17,922	816	351	19,089	17,124	1,661	86	18,872
Derecognitions	-10,901	-828	-335	-12,064	-11,697	-1,415	-514	-13,625
Financial assets with actual loan losses	-7	-2	-298	-307	-3	-8	-91	-102
Closing balance	47,327	6,988	1,165	55,480	43,127	5,883	1,346	50,356
Fixed interest loans at FV	5,582			5,582	4,709			4,709
Total gross loans at the end of the period	143,809	11,541	1,890	157,240	128,830	9,845	1,874	140,549

Group (NOKm)	31 Dec 2023				31 Dec 2022			
	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
Transfer to stage 1	1,138	-1,108	-30	-	1,278	-1,261	-17	-
Transfer to stage 2	-1,955	1,978	-23	-	-1,771	1,784	-13	-
Transfer to stage 3	-59	-219	277	-	-40	-151	190	-
Net increase/decrease amount existing loans	-2,272	-165	-20	-2,457	-2,177	-170	-25	-2,372
New loans	45,658	1,781	231	47,670	41,570	1,801	129	43,500
Derecognitions	-32,519	-1,694	-227	-34,440	-39,465	-1,714	-150	-41,329
Financial assets with actual loan losses	-0	-0	-18	-18	-0	-1	-11	-12
Closing balance	96,963	5,474	825	103,263	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
Transfer to stage 1	1,207	-1,199	-8	-	2,090	-2,045	-45	-
Transfer to stage 2	-3,639	3,655	-17	-	-2,042	2,959	-917	-
Transfer to stage 3	-101	-80	180	-	-97	-88	185	-
Net increase/decrease amount existing loans	-1,103	-692	-23	-1,818	-761	-329	-13	-1,104
New loans	19,159	1,339	368	20,866	19,085	1,751	109	20,945
Derecognitions	-11,811	-949	-354	-13,114	-12,507	-1,546	-577	-14,629
Financial assets with actual loan losses	-7	-2	-297	-306	-3	-8	-91	-102
Closing balance	51,327	8,533	1,259	61,119	47,621	6,460	1,410	55,491
Fixed interest loans at FV	5,480			5,480	4,631			4,631
Total gross loans at the end of the period	153,770	14,007	2,085	169,862	139,224	11,361	2,044	152,629

Note 10 - Distribution of customer deposits by sector/industry

Parent Bank			Group	
31 Dec 2022	31 Dec 2023	(NOKm)	31 Dec 2023	31 Dec 2022
2,159	2,460	Agriculture and forestry	2,460	2,159
1,366	1,588	Fisheries and hunting	1,588	1,366
644	1,157	Sea farming industries	1,157	644
2,881	2,671	Manufacturing	2,671	2,881
5,534	5,251	Construction, power and water supply	5,251	5,534
6,065	5,996	Retail trade, hotels and restaurants	5,996	6,065
1,198	1,132	Maritime sector	1,132	1,198
5,645	5,867	Property management	5,787	5,577
13,036	13,413	Business services	13,413	13,036
9,364	11,164	Transport and other services provision	10,698	8,856
21,690	19,437	Public administration	19,437	21,690
4,800	5,452	Other sectors	5,425	4,687
74,383	75,588	Total	75,015	73,693
48,316	57,874	Wage earners	57,874	48,316
122,699	133,462	Total deposits	132,888	122,010

Note 11 - Net interest income

Parent bank					Group			
Fourth quarter		Jan - Dec		(NOKm)	Jan - Dec		Fourth quarter	
2022	2023	2022	2023		2023	2022	2023	2022
Interest income								
186	248	435	887	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	380	212	98	98
907	1,397	2,814	4,716	Interest income from loans to and claims on customers (amortised cost)	5,701	3,483	1,659	1,113
647	1,084	1,879	3,616	Interest income from loans to and claims on customers (FVOCI)	3,616	1,879	1,084	647
34	46	125	165	Interest income from loans to and claims on customers (FVPL)	165	125	46	34
239	372	599	1,382	Interest income from money market instruments, bonds and other fixed income securities	1,377	595	370	238
-	-	-	-	Other interest income	24	22	6	6
2,013	3,147	5,852	10,767	Total interest income	11,262	6,315	3,264	2,136
Interest expense								
108	159	260	559	Interest expenses on liabilities to credit institutions	559	260	159	108
607	1,134	1,524	3,780	Interest expenses relating to deposits from and liabilities to customers	3,748	1,508	1,123	604
410	591	1,035	2,056	Interest expenses related to the issuance of securities	2,057	1,035	592	410
22	38	66	129	Interest expenses on subordinated debt	132	68	39	23
2	2	7	9	Other interest expenses	45	26	14	10
20	23	79	90	Guarantee fund levy	90	79	23	20
1,170	1,948	2,972	6,622	Total interest expense	6,631	2,977	1,951	1,175
843	1,199	2,880	4,144	Net interest income	4,632	3,339	1,312	961

