

Notes

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Note 1 - Accounting principles

Accounting principles

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

Definition of default

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

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

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

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

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

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

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

The group has with effect from 1 January 2021 also applied the new default definition for accounting purposes for transfer of loans to stage 3. Loan volume in stage 3 has increased in first half of 2021 by NOK 1,282 million, primarily as a result of the new definition. However, there was no significant change in the underlying credit risk over the course of the first half of 2021. Comparatives have not been restated.

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

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

Pensions

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

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

A new calculation of the Group's pension liabilities has not been carried out as per 30 June 2020.

Investment held for sale

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

SpareBank 1 Kapitalforvaltning, subsidiary of SpareBank 1 Markets, has been presented as Investment held for sale from second quarter 2021 due to the agreement of sale to SpareBank 1 Forvaltning. The transaction will be carried through in third quarter of 2021. Comparables have been restated.

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

2021 Q2 (NOKm)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	38	1	3	5	-1	100 %
SpareBank 1 Kapitalforvaltning	71	31	36	26	10	100%
Total Held for sale	109	32	40	31	10	

Losses on loans and guarantees

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

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

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

The development in the base scenario is prepared using adjustment factors where the development in the business cycle is projected by assumptions about how much the probability of default (PD) or loss of default (LGD) will increase or decrease compared to the base

scenario in a five-year period. We expect increased losses related to debtors that have a demanding starting point before the crisis - typically debtors in stage 2. We have therefore chosen to increase the trajectories for PD and LGD as well as reduce expected repayments in the base scenario, especially from year 2 onwards, since this will affect expected losses mainly for debtors in stage 2. To adjust for migration into stage 2, PD and LGD estimates are also increased in the first year. No first year repayments are assumed for all portfolios in the downside scenario.

The applied scenario weighting was changed in the fourth quarter of 2020 to reflect further increased uncertainty. For corporate market including offshore, as well as agriculture, the downside scenario was changed from a weighting with a 10 percent probability, to a weighting of a 20 percent probability. For retail market, the weighting of the downside scenario was changed from 10 to 15 per cent. This has been continued in first half of 2021.

The effect of changes in input assumptions is shown as "Effect of changed assumptions in ECL model" in note 7. The effect is NOK 15 million for the Bank and 7 million for the Group.

Sensitivities

The first part of the table below show total calculated expected credit loss as of 30 June 2021 in each of the three scenarios, distributed in the portfolios retail market (RM) corporate market (CM), and offshore, travel and agriculture which adds up to parent bank. In addition the subsidiary SB 1 Finans Midt-norge is included. ECL for the parent bank and the subsidiary is summed up in the column "Group"

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

If the downside scenario's probability were doubled at the expense of the baseline scenario at the end of June 2021, this would have entailed an increase in loss provisions of NOK 385 million for the parent bank and NOK 392 million for the group.

Portfolio	Corporate excl		Offshore	Agriculture	Tourism	Total parent	SB 1	Group
	offshore/ Agriculture	Retail Market					Finans MN	
ECL expected scenario	358	91	681	28	48	1,206	52	1,258
ECL downside scenario	1,265	295	1,403	98	96	3,158	114	3,272
ECL upside scenario	291	40	588	14	12	945	39	983
ECL with scenario weights used 80/10/10							57	58
ECL with scenario weights used 65/20/15	529	-	812	40		1,380		1,380
ECL with scenario weights used 60/30/10					59	59		59
ECL with scenario weights used 70/15/15		114				114		114
Total ECL used	529	114	812	40	59	1,553	57	1,611
ECL alternative scenario weights 70/20/10							63	64
ECL alternative scenario weights 45/40/15	711		956	54		1,720	-	1,720
ECL alternative scenario weights 30/60/10					73	73		73
ECL alternative scenario weights 55/33/15		145				145		145
Total ECL alternative weights (double downside)	711	145	956	54		1,938	63	2,003
Change in ECL if alternative weights were used	182	31	145	14		385	7	392

The table reflects that there are some significant differences in underlying PD and LGD estimates in the different scenarios and that there are differentiated levels and level differences between the portfolios. At group level, the ECL in the upside scenario, which largely reflects the loss and default picture in recent years, is about 80 per cent of the ECL in the expected scenario. The downside scenario gives more than double the ECL than in the expected scenario. Applied scenario weighting gives about 28 percent higher ECL than in the expected scenario.

Note 3 - Account by business line

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

Group 30 June 2021

Profit and loss account (NOKm)	RM	CM	SB1	EM 1	SB 1	SB 1	SB1	BN	Un-	Total
			Markets		Finans	Regnskaps-	Gruppen	Bank	collated	
Net interest	547	554	-7	1	227	-0	-	-	45	1,366
Interest from allocated capital	12	2	-	-	-	-	-	-	-14	-
Total interest income	559	556	-7	1	227	-0	-	-	31	1,366
Comission income and other income	442	119	500	234	-45	317	-	-	-29	1,538
Net return on financial investments (**))	2	7	58	10	-	-	215	82	186	560
Total income	1,003	682	550	245	182	317	215	82	187	3,464
Total operating expenses	443	216	371	183	57	257	-	-	3	1,531
Ordinary operating profit	560	466	179	62	125	60	215	82	184	1,933
Loss on loans, guarantees etc.	-9	100	-	-	6	-	-	-	1	98
Result before tax including held for sale	569	366	179	62	118	60	215	82	183	1,836
Post-tax-return on equity *)	13.0 %	10.4%								14,5 %
Balance										
Loans and advances to customers	132,992	46,956	-	-	9,910	-	-	-	-843	189,015
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-45,922	-1,259	-	-	-	-	-	-	100	-47,081
Allowance for credit loss	-128	-1,366	-	-	-58	-	-	-	-3	-1,555
Other assets	123	16,357	3,737	415	99	622	1,921	1,595	35,180	60,047
Total assets	87,064	60,688	3,737	415	9,951	622	1,921	1,595	34,434	200,426
Deposits to customers	51,312	57,691	-	-	-	-	-	-	1,130	110,133
Other liabilities and equity	35,752	2,997	3,737	415	9,951	622	1,921	1,595	33,304	90,293
Total liabilities and equity	87,064	60,688	3,737	415	9,951	622	1,921	1,595	34,434	200,426

