

Notes

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Note 1 - Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS) approved by EU, including IAS 34, Interim Financial Reporting. The quarterly accounts do not include all the information required in a complete set of annual financial statements and should be read in conjunction with the annual accounts for 2021. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts.

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

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

Losses on loans and guarantees

For a detailed description of the Bank's model for expected credit losses, refer to note 2 and 3 in the annual accounts for 2021.

In 2020 and 2021 a number of changes were made in inputs to the bank's credit loss model in light of the increased uncertainty triggered by the Covid-19 situation. In the present quarter, increased macroeconomic uncertainty due to the war in Ukraine, a strong increase in energy and commodity prices, supply chain challenges and prospects of lasting higher inflation and interest rate levels have made the assessments extra demanding. The supervisory authorities have underscored the importance of focusing on the expected long-term effects of the crisis, and this has been the focus in the bank's assessments.

In 2020 the bank revised its assumptions for the baseline scenario in a negative direction. This was continued through 2021. The bank's exposure to the hotel and tourism industry, including commercial property with revenues deriving mainly from that industry, was hived off into a separate portfolio with its own assessments of PD and LGD trajectories and separate scenarios and weighting of the latter to reflect the portfolio's vulnerability to the effects of Covid. In addition, the entire portfolio was assigned to stage 2 or 3.

The key assumptions per scenario are projected trajectories for the probability of default (PD) and loss given default (LGD) along with a probability weighting for the individual scenario. In the assessments for 2020/2021, expected effects of the Covid pandemic were linked to debtors who were in a demanding position prior to the crisis – typically debtors in stage 2. We therefore chose to increase the trajectories for PD and LGD as well as reduce expected payments in the baseline scenario especially for year 2 onwards since this will mainly affect expected losses for stage 2 debtors. To allow for migration to stage 2, the PD and LGD estimates were also increased in the first year. In addition, an assumption of no first-year repayments is made for all portfolios in the downside scenario. However, experience shows the effects of the Covid pandemic to be significantly smaller than expected owing to the government measures put in place, and we no longer see a basis for add-ons to the baseline trajectories due to the Covid pandemic.

The scenario weighting applied was also revised in 2020 to reflect a further increase in uncertainty. For business and industry including offshore, along with agriculture, the downside scenario was revised from a 10 per cent probability weighting to a weighting of 20 per cent probability. For the personal market the weighting of the downside scenario was revised from 10 to 15 per cent. In the first quarter of 2022 the downside scenario weighting was increased further in the agriculture and 'other corporate' (corporate exc. offshore and hotels /tourism) portfolios to 25 per cent to take into account increased uncertainty due to the war in Ukraine and generally greater uncertainty with regard to future economic growth.

The effect of the revision of assumptions in 2022 is shown in the line "Changes due to changed input assumptions in the credit loss model" in note 7. Removal of the add-on in the baseline scenario for the corporate portfolio (with the exception of hotels/tourism and offshore where special assumptions are employed) pulls in the direction of reduced write-downs, while increased weight given to a low scenario pulls in the opposite direction. Altogether this amounts to NOK 59 million for the bank and NOK 63 million for the group in terms of reduced write-downs.

Sensitivity

The first part of the table below show total calculated expected credit loss as of 31 mars 2022 in each of the three scenarios, distributed in the portfolios Retail Market, Corporate Market and offshore, tourism and agriculture, which adds up to parent bank. In addition the subsidiary SpareBank 1 Finans Midt-Norge is included. ECL for the parent bank and the subsidiary is summed up in the column "Group".

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

If the downside scenario's probability were doubled at the expense of the baseline scenario at the end of March 2022, this would have entailed an increase in loss provisions of NOK 355 million for the parent bank and NOK 363 million for the group.