Note 12 - Net commission income and other income

Parent bank					Group			
Fourth quarter		Jan - Dec		(NOKm)	Jan - Dec		Fourth quarter	
2022	2023	2022	2023		2023	2022	2023	2022
				Commission income				
27	18	77	68	Guarantee commission	68	77	18	27
-	-	-	-	Broker commission	265	267	58	62
12	12	44	47	Portfolio commission, savings products	47	44	12	12
32	19	256	155	Commission from SpareBank 1 Boligkreditt	155	256	19	32
4	4	16	15	Commission from SpareBank 1 Næringskreditt	15	16	4	4
129	139	475	496	Payment transmission services	493	471	138	128
60	61	236	253	Commission from insurance services	253	236	61	60
18	19	88	83	Other commission income	74	80	16	15
282	272	1,192	1,117	Total commission income	1,370	1,446	325	340
				Commission expenses				
22	22	80	102	Payment transmission services	102	80	22	22
3	3	11	12	Other commission expenses	96	105	18	23
25	25	90	114	Total commission expenses	199	186	40	45
				Other operating income				
-	-							
8	11	30	38	Operating income real property	41	32	12	10
-	-	-	-	Property administration and sale of property	166	151	40	32
-	-	-	-	Accountant's fees	661	564	152	127
10	6	25	34	Other operating income	45	34	9	9
19	17	55	73	Total other operating income	913	781	213	178
276	263	1,156	1,076	Total net commission income and other operating income	2,084	2,042	498	473

Note 13 - Operating expenses

Parent bank					Group			
Fourth quarter		Jan - Dec			Jan - Dec		Fourth quarter	
2022	2023	2022	2023	(NOKm)	2023	2022	2023	2022
87	131	304	404	IT costs	461	355	146	100
2	3	11	12	Postage and transport of valuables	15	14	3	3
18	15	59	71	Marketing	93	86	21	24
20	31	77	111	Ordinary depreciation	153	117	47	33
10	13	46	50	Operating expenses, real properties	57	55	11	9
69	68	188	222	Purchased services	254	217	75	75
55	75	156	251	Other operating expense	294	195	87	71
261	336	841	1,121	Total other operating expenses	1,326	1,038	390	314

Note 14 - Net return on financial investments

Parent Bank				Group				
Fourth quarter		Jan - Dec			Jan - Dec		Fourth quarter	
2022	2023	2022	2023	(NOKm)	2023	2022	2023	2022
				Valued at fair value through profit/loss				
332	149	-147	-62	Value change in interest rate instruments	-62	-145	149	333
				Value change in derivatives/hedging				
-304	76	-292	82	Net value change in hedged bonds and derivatives *)	82	-292	76	-304
28	-9	-38	5	Net value change in hedged fixed rate loans and derivatives	5	-38	-9	28
-111	-223	275	-118	Other derivatives	-118	275	-223	-111
				Income from equity instruments				
-	-	-	-	Income from owner interests	297	442	90	195
72	78	646	693	Dividend from owner interests	-	-	-	-
-	28	4	32	Value change and gain/loss on owner instruments	-4	4	-5	0
21	4	30	18	Dividend from equity instruments	26	33	-10	19
1	399	-18	419	Value change and gain/loss on equity instruments	467	9	475	-22
39	501	461	1,069	Total net income from financial assets and liabilities at fair value through profit/loss	692	287	544	138
				Valued at amortised cost				
-0	-0	-0	-2	Value change in interest rate instruments held to maturity	-2	-0	-0	0
-0	-0	-0	-2	Total net income from financial assets and liabilities at amortised cost	-2	-0	-0	0
24	27	93	108	Total net gain from currency trading	108	93	27	25
63	529	554	1,175	Total net return on financial investments	799	380	571	163
*) Fair value hedging								
-792	994	-2,155	896	Changes in fair value on hedging instrument	896	-2,155	994	-792
501	-920	1,863	-814	Changes in fair value on hedging item	-814	1,863	-920	501
-304	76	-292	82	Net Gain or Loss from hedge accounting	82	-292	76	-304