Group 30 June 2020

Profit and loss account (NOKm)	RM	CM	SB1 Markets	EM 1	SB 1	SB 1	SB1 Gruppen	BN Bank	Un- collated	Total
					Finans	Regnskaps- huset SMN				
Net interest	537	560	-3	-0	179	-0	-	-	103	1,376
Interest from allocated capital	85	59	-	-	-	-	-	-	-144	-
Total interest income	622	619	-3	-0	179	-0	-	-	-41	1,376
Comission income and other income	371	113	234	188	-9	304	-	-	-48	1,153
Net return on financial investments (**)	-2	14	86	-	-	-	-7	50	407	549
Total income	992	747	317	188	170	304	-7	50	318	3,078
Total operating expenses	471	217	269	158	64	237	-	-	-11	1,405
Ordinary operating profit	521	530	48	30	105	67	-7	50	329	1,673
Loss on loans, guarantees etc.	42	410	-	-	25	-	-	-	-0	478
Result before tax including held for sale	478	119	48	30	81	67	-7	50	329	1,195
Post-tax-return on equity *)	11.4 %	4.1 %								10,3 %
Balance										
Loans and advances to customers	124,165	42,366	-	-	9,384	-	-	-	-742	175,100
Adv. of this sold to SpareBank 1 Boligkreditt	-43,264	-1,308	-	-	-	-	-	-	100	-44,473
Allowance for credit losses	-146	-1,057	-	-	-61	-	-	-	-2	-1,267
Other assets	199	8,518	2,267	327	42	580	1,950	1,441	45,799	61,124
Total assets	80,954	48,518	2,267	327	9,365	580	1,950	1,441	45,081	190,484
Deposits to customers	48,103	44,715	-	-	-	-	-	-	1,470	94,289
Other liabilities and equity	32,850	3,803	2,267	327	9,365	580	1,950	1,441	43,611	96,195
Total liabilities and equity	80,954	48,518	2,267	327	9,365	580	1,950	1,441	45,081	190,484

Group 31 December 2020

Profit and loss account (NOKm)	RM	CM	SB 1		SB 1		SB 1	BN	Un-	Total
			Markets	EM 1	Finans	Regnskaps				
					huset	SMN	Gruppen	Bank	collated	
Net interest	1,112	1,085	-13	2	387	1	-	-	186	2,759
Interest from allocated capital	101	63	-	-	-	-	-	-	-165	-
Total interest income	1,213	1,149	-13	2	387	1	-	-	22	2,759
Commission income and other income	867	211	636	392	-22	533	-	-	-101	2,516
Net return on financial investments (**)	-2	21	137	-	-	-	194	120	481	951
Total income	2,078	1,381	759	394	364	533	194	120	401	6,225
Total operating expenses	929	422	590	342	131	423			68	2,904
Ordinary operating profit	1,149	959	169	52	234	110	194	120	333	3,321
Loss on loans, guarantees etc.	56	846	-	-	49	-	-	-	1	951
Result before tax including held for sale	1,093	113	169	52	184	110	194	120	333	2,370
Post-tax return on equity*)	13.4 %	2.1%								10.0 %
Balance										
Loans and advances to customers	129,149	44,845	-	-	9,549	-	-	-	-742	182,801
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-46,899	-1,354	-	-	-	-	-	-	-100	-48,153
Allowance for credit losses	-148	-1,298	-	-	-67	-	-	-	-4	-1,517
Other assets	156	10,471	3,265	357	116	592	2,151	1,514	36,160	54,781
Total assets	82,258	52,663	3,265	357	9,598	592	2,151	1,514	35,514	187,912
Deposits to customers	47,478	49,420	-	-	-	-	-	-	631	97,529
Other liabilities and equity	34,780	3,244	3,265	357	9,598	592	2,151	1,514	34,883	90,383
Total liabilities and equity	82,258	52,663	3,265	357	9,598	592	2,151	1,514	35,514	187,912

**) Specification of net return on financial investments (NOKm)	30.6.21	30.6.20	31.12.20
Dividends	21	10	39
Capital gains/losses shares	125	-6	-4
Gain/(loss) on certificates and bonds	-123	174	103
Gain/(loss) on derivatives	137	-97	32
Gain/(loss) on financial instruments related to hedging	-9	-3	1
Gain/(loss) on other financial instruments at fair value (FVO)	12	-11	-11
Foreign exchange gain/(loss)	31	68	82
Gain/(loss) on shares and share derivatives at SpareBank 1 Markets	28	21	28
Net return on financial instruments	199	145	230
SpareBank 1 Gruppen	215	-7	194
Gain Fremtind Forsikring	-	340	340
SpareBank 1 Boligkreditt	7	10	18
SpareBank 1 Næringskreditt	7	9	18
BN Bank	82	50	120
SpareBank 1 Kredittkort	1	2	2
SpareBank 1 Betaling	-4	-2	-2
Other companies	31	-9	-10
Income from investment in associates and joint ventures	340	217	681
Total net return on financial investments	560	549	950
Fair value hedging			
Changes in fair value on hedging instrument	-354	492	467
Changes in fair value on hedging item	344	-495	-465
Net Gain or Loss from hedge accounting	-9	-3	1

Note 4 - Capital adequacy

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

As of 30 June 2021 the overall minimum requirement on CET1 capital is 12.5 per cent. The capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement for Norwegian IRB-banks is 4.5 per cent and the Norwegian countercyclical buffer is 1.0 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital. In addition the financial supervisory authority has set a Pillar 2 requirement of 1.9 per cent for SpareBank 1 SMN, however not below NOK 1,794 million in monetary terms.

The systemic risk buffer stands at 4.5 per cent for the Norwegian exposures. For exposures in other countries, the particular country's systemic buffer rate shall be employed. As of 30 June 2021 the effective rate for the parent bank and for the group is accordingly 4.4 per cent.