	CM (excl offshore and agriculture)					Total parent	SB 1 Finans MN Group	
	RM	Offshore	Tourism	Agriculture				
ECL base case	412	64	408	30	29	943	51	994
ECL worst case	1,025	278	1,037	90	130	2,560	133	2,693
ECL best case	360	31	326	12	18	746	34	780
	-							
ECL with scenario weights used 80/10/10	-	-	-	-	-	-	57	57
ECL with scenario weights used 60/25/15	558	-	-	-	53	610	-	610
ECL with scenario weights used 65/20/15	-	-	521	-	-	521	-	521
ECL with scenario weights used 60/30/10	-	-	-	46	-	46	-	46
ECL with scenario weights used 70/15/15	-	91	-	-	-	91	-	91
Total ECL used	558	91	521	46	53	1,269	57	1,326
ECL alternative scenario weights 70/20/10	-	-	-	-	-	-	65	65
ECL alternative scenario weights 35/50/15	711	-	-	-	78	789	-	789
ECL alternative scenario weights 45/40/15	-	-	647	-	-	647	-	647
ECL alternative scenario weights 30/60/10	-	-	-	64	-	64	-	64
ECL alternative scenario weights 55/30/15	-	123	-	-	-	123	-	123
Total ECL alternative weights	711	123	647	64	78	1,623	65	1,688
Change in ECL if alternative weights were used	153	32	126	18	25	355	8	363

The Tourism portfolio includes commercial real estate with more than 50% of the income from actors in hotels and tourism companies.

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 about double the ECL than in the expected scenario. Applied scenario weighting gives about 30 percent higher ECL than in the expected scenario.

Note 3 - Account by business line

For the subsidiaries the figures refer to the respective company accounts, while for 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 March 22

Profit and loss account (NOKm)	RM	CM	SB1		SB 1		Other*	Uncollated	Total
			Markets	EM 1	Finans MN	Regnskaps- huset SMN			
Net interest	287	309	1	1	111	0	-	50	758
Interest from allocated capital	25	22	-	-	-	-	-	-47	-
Total interest income	313	330	1	1	111	0	-	3	758
Comission income and other income	203	72	153	94	-25	166	-	-26	637
Net return on financial investments (**)	-0	2	23	-	-	-	62	149	235
Total income	515	404	177	95	86	166	62	125	1,630
Total operating expenses	248	124	138	81	28	143	-	-1	762
Ordinary operating profit	266	280	39	14	57	23	62	126	868
Loss on loans, guarantees etc.	-7	3	-	-	4	-	-	-0	-0
Result before tax including held for sale	274	277	39	14	53	23	62	126	868

Group 31 March 21

Profit and loss account (NOKm)	RM	CM	SB1		SB 1		Other*	Uncollated	Total
			Markets	EM 1	Finans MN	Regnskaps- huset SMN			
Net interest	268	270	-5	0	113	0	-	23	668
Interest from allocated capital	9	3	-	-	-	-	-	-12	-
Total interest income	276	273	-5	0	113	0	-	11	668
Comission income and other income	219	59	302	103	-22	155	-	-27	790
Net return on financial investments (**)	0	5	37	10	-	-	128	110	289
Total income	496	337	335	114	91	155	128	93	1,748
Total operating expenses	228	107	217	93	29	128	-	-6	796
Ordinary operating profit	268	230	118	21	62	27	128	-58	796
Loss on loans, guarantees etc.	-12	62	-	-	7	-	-	1	59
Result before tax including held for sale	280	167	118	21	55	27	128	98	893

Group 31 December 21

Profit and loss account (NOKm)	RM	CM	SB1		SB 1		Other*	Uncollated	Total
			Markets	EM 1	Finans MN	Regnskaps- huset SMN			
Profit and loss account (NOKm)	1,128	1,106	-7	2	450	0	-	117	2,796
Net interest	37	14	-	-	-	-	-	-52	-
Interest from allocated capital	1,165	1,120	-7	2	450	0	-	66	2,796
Total interest income	906	251	782	441	-90	562	-	-20	2,832
Comission income and other income	2	15	126	10	4	-	705	164	1,026
Net return on financial investments (**)	2,074	1,386	901	453	364	562	705	210	6,655
Total income	916	446	647	382	141	477	-	-16	2,993
Total operating expenses	1,157	940	254	71	224	85	705	226	3,662
Ordinary operating profit	-10	145	-	-	25	-	-	1	161
Loss on loans, guarantees etc.	1,167	795	254	71	198	85	705	225	3,501

*) Specification of other (NOKm)	31 March 22	31 March 21	31 Dec 21
SpareBank 1 Gruppen	13	67	471
SpareBank 1 Boligkreditt	-5	4	16
SpareBank 1 Næringskreditt	-0	3	7
BN Bank	49	40	164
SpareBank 1 Kredittkort	3	0	13
SpareBank 1 Betaling	-5	-1	-15
SpareBank 1 Forvaltning	8	-	32
Other companies	-1	14	17
Income from investment in associates and joint ventures	62	128	705

Note 4 - Capital adequacy

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

As of 31 March 2022 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. From 30 April 2022, SpareBank 1 SMN has received a new Pillar 2 requirement. The rate of 1.9 per cent is unchanged, but in addition the bank must have an additional 0.7 per cent in Pillar 2 requirements until the application for adjusting IRB-models has been processed. The Norwegian countercyclical buffer will rise to 1.5 per cent with effect from 30 June 2022, and to 2.0 per cent from 31 December 2022.