Note 15 - Other assets

Parent Bank			Group	
31 Dec 2022	31 Dec 2023	(NOKm)	31 Dec 2023	31 Dec 2022
-	-	Deferred tax asset	6	5
117	167	Fixed assets	276	232
223	251	Right to use assets	390	325
87	136	Earned income not yet received	153	104
262	66	Accounts receivable, securities	66	262
240	221	Pension assets	221	240
1,164	479	Other assets	737	1,387
2,092	1,321	Total other assets	1,849	2,555

Note 16 - Other liabilities

Parent Bank			Group	
31 Dec 2022	31 Dec 2023	(NOKm)	31 Dec 2023	31 Dec 2022
72	158	Deferred tax	216	127
611	813	Payable tax	900	705
13	22	Capital tax	22	13
97	140	Accrued expenses and received, non-accrued income	442	388
427	533	Provision for accrued expenses and commitments	533	427
66	52	Losses on guarantees and unutilised credits	52	66
6	9	Pension liabilities	9	6
233	260	Lease liabilities	403	339
97	9	Drawing debt	9	97
73	132	Creditors	191	116
176	-15	Debt from securities	-15	176
196	148	Other liabilities	243	265
2,067	2,262	Total other liabilities	3,005	2,725

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

Group

Change in securities debt (NOKm)	31 Dec 2022	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2023
Certificate, nominal value	-	-	-	-	-
Bond debt, nominal value	42,532	-	10,291	2,526	34,767
Senior non preferred, nominal value	7,100	5,280	-	-36	12,344
Value adjustments	-2,438	-	-	850	-1,588
Accrued interest	280	-	-	26	306
Total	47,474	5,280	10,291	3,366	45,830

Change in subordinated debt and hybrid equity (NOKm)	31 Dec 2022	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2023
Ordinary subordinated loan capital, nominal value	2,043	750	750	184	2,226
Accrued interest	16	-	-	5	21
Total	2,058	750	750	188	2,247

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 31 December 2023:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	-	6,659	-	6,659
- Bonds and money market certificates	2,879	31,284	-	34,163
- Equity instruments	363	152	622	1,137
- Fixed interest loans	-	102	5,480	5,582
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	92,263	92,263
Total assets	3,242	38,197	98,365	139,804
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	-	6,989	-	6,989
- Equity instruments	-	-	-	-
Total liabilities	-	6,989	-	6,989

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	-	78	4,630	4,708
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	81,901	81,901
Total assets	3,861	41,363	87,101	132,325
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	-	8,307	-	8,307
- Equity instruments	-	-	-	-
Total liabilities	-	8,307	-	8,307

The following table presents the changes in the instruments classified in level 3 as at 31 December 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	38	1,814	40,578	42,430
Disposals in the period	-25	-977	-30,210	-31,212
Expected credit loss	-	-	2	2
Gain or loss on financial instruments	38	14	-7	45
Closing balance 31 December 23	622	5,480	92,263	98,366

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 the period	17	1,355	36,461	37,834
Disposals in the period	-2	-752	-37,604	-38,358
Expected credit loss	-	-	-20	-20
Gain or loss on financial instruments	-8	-171	9	-171
Closing balance 31 December 22	570	4,630	81,901	87,101

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 2 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 531 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank SMN 1 Invest. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions.

Financial derivatives (level 2)

Financial derivatives at level 2 include for the most part currency futures and interest rate and exchange rate swaps. Valuation is based on observable interest rate curves. In addition the item includes derivatives related to FRAs. These are valued with a basis in observable

prices in the market. Derivatives classified to level 2 also include equity derivatives related to SpareBank 1 Markets' market-making activities. The bulk of these derivatives refer to the most sold shares on Oslo Børs, and the valuation is based on the price of the actual /underlying share and observable or calculated volatility.