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

Parent Bank				Group		
31 Dec 2020	30 June 2020	30 June 2021	(NOKm)	30 June 2021	30 June 2020	31 Dec 2020
18.092	17.565	19.231	Total book equity	22.382	20.320	21.310
-1.250	-1.213	-1.221	Additional Tier 1 capital instruments included in total equity	-1.262	-1.254	-1.293
-515	-501	-504	Deferred taxes, goodwill and other intangible assets	-1.000	-1.042	-1.044
-890	-	-627	Deduction for allocated dividends and gifts	-627	-	-890
-	-	-	Non-controlling interests recognised in other equity capital	-829	-768	-838
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	505	401	488
-	-835	-1.433	Net profit	-1.523	-1.008	-
-	446	657	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	747	618	-
-43	-51	-39	Value adjustments due to requirements for prudent valuation	-54	-62	-56
-47	-227	-585	Positive value of adjusted expected loss under IRB Approach	-617	-248	-74
-	-	-	Cash flow hedge reserve	7	14	10
-186	-187	-187	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-312	-424	-572
15.160	14.997	15.292	Common equity Tier 1 capital	17.416	16.547	17.041
1.250	1.250	1.250	Additional Tier 1 capital instruments	1.594	1.635	1.595
16.410	16.247	16.542	Tier 1 capital	19.011	18.182	18.636
			Supplementary capital in excess of core capital			
1.750	1.750	1.750	Subordinated capital	2.250	2.240	2.262
-139	-157	-155	Deduction for significant investments in financial institutions	-155	-157	-139
1.611	1.593	1.595	Additional Tier 2 capital instruments	2.095	2.083	2.123
18.020	17.841	18.137	Total eligible capital	21.105	20.266	20.759

			Minimum requirements subordinated capital			
1.053	981	1.132	Specialised enterprises	1.309	1.166	1.240
920	1.042	919	Corporate	930	1.052	930
1.511	1.608	1.415	Mass market exposure, property	2.207	2.290	2.261
107	112	98	Other mass market	101	115	110
1.026	1.006	1.083	Equity positions IRB	1	1	1
4.617	4.748	4.647	Total credit risk IRB	4.549	4.624	4.541
1	2	3	Central government	5	5	2
93	115	105	Covered bonds	149	159	142
441	597	493	Institutions	396	504	332
-	-	-	Local and regional authorities, state-owned enterprises	27	17	27
32	34	33	Corporate	283	251	281
20	18	15	Mass market	496	465	476
11	15	16	Exposures secured on real property	120	157	136
272	279	272	Equity positions	441	394	408
99	93	97	Other assets	157	150	159
970	1.152	1.034	Total credit risk standardised approach	2.074	2.102	1.962
30	43	47	Debt risk	47	44	31
-	-	-	Equity risk	20	10	18
-	-	-	Currency risk and risk exposure for settlement/delivery	3	1	3
421	407	421	Operational risk	772	720	770
25	53	34	Credit value adjustment risk (CVA)	149	193	123
6.063	6.404	6.183	Minimum requirements subordinated capital	7.613	7.694	7.448
75.785	80.047	77.288	Risk weighted assets (RWA)	95.167	96.181	93.096
3.410	3.602	3.478	Minimum requirement on CET1 capital, 4.5 per cent	4.283	4.328	4.189
			Capital Buffers			
1.895	2.001	1.932	Capital conservation buffer, 2.5 per cent	2.379	2.405	2.327
3.410	2.401	3.478	Systemic risk buffer, 4.5 per cent (3.0 per cent)	4.283	2.885	4.189
758	800	773	Countercyclical buffer, 1.0 per cent (1.0 per cent)	952	962	931
6.063	5.203	6.183	Total buffer requirements on CET1 capital	7.613	6.252	7.448
5.687	6.192	5.631	Available CET1 capital after buffer requirements	5.520	5.968	5.404
			Capital adequacy			
20,0 %	18,7 %	19,8 %	Common equity Tier 1 capital ratio	18,3 %	17,2 %	18,3 %
21,7 %	20,3 %	21,4 %	Tier 1 capital ratio	20,0 %	18,9 %	20,0 %
23,8 %	22,3 %	23,5 %	Capital ratio	22,2 %	21,1 %	22,3 %
			Leverage ratio			
178.219	183.256	186.273	Balance sheet items	264.565	255.493	256.978
6.190	8.084	9.313	Off-balance sheet items	10.028	8.944	7.514
-606	-779	-1.128	Regulatory adjustments	-1.822	-1.603	-1.577
183.803	190.562	194.457	Calculation basis for leverage ratio	272.770	262.834	262.915
16.410	16.247	16.542	Core capital	19.011	18.182	18.636
8,9 %	8,5 %	8,5 %	Leverage Ratio	7,0 %	6,9 %	7,1 %

Note 5 - Distribution of loans by sector/industry

Parent Bank				Group		
31 Dec 2020	30 June 2020	30 June 2021 (NOKm)		30 June 2021	30 June 2020	31 Dec 2020
9,160	8,809	9,313	Agriculture and forestry	9,654	9,206	9,591
5,243	5,104	5,264	Fisheries and hunting	5,283	5,118	5,259
1,704	888	2,127	Sea farming industries	2,398	1,258	2,100
2,234	1,999	2,085	Manufacturing	2,729	2,390	2,646
3,195	2,955	3,271	Construction, power and water supply	4,191	3,795	4,077
2,289	2,244	2,325	Retail trade, hotels and restaurants	2,628	2,578	2,586
4,537	5,006	5,023	Maritime sector	5,023	5,006	4,537
15,427	14,674	16,393	Property management	16,500	14,753	15,509
3,644	3,123	4,179	Business services	3,969	2,840	3,423
6,032	5,725	5,445	Transport and other services provision	6,386	6,636	6,942
9	6	2	Public administration	32	26	33
1,626	1,610	1,914	Other sectors	1,923	1,632	1,638
55,099	52,142	57,341	Gross loans in Corporate market	60,716	55,238	58,340
118,714	114,210	122,424	Wage earners	128,299	119,861	124,461
173,814	166,353	179,765	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	189,015	175,100	182,801
46,613	43,073	45,707	of which SpareBank 1 Boligkreditt	45,707	43,073	46,613
1,540	1,400	1,374	of which SpareBank 1 Næringskreditt	1,374	1,400	1,540
125,660	121,880	132,684	Gross loans in balance sheet	141,935	130,627	134,648
1,351	1,092	1,393	- Loan loss allowance on amortised cost loans	1,454	1,154	1,421
96	111	101	- Loan loss allowance on loans at FVOCI	101	113	96
124,214	120,677	131,190	Net loans to and receivables from customers	140,379	129,360	133,131