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 March 2022 an adjustment was made in both the parent bank and the group to bring the average risk weight up to 20 per cent. This is presented in the note together with 'mass market exposure, property' under 'credit risk IRB'.

The systemic risk buffer stands at 4.5 per cent for the Norwegian exposures. For exposures in other countries, the particular country's systemic buffer rate shall be employed. As of 31 March 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 first quarter of 2022 both the parent bank and the group is below the capital deduction threshold such that the Norwegian rate is applied to all relevant exposures.

Parent Bank				Group		
31 Dec 2021	31 March 2021	31 March 2022	(NOKm)	31 March 2022	31 March 2021	31 Dec 2021
19,356	18,259	18,275	Total book equity	22,439	21,734	23,241
-1,250	-1,231	-1,230	Additional Tier 1 capital instruments included in total equity	-1,271	-1,273	-1,293
-458	-511	-457	Deferred taxes, goodwill and other intangible assets	-957	-1,027	-961
-1,517	-627	-	Deduction for allocated dividends and gifts	-	-627	-1,517
-	-	-	Non-controlling interests recognised in other equity capital	-1,005	-891	-989
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	579	489	568
-	-450	-459	Net profit	-698	-768	-
-	57	100	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	338	374	-
-41	-43	-46	Value adjustments due to requirements for prudent valuation	-62	-56	-56
-495	-263	-469	Positive value of adjusted expected loss under IRB Approach	-529	-292	-560
-	-	-	Cash flow hedge reserve	-2	8	3
-202	-186	-202	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-603	-629	-648
15,393	15,005	15,513	Common equity Tier 1 capital	18,229	17,042	17,790
1,250	1,250	1,250	Additional Tier 1 capital instruments	1,616	1,595	1,581
-48	-	-47	Deduction for significant investments in financial institutions	-47	-	-48
16,595	16,255	16,715	Tier 1 capital	19,797	18,636	19,322
			Supplementary capital in excess of core capital			
1,750	1,750	1,750	Subordinated capital	2,258	2,259	2,226
-214	-154	-217	Deduction for significant investments in financial institutions	-217	-154	-214
1,536	1,596	1,533	Additional Tier 2 capital instruments	2,041	2,105	2,011
18,130	17,851	18,249	Total eligible capital	21,839	20,741	21,333

Minimum requirements subordinated capital						
1,049	1,112	1,157	Specialised enterprises	1,376	1,292	1,248
1,016	982	1,052	Corporate	1,072	992	1,030
1,400	1,463	1,356	Mass market exposure, property	2,374	2,218	2,384
93	100	101	Other mass market	104	102	95
1,000	1,025	1,008	Equity positions IRB	1	1	1
4,558	4,682	4,674	Total credit risk IRB	4,927	4,606	4,758
3	3	3	Central government	4	5	4
106	107	97	Covered bonds	144	146	133
398	485	421	Institutions	301	336	299
1	-	1	Local and regional authorities, state-owned enterprises	20	28	29
188	32	139	Corporate	401	270	432
7	18	4	Mass market	485	484	466
25	12	33	Exposures secured on real property	123	131	128
279	272	279	Equity positions	495	428	521
92	89	65	Other assets	125	159	142
1,098	1,018	1,041	Total credit risk standardised approach	2,098	1,986	2,154
35	43	52	Debt risk	54	44	36
-	-	-	Equity risk	30	9	34
-	-	-	Currency risk and risk exposure for settlement/delivery	2	1	1
433	421	433	Operational risk	809	772	817
26	32	28	Credit value adjustment risk (CVA)	67	153	93
6,150	6,196	6,228	Minimum requirements subordinated capital	7,988	7,571	7,893
76,873	77,455	77,846	Risk weighted assets (RWA)	99,847	94,633	98,664
3,459	3,485	3,503	Minimum requirement on CET1 capital, 4.5 per cent	4,493	4,258	4,440
Capital Buffers						
1,922	1,936	1,946	Capital conservation buffer, 2.5 per cent	2,496	2,366	2,467
3,459	3,485	3,503	Systemic risk buffer, 4.5 per cent	4,493	4,258	4,440
769	775	778	Countercyclical buffer, 1.0 per cent	998	946	987
6,150	6,196	6,228	Total buffer requirements on CET1 capital	7,988	7,571	7,893
5,784	5,323	5,782	Available CET1 capital after buffer requirements	5,748	5,212	5,457
Capital adequacy						
20.0 %	19.4 %	19.9 %	Common equity Tier 1 capital ratio	18.3 %	18.0 %	18.0 %
21.6 %	21.0 %	21.5 %	Tier 1 capital ratio	19.8 %	19.7 %	19.6 %
23.6 %	23.0 %	23.4 %	Capital ratio	21.9 %	21.9 %	21.6 %
Leverage ratio						
191,697	181,720	193,702	Balance sheet items	275,296	258,536	269,857
10,782	8,793	9,942	Off-balance sheet items	11,167	9,568	11,341
-1,042	-817	-1,020	Regulatory adjustments	-2,062	-1,844	-2,110
201,437	189,696	202,624	Calculation basis for leverage ratio	284,401	266,260	279,088
16,595	16,255	16,715	Core capital	19,797	18,636	19,322
8.2 %	8.6 %	8.2 %	Leverage Ratio	7.0 %	7.0 %	6.9 %