Sensitivity analyses, level 3 as at 31 December 2023:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	5,480	-15
Equity instruments through profit/loss*	622	-
Loans at fair value through other comprehensive income	92,263	-2

* 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 fourth quarter 2023 was 3.3 years. The overall LCR at the same point was 175 per cent and the average overall LCR in the fourth quarter was 180 per cent. The LCR in Norwegian kroner and euro at quarter-end was 160 and 572 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)	Jan - Dec	
	2023	2022
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve ¹⁾	3,489	2,592
Allocated to ECC Owners ²⁾	2,331	1,658
Issues Equity Capital Certificates adjusted for own certificates	138,106,331	129,316,131
Earnings per Equity Capital Certificate	16.88	12.82

¹⁾ Adjusted Net Profit	Jan - Dec	
	2023	2022
Net Profit for the group	3,688	2,785
adjusted for non-controlling interests share of net profit	-74	-130
Adjusted for Tier 1 capital holders share of net profit	-125	-63
Adjusted Net Profit	3,489	2,592

²⁾ Equity capital certificate ratio (parent bank) (NOKm)	31 Dec	
	2023	2022
ECC capital	2,884	2,597
Dividend equalisation reserve	8,482	7,877
Premium reserve	2,422	895
Unrealised gains reserve	71	45
Other equity capital	0	-
A. The equity capital certificate owners' capital	13,859	11,413
Ownerless capital	6,865	6,408
Unrealised gains reserve	35	25
Other equity capital	0	-
B. The saving bank reserve	6,900	6,433
To be disbursed from gift fund	860	474
Dividend declared	1,730	840
Equity ex. profit	23,350	19,161
Equity capital certificate ratio A/(A+B)	66.8 %	64.0 %
Equity capital certificate ratio for distribution	66.8 %	66.8 %

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)	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022	4Q 2021
Interest income effective interest method	3,264	2,994	2,638	2,367	2,136	1,605	1,346	1,227	1,107
Interest expenses	1,951	1,803	1,544	1,332	1,175	791	543	468	382
Net interest	1,312	1,191	1,094	1,035	961	814	803	759	725
Commission income	325	336	367	341	340	370	378	358	405
Commission expenses	40	58	51	50	45	52	46	42	47
Other operating income	213	206	245	249	178	173	223	206	163
Commission income and other income	498	484	561	541	473	491	555	522	521
Dividends	-10	16	18	2	19	8	4	2	1
Income from investment in related companies	90	-2	85	125	195	108	77	62	186
Net return on financial investments	491	83	1	-99	-52	-30	-123	111	-19
Net return on financial investments	571	97	103	28	163	86	-43	175	168
Total income	2,382	1,772	1,757	1,604	1,597	1,391	1,316	1,456	1,414
Staff costs	476	435	383	398	333	348	350	375	342
Other operating expenses	390	306	300	330	314	235	235	255	267
Total operating expenses	866	741	683	728	646	583	585	629	609
Result before losses	1,517	1,032	1,074	875	951	808	731	827	805
Loss on loans, guarantees etc.	20	35	29	-71	19	22	-48	-0	32
Result before tax	1,496	996	1,045	946	932	785	779	827	773
Tax charge	262	278	159	206	210	179	164	166	103
Result investment held for sale, after tax	12	22	37	38	46	10	87	37	33
Net profit	1,247	740	923	778	768	617	702	698	703