Note 6 - Losses on loans and guarantees

Parent Bank (NOKm)	First half														
	2021			2020			2Q 21			2Q 20			2020		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses for the period	-11	78	67	39	297	336	1	16	17	-5	150	145	49	666	715
Actual loan losses on commitments exceeding provisions made	5	22	27	7	114	121	3	21	24	6	2	8	14	197	212
Recoveries on commitments previously written-off	-3	-0	-3	-4	-0	-4	-2	0	-2	-3	-0	-3	-7	-18	-25
Losses for the period on loans and guarantees	-9	100	90	42	410	453	2	37	39	-2	153	151	56	846	902

Group (NOKm)	First half														
	2021			2020			2Q 21			2Q 20			2020		
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses for the period	-21	77	57	36	304	340	-9	16	7	-4	156	152	48	681	729
Actual loan losses on commitments exceeding provisions made	17	27	44	38	126	165	11	23	34	11	12	22	55	213	268
Recoveries on commitments previously written-off	-3	-0	-3	-23	-4	-27	-2	0	-1	-5	-0	-5	-25	-21	-46
Losses for the period on loans and guarantees	-6	104	98	51	427	478	0	38	39	2	168	169	78	873	951

Note 7 - Losses

Parent Bank (NOKm)	1 Jan 21	Change in provision	Net write-offs /recoveries	30 June 21
Loans as amortised cost- CM	1,377	77	-10	1,445
Loans as amortised cost- RM	35	3	-8	30
Loans at fair value over OCI- RM	147	-14	-	132
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,559	66	-17	1,608
Presented as				
Provision for loan losses	1,446	66	-17	1,495
Other debt- provisions	81	1	-	81
Other comprehensive income - fair value adjustment	32	-0	-	32

Parent Bank (NOKm)	1 January 2020	Change in provision	Net write-offs/ recoveries	30 June 2020
Loans as amortised cost- CM	916	371	-114	1,173
Loans as amortised cost- RM	34	11	-7	39
Loans at fair value over OCI- RM	109	30	-	139
Loans at fair value over OCI- CM	1	-1	-	1
Provision for expected credit losses on loans and guarantees	1,060	412	-121	1,352
Presented as				
Provision for loan losses	937	387	-121	1,203
Other debt- provisions	100	20	-	120
Other comprehensive income - fair value adjustment	23	6	-	29

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

Group (NOKm)	1 Jan 21	Change in provision	Net write-offs / recoveries	30 June 21
Loans as amortised cost- CM	1,421	78	-11	1,488
Loans as amortised cost- RM	62	-6	-8	48
Loans at fair value over OCI- RM	147	-14	-	132
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,630	57	-18	1,669
Presented as				
Provision for loan losses	1,517	57	-18	1,555
Other debt- provisions	81	1	-	81
Other comprehensive income - fair value adjustment	32	-0	-	32

Group (NOKm)	1 January 2020	Change in provision	Net write-offs/ recoveries	30 June 2020
Loans as amortised cost- CM	948	381	-117	1,211
Loans as amortised cost- RM	63	8	-7	64
Loans at fair value over OCI- RM	109	30	-	139
Loans at fair value over OCI- CM	1	-0	-	1
Provision for expected credit losses on loans and guarantees	1,121	418	-124	1,415
Presented as				
Provision for loan losses	998	393	-124	1,267
Other debt- provisions	100	20	-	119
Other comprehensive income - fair value adjustment	23	6	-	29

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

Accrual for losses on loans

Parent Bank (NOKm)	30 June 2021				30 June 2020				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market												
Opening balance	35	97	47	180	25	73	45	143	25	73	45	143
Transfer to (from) stage 1	19	-19	-0	-	14	-14	-0	-	14	-13	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-2	2	-0	-	-1	2	-0	-
Transfer to (from) stage 3	-0	-4	4	-	-0	-3	3	-	-0	-3	3	-
Net remeasurement of loss allowances	-19	20	-6	-5	-16	8	6	-3	-17	12	9	5
Originations or purchases	9	5	1	15	9	5	0	14	13	13	0	26
Derecognitions	-7	-17	-2	-26	-5	-13	-1	-19	-8	-23	-2	-33
Changes due to changed input assumptions	3	6	-	9	7	39	-0	46	10	38	2	50
Actual loan losses	0	0	-8	-8	-	-	-7	-7	0	0	-11	-11
Closing balance	38	90	36	165	33	96	46	175	35	97	47	180
Corporate Market												
Opening balance	88	387	823	1,299	66	210	540	816	66	210	540	816
Transfer to (from) stage 1	9	-9	-0	-	9	-9	-0	-	14	-14	-0	-
Transfer to (from) stage 2	-2	2	-	-	-4	4	-0	-	-4	4	-0	-
Transfer to (from) stage 3	-2	-73	75	-	-0	-2	2	-	-0	-1	1	-
Net remeasurement of loss allowances	-18	5	36	24	-11	36	317	342	-2	72	486	556
Originations or purchases	19	12	112	143	22	10	1	33	45	99	1	144
Derecognitions	-10	-87	-2	-99	-17	-43	-0	-60	-30	-96	-1	-127
Changes due to changed input assumptions	1	4	-	6	7	34	-	41	-0	113	2	-
Actual loan losses	-	-	-10	-10	-	-	-114	-114	-	-	-206	-206
Closing balance	85	242	1,034	1,362	104	336	745	1,057	88	387	823	1,299
Total accrual for loan losses	123	333	1,071	1,527	137	432	792	1,232	123	484	870	1,478

Group (NOKm)	30 June 2021				30 June 2020				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market												
Opening balance	42	107	58	207	32	84	56	172	32	84	56	172
Transfer to (from) stage 1	23	-23	-0	-	16	-15	-0	-0	14	-13	-0	-
Transfer to (from) stage 2	-2	3	-0	-	-2	3	-1	-	0	-0	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-5	5	-0	-1	-2	3	-
Net remeasurement of loss allowances	-21	21	-2	-1	-17	10	10	3	-17	11	11	5
Originations or purchases	11	6	1	18	11	5	0	16	12	15	5	31
Derecognitions	-8	-18	-2	-28	-5	-14	-8	-28	-6	-20	1	-25
Changes due to changed input assumptions	1	4	-2	3	6	37	-1	43	7	33	-6	35
Actual loan losses	-	-	-8	-8	-	-	-7	-7	-	-	-11	-11
Closing balance	46	96	49	190	40	107	54	200	42	107	58	207
Corporate Market												
Opening balance	98	399	845	1,342	71	217	560	849	71	218	560	849
Transfer to (from) stage 1	10	-10	-0	-	10	-10	-0	-	14	-14	-0	-
Transfer to (from) stage 2	-3	3	-0	-	-4	4	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-2	-74	76	-	-0	-2	2	-	-1	0	1	-
Net remeasurement of loss allowances	-18	7	39	28	-9	39	318	348	-2	72	484	555
Originations or purchases	21	14	114	148	24	10	1	35	46	103	3	151
Derecognitions	-12	-90	-11	-113	-18	-43	-1	-62	-26	-93	10	-109
Changes due to changed input assumptions	0	3	-1	3	7	34	-0	41	-2	111	-4	106
Actual loan losses	-	-	-10	-10	-	-	-117	-117	-	-	-209	-209
Closing balance	94	251	1,052	1,398	81	249	763	1,093	98	399	845	1,342
Total accrual for loan losses	140	347	1,101	1,587	120	356	817	1,293	140	507	902	1,549

Accrual for losses on quarantees and unused credit lines

Parent Bank and Group (NOKm)	30 June 2021				30 June 2020				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	27	50	4	81	14	29	57	100	14	29	57	100
Transfer to (from) stage 1	4	-4	-0	-	-	-	-	-	2	-2	-0	-
Transfer to (from) stage 2	-6	6	-	-	2	-2	-0	-	-0	0	-0	-
Transfer to (from) stage 3	-0	-1	1	-	-0	0	-	-	-0	-0	0	-
Net remeasurement of loss allowances	-7	5	-0	-3	-0	-0	0	-	2	16	-54	-36
Originations or purchases	5	3	0	8	-1	17	-0	16	11	8	0	19
Derecognitions	-1	-3	-0	-4	4	0	0	4	-5	-13	-0	-19
Changes due to changed input assumptions	0	1	-	1	-2	-3	-0	-5	3	12	0	16
Actual loan losses	-	-	-	-	2	3	-0	5	-	-	-	-
Closing balance	22	57	3	81	18	45	57	120	27	50	4	81
Of which												
Retail market				2				3				2
Corporate Market				79				117				79

Allowance for losses on loans distributed by sector

Parent bank (NOKm)	30 June 2021				30 June 2020				31 Dec 2020			
	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total
Agriculture and forestry	10	26	2	39	2	25	9	36	2	34	5	41
Fisheries and hunting	3	0	0	4	4	0	-	4	6	2	0	8
Sea farming industries	0	0	0	1	1	1	-	1	2	0	3	5
Manufacturing	6	22	13	41	5	16	3	24	8	25	2	35
Construction, power and water supply	13	8	38	59	10	9	16	35	11	27	17	55
Retail trade, hotels and restaurants	8	26	16	50	10	12	5	27	10	30	17	58
Maritime sector	14	122	717	853	11	125	564	701	10	180	614	804
Property management	18	49	34	101	17	38	37	92	20	56	38	114
Business services	10	15	207	233	9	19	133	161	12	56	142	210
Transport and other services	7	7	9	23	7	7	1	16	8	10	2	19
Public administration	0	-	-	0	-	-	-	-	-	-	-	-
Other sectors	0	1	-	1	-	-	-	-	-	-	-	-
Wage earners	2	54	34	90	-	83	23	106	2	65	31	97
Total provision for losses on loans	91	333	1,071	1,495	75	336	792	1,203	91	484	870	1,446
Loan loss allowance on loans at FVOCI	32	-	-	32	29	-	-	29	32	-	-	32
Total loan loss allowance	123	333	1,071	1,527	104	336	792	1,232	123	484	870	1,478

Group (NOKm)	30 June 2021				30 June 2020				31 Dec 2020			
	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total
Agriculture and forestry	11	28	3	42	3	27	10	39	3	36	5	44
Fisheries and hunting	3	0	0	4	4	0	-	4	6	2	0	8
Sea farming industries	1	1	0	2	1	1	-	2	3	1	3	6
Manufacturing	8	23	18	49	6	19	7	32	10	27	7	44
Construction, power and water supply	16	10	41	67	12	13	17	42	13	31	20	64
Retail trade, hotels and restaurants	9	27	18	54	11	13	10	34	12	31	19	62
Maritime sector	14	122	717	853	11	125	564	701	10	180	614	804
Property management	19	50	34	102	17	38	38	93	20	56	39	115
Business services	11	17	211	239	10	20	134	164	13	57	143	213
Transport and other services	9	9	21	38	9	8	5	23	10	12	10	32
Public administration	0	-	-	0	-	-	-	-	-	-	-	-
Other sectors	0	1	-	1	-	-	-	-	-	-	2	2
Wage earners	7	60	38	105	6	92	31	129	7	73	41	122
Total provision for losses on loans	108	347	1,101	1,556	91	356	817	1,264	108	507	902	1,517
Loan loss allowance on loans at FVOCI	32	-	-	32	29	-	-	29	32	-	-	32
Total loan loss allowance	140	347	1,101	1,587	120	356	817	1,293	140	507	902	1,549