Key figures from quarterly accounts

Group (NOKm)	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022	4Q 2021
Profitability									
Return on equity per quarter ¹⁾	18.3%	11.1%	15.1%	13.0%	13.1%	10.9%	12.9%	12.6%	12.7%
Cost-income ratio ¹⁾	48 %	44 %	41 %	46 %	45 %	45 %	43 %	49 %	49 %
Balance sheet figures									
Gross loans to customers	169,862	168,940	166,819	153,181	152,629	150,247	148,681	147,023	147,301
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	236,329	234,316	232,100	213,967	211,244	208,900	205,504	199,965	195,353
Deposit from customers	132,888	138,230	140,164	123,529	122,010	120,558	123,812	114,053	111,286
Total assets	232,717	243,472	248,806	228,207	223,312	218,918	217,458	207,027	198,845
Quarterly average total assets	238,095	246,139	238,507	225,759	221,115	218,188	212,243	202,936	199,492
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months ¹⁾	0.9 %	1.0 %	8.5 %	1.3 %	1.1 %	1.7 %	2.8 %	2.4 %	1.8 %
Growth in deposits last 12 months	-3.9 %	-1.4 %	13.5 %	1.2 %	1.2 %	-2.6 %	8.6 %	2.5 %	1.5 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio ¹⁾	0.03 %	0.06 %	0.05 %	-0.13 %	0.04 %	0.04 %	-0.09 %	0.00 %	0.07 %
Stage 3 as a percentage of gross loans ¹⁾	0.88 %	0.98 %	0.99 %	0.96 %	0.97 %	1.02 %	1.08 %	1.62 %	1.68 %
Solidity									
Common equity Tier 1 capital ratio	18.8 %	19.7 %	19.1 %	18.2 %	18.9 %	19.2 %	18.8 %	18.3 %	18.0 %
Tier 1 capital ratio	20.8 %	21.3 %	21.0 %	20.1 %	20.9 %	20.8 %	20.4 %	19.8 %	19.6 %
Capital ratio	23.0 %	23.7 %	23.5 %	22.2 %	23.1 %	23.0 %	22.7 %	21.9 %	21.6 %
Tier 1 capital	23,793	24,283	24,192	21,985	21,835	21,252	20,547	19,797	19,322
Total eligible capital	26,399	26,950	27,106	24,298	24,147	23,546	22,910	21,839	21,333
Liquidity Coverage Ratio (LCR)	175 %	173 %	188 %	194 %	239 %	180 %	204 %	155 %	138 %
Leverage Ratio	7.2 %	7.3 %	7.2 %	6.9 %	7.1 %	7.3 %	6.9 %	7.0 %	6.9 %
Key figures ECC									
ECC share price at end of period (NOK)	141.80	137.20	141.00	123.60	127.40	111.40	115.80	141.20	149.00
Number of certificates issued, millions ¹⁾	144.20	143.82	143.80	129.43	129.29	129.29	129.31	129.39	129.39
Booked equity capital per ECC (NOK) ¹⁾	121.05	116.39	112.81	105.63	109.86	107.19	102.91	99.55	103.48
Profit per ECC, majority (NOK) ¹⁾	5.62	3.28	4.21	3.51	3.53	2.89	3.20	3.20	3.20
Price-Earnings Ratio (annualised) ¹⁾	6.31	10.47	8.38	8.79	9.02	9.62	9.06	11.05	11.65
Price-Book Value Ratio ¹⁾	1.17	1.18	1.25	1.17	1.16	1.04	1.13	1.42	1.44

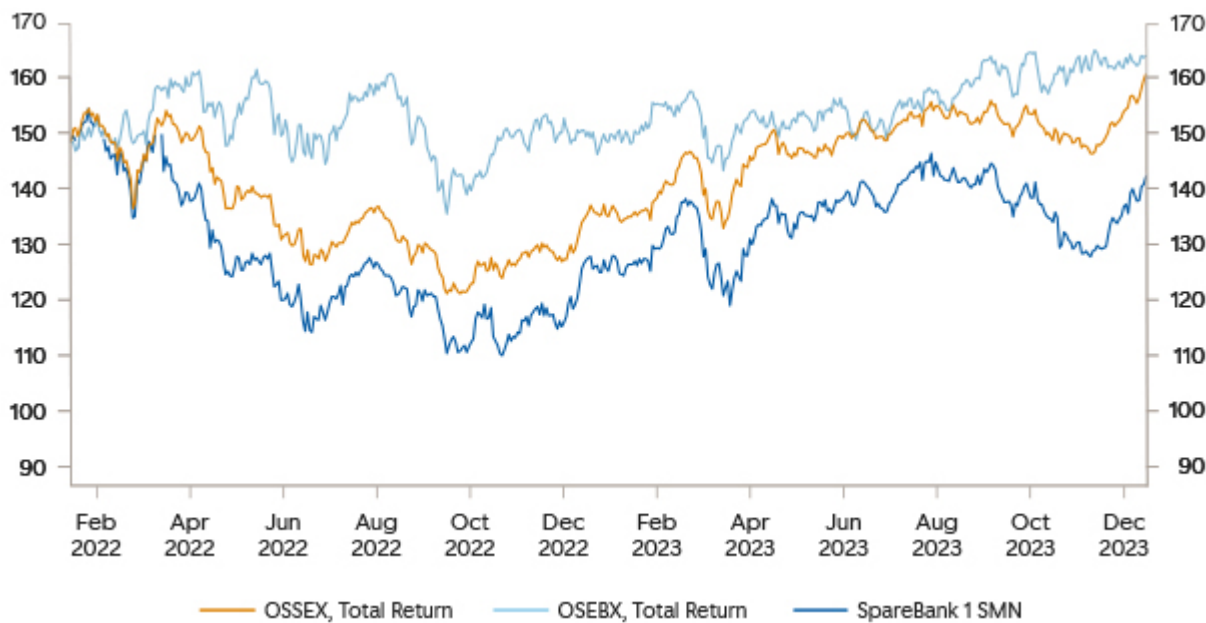
¹⁾ Defined as alternative performance measures, see attachment to the quarterly report.