Note 8 - Gross loans

Parent Bank (NOKm)	30 June 2021				30 June 2020				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market												
Opening balance	73,297	4,430	381	78,108	69,045	5,129	487	74,661	69,045	5,129	487	74,661
Transfer to stage 1	1,180	-1,176	-4	-	1,124	-1,112	-12	-	1,050	-1,019	-31	-
Transfer to stage 2	-949	953	-4	-	-1,275	1,353	-78	-	-1,433	1,470	-38	-
Transfer to stage 3	-42	-78	119	-	-40	-111	151	-	-30	-47	77	-
Net increase/decrease amount existing loans	-1,736	-79	-10	-1,826	-1,501	-97	3	-1,595	-2,093	-136	-7	-2,237
New loans	25,651	449	63	26,163	32,341	660	63	33,064	49,001	1,464	111	50,575
Derecognitions	-18,368	-1,061	-99	-19,528	-27,691	-1,485	-118	-29,294	-42,243	-2,429	-196	-44,867
Financial assets with actual loan losses	0	-1	-11	-12	-0	-1	-11	-12	-1	-2	-22	-24
Closing balance	79,009	3,440	434	82,883	72,004	4,336	485	76,825	73,297	4,430	381	78,108
Corporate Market												
Opening balance	35,612	5,975	1,702	43,289	33,190	3,971	1,470	38,632	33,190	3,971	1,470	38,632
Transfer to stage 1	391	-391	-0	-	376	-376	-	-	521	-521	-0	-
Transfer to stage 2	-455	455	-	-	-408	424	-15	-	-2,605	2,614	-9	-
Transfer to stage 3	-42	-813	856	-	-58	-42	100	-	-70	-685	754	-
Net increase/decrease amount existing loans	-266	-81	-541	-888	-1,820	3	55	-1,762	-1,541	-208	38	-1,711
New loans	6,717	372	1,089	8,179	10,100	439	172	10,712	17,141	1,672	328	19,141
Derecognitions	-4,166	-679	-191	-5,036	-6,119	-489	-47	-6,655	-11,046	-753	-862	-12,662
Financial assets with actual loan losses	0	0	-11	-11	0	-111	-11	-122	-2	-111	-19	-132
Closing balance	37,790	4,838	2,904	45,533	35,262	3,819	1,724	40,805	35,587	5,979	1,702	43,268
Fixed interest loans at FV	4,268			4,268	-			4,251	4,285			4,285
Total gross loans at the end of the period	121,067	8,279	3,338	132,684	107,265	8,155	2,209	121,881	113,169	10,409	2,083	125,660

Group (NOKm)	30 June 2021				30 June 2020				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market												
Opening balance	78,206	5,208	453	83,867	73,675	5,924	570	80,169	73,675	5,924	570	80,169
Transfer to stage 1	1,343	-1,339	-4	-	1,290	-1,276	-14	0	1,260	-1,225	-35	-
Transfer to stage 2	-1,152	1,159	-7	-	-1,503	1,593	-90	0	-1,731	1,785	-54	-
Transfer to stage 3	-48	-124	172	-	-47	-150	197	-	-44	-89	133	-
Net increase/decrease amount existing loans	-1,755	-99	-17	-1,871	-1,518	-123	1	-1,640	-2,136	-196	-15	-2,346
New loans	27,231	550	64	27,845	33,695	723	66	34,483	51,383	1,702	119	53,204
Derecognitions	-19,676	-1,246	-114	-21,036	-28,293	-1,575	-150	-30,018	-43,512	-2,624	-239	-46,375
Financial assets with actual loan losses	-0	-1	-11	-12	-443	-55	-15	-513	-689	-70	-25	-784
Closing balance	84,149	4,108	536	88,794	76,855	5,061	564	82,480	78,206	5,208	453	83,867
Corporate Market												
Opening balance	38,107	6,587	1,802	46,496	35,466	4,426	1,539	41,431	35,466	4,426	1,539	41,431
Transfer to stage 1	570	-570	-0	-	445	-444	-0	-	693	-690	-4	-
Transfer to stage 2	-549	553	-4	-	-535	556	-21	-	-2,897	2,909	-11	-
Transfer to stage 3	-51	-836	887	-	-71	-65	136	-	-107	-695	801	-
Net increase/decrease amount existing loans	-333	-94	-547	-973	-1,716	-13	58	-1,671	-1,589	-265	34	-1,819
New loans	7,456	399	1,089	8,944	10,654	542	174	11,370	18,238	1,875	349	20,462
Derecognitions	-4,583	-784	-216	-5,583	-6,492	-554	-64	-7,110	-11,287	-815	-883	-12,985
Financial assets with actual loan losses	0	0	-11	-11	0	-111	-11	-122	-410	-159	-24	-593
Balance at 31 December	40,618	5,255	3,000	48,873	37,750	4,336	1,811	43,897	38,107	6,587	1,802	46,496
Closing balance												
Fixed interest loans at FV	4,268			4,268	-			4,251	4,285	-	-	4,285
Total gross loans at the end of the period	129,035	9,363	3,537	141,935	114,606	9,397	2,375	130,627	120,598	11,794	2,255	134,648

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2020	30 June 2020	30 June 2021		30 June 2021	30 June 2020	31 Dec 2020
2,269	2,410	2,587	Agriculture and forestry	2,587	2,410	2,269
1,210	1,001	1,090	Fisheries and hunting	1,090	1,001	1,210
1,305	1,164	1,414	Sea farming industries	1,414	1,164	1,305
1,796	1,630	1,963	Manufacturing	1,963	1,630	1,796
3,799	3,105	4,766	Construction, power and water supply	4,766	3,105	3,799
5,461	3,789	4,985	Retail trade, hotels and restaurants	4,985	3,789	5,461
1,182	988	982	Maritime sector	982	988	1,182
5,821	5,962	6,369	Property management	6,313	5,890	5,750
9,286	8,752	10,094	Business services	10,094	8,752	9,286
8,930	8,970	9,354	Transport and other services provision	8,950	8,597	8,518
12,711	12,809	17,644	Public administration	17,644	12,809	12,711
3,795	3,311	5,328	Other sectors	5,169	3,173	3,641
57,566	53,889	66,575	Total	65,955	53,307	56,928
40,600	40,982	44,178	Wage earners	44,178	40,982	40,600
98,166	94,871	110,753	Total deposits	110,133	94,289	97,529

Note 10 - Net interest income

Parent bank					Group					
First half					First half					
2020	2Q 20	2Q 21	2020	2021	(NOKm)	2021	2020	2Q 21	2Q 20	2020
					Interest income					
171	50	29	117	64	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	17	33	6	12	42
1,584	370	400	800	785	Interest income from loans to and claims on customers (amortised cost)	1,041	1,070	529	506	2,120
1,519	366	314	871	624	Interest income from loans to and claims on customers (FVOCI)	631	879	318	370	1,534
129	32	29	65	59	Interest income from loans to and claims on customers (FVPL)	59	65	29	32	129
349	105	70	221	138	Interest income from money market instruments, bonds and other fixed income securities	136	220	70	105	346
-	-	-	-	-	Other interest income	12	14	6	7	27
3,752	924	843	2,074	1,669	Total interest income	1,897	2,280	958	1,031	4,197
					Interest expense					
84	18	3	63	14	Interest expenses on liabilities to credit institutions	15	70	3	18	92
731	190	117	491	242	Interest expenses relating to deposits from and liabilities to customers	239	482	115	187	719
484	122	107	270	211	Interest expenses related to the issuance of securities	211	271	107	122	484
48	12	8	32	16	Interest expenses on subordinated debt	17	33	9	13	50
8	5	6	23	4	Other interest expenses	10	14	9	9	25
67	16	17	16	38	Guarantee fund levy	38	35	17	16	67
1,423	363	258	895	525	Total interest expense	531	905	260	365	1,439
2,329	561	586	1,179	1,144	Net interest income	1,366	1,376	698	666	2,759

Note 12 - Operating expenses

Parent bank					Group					
2020	2Q 20	2Q 21	First half		(NOKm)	First half		2Q 21	2Q 20	2020
			2020	2021		2021	2020			
246	63	67	126	130	IT costs	177	170	90	85	334
15	5	3	9	5	Postage and transport of valuables	6	11	4	6	19
52	12	12	28	26	Marketing	37	41	17	16	73
102	25	25	52	49	Ordinary depreciation	93	81	40	39	164
39	10	10	17	23	Operating expenses, real properties	33	24	15	15	62
150	39	39	77	69	Purchased services	108	105	61	54	217
140	30	31	67	61	Other operating expense	81	90	43	38	186
744	185	186	375	364	Total other operating expenses	534	522	269	254	1,054

Note 13 - Net return on financial investments

Parent Bank					Group					
2020	2Q 20	2Q 21	First half		(mill kr)	First half		2Q 20	2020	
			2020	2021		2021	2020			
					Valued at fair value through profit/loss					
-74	31	-71	65	-199	Value change in interest rate instruments	-121	175	-38	123	103
					Value change in derivatives/hedging					
1	2	2	-3	-9	Net value change in hedged bonds and derivatives	-9	-3	2	2	1
-11	45	2	-11	12	Net value change in hedged fixed rate loans and derivatives	12	-11	2	45	-11
32	51	31	-97	137	Other derivatives	165	-77	39	58	59
					Income from equity instruments					
					Income from owner interests	340	394	212	177	681
492	338	635	411	709	Dividend from owner instruments	-	-	-	-	-
-15	-	-2	-3	-5	Value change and gain/loss on owner instruments	-2	-3	-2	0	-9
36	2	-37	5	3	Dividend from equity instruments	21	10	17	2	39
-1	33	14	11	8	Value change and gain/loss on equity instruments	126	-3	24	36	5
460	503	574	377	654	Total net income from financial assets and liabilities at fair value through profit/(loss)	531	482	256	444	868
					Valued at amortised cost					
					Value change in interest rate instruments					
-6	-1	-1	-5	-2	Value change in interest rate instruments held to maturity	-2	-5	-1	-1	-6
-6	-1	-1	-5	-2	Total net income from financial assets and liabilities at amortised cost	-2	-5	-1	-1	-6
89	6	15	72	31	Total net gain from currency trading	31	72	15	6	89
542	507	588	445	684	Total net return on financial investments	560	549	270	448	951

Note 14 - Other assets

Parent Bank		Group				
31 Dec 2020	30 June 2020	30 June 2021	(NOKm)	30 June 2021	30 June 2020	31 Dec 2020
-	-	-	Deferred tax asset	98	154	129
67	79	84	Fixed assets	209	213	194
298	327	278	Right to use assets	470	463	470
135	110	98	Earned income not yet received	157	148	185
11	1,169	296	Accounts receivable, securities	1,841	1,605	678
112	83	112	Pension assets	112	83	112
340	321	471	Other assets	763	668	690
963	2,089	1,339	Total other assets	3,650	3,335	2,457

Note 15 - Other liabilities

Parent Bank			(NOKm)	Group		
31 Dec 2020	30 June 2020	30 June 2021		30 June 2021	30 June 2020	31 Dec 2020
8	32	8	Deferred tax	81	98	81
322	218	195	Payable tax	266	298	408
11	10	11	Capital tax	11	10	11
			Accrued expenses and received, non-accrued			
101	-6	55	income	634	321	671
301	264	336	Provision for accrued expenses and commitments	336	264	301
81	120	81	Losses on guarantees and unutilised credits	81	120	81
10	11	10	Pension liabilities	10	11	10
303	331	285	Lease liabilities	481	468	479
74	61	78	Drawing debt	78	61	74
3	4	1	Creditors	60	62	45
13	2,668	276	Debt from securities	1,515	3,006	568
-	-	-	Equity Instruments	87	125	-
239	523	483	Other liabilities	614	615	355
1,466	4,237	1,820	Total other liabilities	4,254	5,459	3,084