²⁾ Historical numbers have been revised after the subsidiary SpareBank 1 Markets has been reclassified to held for sale from Q4 2022. See more information in Note 2.

Equity capital certificates

Stock price compared with OSEBX and OSEEX

1 Jan 2022 to 31 Dec 2023

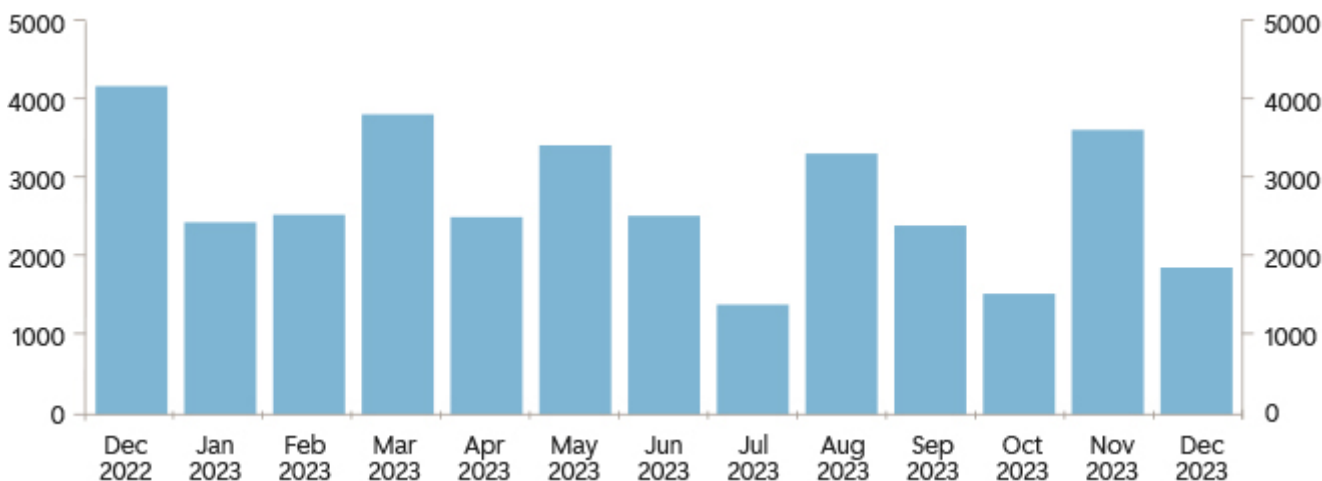


OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics

1 Dec 2022 to 31 Dec 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	4,222,118	2.93 %
Pareto Aksje Norge VPF	3,870,618	2.68 %
State Street Bank and Trust Comp	3,421,466	2.37 %
Pareto Invest Norge AS	2,938,362	2.04 %
VPF Eika Egenkapitalbevis	2,743,094	1.90 %
J. P. Morgan Chase Bank, N.A., London	2,651,780	1.84 %
Danske Invest Norske Aksjer Institusjon II.	2,375,940	1.65 %
The Northern Trust Comp	2,232,500	1.55 %
VPF Alfred Berg Gamba	2,201,532	1.53 %
VPF Holberg Norge	2,150,000	1.49 %
State Street Bank and Trust Comp	2,143,675	1.49 %
VPF Odin Norge	2,016,474	1.40 %
Forsvarets personellservice	2,014,446	1.40 %
J. P. Morgan SE	1,870,630	1.30 %
VPF Nordea Norge	1,847,635	1.28 %
RBC Investor Services Trust	1,786,001	1.24 %
Spesialfondet Borea Utbytte	1,550,642	1.08 %
MP Pensjon PK	1,352,771	0.94 %
The 20 largest ECC holders in total	61,824,755	42.87 %
Others	82,390,835	57.13 %
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 up to one half of the owner capital's share of the net profit for the year should be disbursed in dividends and, similarly, that up to one half of the owner capital's share of the net profit for the year should be disbursed as gifts or transferred to a foundation. This is on the assumption that capital adequacy is at a satisfactory level. When determining dividend payout, account will be taken of the profit trend expected in a normalised market situation, external framework conditions and the need for tier 1 capital.