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

Group

Change in securities debt (NOKm)	31 Dec 2020	Issued	Fallen due/ Redeemed	Other changes	30 June 2021
Certificate, nominal value	341	-	368	28	-
Bond debt, nominal value	39,819	5,367	5,193	-1,179	38,813
Senior non preferred, nominal value	1,000	1,500	-	-4	2,496
Value adjustments	569	-	-	-399	169
Accrued interest	191	-	-	-25	166
Total	41,920	6,867	5,561	-1,580	41,645

Change in subordinated debt and hybrid equity (NOKm)	31 Dec 2020	Issued	Fallen due/ Redeemed	Other changes	30 June 2021
Ordinary subordinated loan capital, nominal value	1,793	-	-	-	1,793
Hybrid equity, nominal value	-	-	-	-	-
Value adjustments	-	-	-	-	-
Accrued interest	3	-	-	-0	2
Total	1,795	-	-	-0	1,795

Note 17 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

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

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

Level 2: Valuation based on observable market data

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

Level 3: Valuation based on other than observable data

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

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2021:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	2	4,316	-	4,317
- Bonds and money market certificates	2,375	26,001	-	28,376
- Equity instruments	1,458	14	526	1,998
- Fixed interest loans	-	43	4,226	4,268
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	79,691	79,691
Total assets	3,834	30,373	84,443	118,651
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	1	3,894	-	3,895
- Equity instruments	87	-	-	87
Total liabilities	88	3,894	-	3,982

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

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	0	10,069	-	10,069
- Bonds and money market certificates	2,635	26,320	-	28,955
- Equity instruments	1,137	113	422	1,673
- Fixed interest loans	-	43	4,214	4,256
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	73,516	73,516
Total assets	3,772	36,545	78,152	118,469
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	6	8,638	-	8,644
- Equity instruments	125	-	-	125
Total liabilities	131	8,638	-	8,769

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

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

The following table presents the changes in the instruments classified in level 3 as at 30 June 2021:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	432	4,242	74,761	79,435
Investment in the period	11	555	23,838	24,404
Disposals in the period	-2	-523	-18,918	-19,443
Expected credit loss	-	-	9	9
Gain or loss on financial instruments	85	-48	1	38
Closing balance	526	4,226	79,691	84,443

The following table presents the changes in the instruments classified in level 3 as at 30 June 2020:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	405	4,636	71,336	76,377
Investment in the period	13	216	30,795	31,025
Disposals in the period	-13	-761	-28,583	-29,357
Expected credit loss	-	-	-37	-37
Gain or loss on financial instruments	17	123	6	145
Closing balance	422	4,214	73,516	78,152

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

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	405	4,636	71,336	76,377
Investment in period	48	731	47,183	47,962
Disposals in the period	-14	-1,206	-43,754	-44,973
Expected credit loss	-	-	-13	-13
Gain or loss on financial instruments	-7	81	7	81
Closing balance 31 December	432	4,242	74,761	79,435

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

Fixed interest loans to customers (level 3)

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

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

Property Loans at floating interest classified at fair value over other comprehensive income is valued based on nominal amount reduced by expected credit loss. Loans with no significant credit risk deterioration since first recognition is assessed at nominal amount. For loans with a significant increase in credit risk since first recognition or objective evidence of loss, the calculation of expected credit losses over the life of the asset is in line with loan losses for loans at amortised cost. Estimated fair value is the nominal amount reduced by expected lifetime credit loss. If the likelihood of the worst case scenario in the model is doubled, fair value is reduced by NOK 6 million.

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

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

Equity instruments (level 3)

Shares that are classified to level 3 include essentially investments in unquoted shares. Among other a total of NOK 437 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank SMN 1 Invest. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions.

Financial derivatives (level 2)

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

Sensitivity analyses, level 3 as at 30 June 2021:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	4,226	-12
Equity instruments through profit/loss*	526	-
Loans at fair value through other comprehensive income	79,691	-6

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

Note 18 - Liquidity risk

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

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

The average residual maturity on debt created by issue of securities at the end of the first half year 2021 was 3.9 years. The overall LCR at the same point was 184 per cent and the average overall LCR in the second quarter was 181 per cent. The LCR in Norwegian kroner and euro at quarter-end was 176 and 267 per cent respectively.

Note 19 - Earnings per Equity Capital Certificate

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)	First half		
	2021	2020	2020
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	1,395	915	1,793
Allocated to ECC Owners 2)	892	585	1,147
Issues Equity Capital Certificates adjusted for own certificates	129,324,795	129,303,137	129,347,626
Earnings per Equity Capital Certificate	6.90	4.53	8.87

1) Adjusted Net Profit	First half		
	2021	2020	2020
Net Profit for the group	1,523	1,008	1,978
adjusted for non-controlling interests share of net profit	-98	-55	-126
Adjusted for Tier 1 capital holders share of net profit	-30	-38	-59
Adjusted Net Profit	1,395	915	1,793

2) Equity capital certificate ratio (parent bank) (NOKm)	30 June 2021	30 June 2020	31 Dec 2020
ECC capital	2,597	2,597	2,597
Dividend equalisation reserve	6,556	6,338	6,556
Premium reserve	895	895	895
Unrealised gains reserve	153	121	153
Other equity capital	-0	-28	-
A. The equity capital certificate owners' capital	10,201	9,923	10,201
Ownerless capital	5,664	5,541	5,664
Unrealised gains reserve	86	68	86
Other equity capital	-0	-16	-
B. The saving bank reserve	5,750	5,593	5,750
To be disbursed from gift fund	226	-	321
Dividend declared	401	-	569
Equity ex. profit	16,578	15,517	16,842
Equity capital certificate ratio A/(A+B)	64.0 %	64.0 %	64.0 %
Equity capital certificate ratio for distribution	64.0 %	64.0 %	64.0 %