Note 5 - Distribution of loans by sector/industry

Parent Bank				Group		
31 Dec 2021	31 March 2021	31 March 2022	(NOKm)	31 March 2022	31 March 2021	31 Dec 2021
9,433	9,134	9,446	Agriculture and forestry	9,807	9,568	9,783
5,853	5,344	7,069	Fisheries and hunting	7,086	5,362	5,870
1,926	2,005	1,949	Sea farming industries	2,194	2,268	2,176
2,151	2,326	2,259	Manufacturing	2,856	2,848	2,766
3,169	3,080	3,287	Construction, power and water supply	4,266	4,016	4,124
2,572	2,537	2,783	Retail trade, hotels and restaurants	3,212	2,832	2,966
4,715	4,822	5,067	Maritime sector	5,067	4,822	4,715
16,924	16,512	17,468	Property management	17,570	16,595	17,044
4,497	3,641	4,649	Business services	5,207	3,434	4,990
5,714	5,377	5,500	Transport and other services provision	6,448	6,298	6,667
2	2	2	Public administration	32	29	34
1,383	1,746	1,280	Other sectors	1,223	1,757	1,325
58,337	56,525	60,759	Gross loans in Corporate market	64,966	59,830	62,458
126,828	119,780	128,673	Wage earners	134,998	125,512	132,894
185,165	176,305	189,432	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	199,965	185,342	195,353
46,650	46,337	51,233	of which SpareBank 1 Boligkreditt	51,233	46,337	46,650
1,402	1,533	1,709	of which SpareBank 1 Næringskreditt	1,709	1,533	1,402
137,113	128,435	136,490	Gross loans in balance sheet	147,023	137,471	147,301
1,250	1,380	1,098	- Loan loss allowance on amortised cost loans	1,162	1,451	1,313
97	101	87	- Loan loss allowance on loans at FVOCI	87	101	97
135,766	126,954	135,306	Net loans to and receivables from customers	145,773	135,919	145,890

Note 6 - Losses on loans and guarantees

Parent Bank (NOKm)	Jan-March								
	2022			2021			2021		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses for the period	-6	-13	-18	-13	62	49	-11	39	27
Actual loan losses on commitments exceeding provisions made	1	18	19	2	1	3	10	107	117
Recoveries on commitments previously written-off	-2	-3	-5	-1	-0	-1	-9	-1	-10
Losses for the period on loans and guarantees	-7	3	-4	-12	63	51	-10	145	134

Group (NOKm)	Jan-March								
	2022			2021			2021		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses for the period	-5	-12	-16	-11	61	50	-20	50	30
Actual loan losses on commitments exceeding provisions made	2	20	22	6	4	10	30	112	142
Recoveries on commitments previously written-off	-2	-3	-5	-1	-0	-2	-9	-3	-12
Losses for the period on loans and guarantees	-5	5	-0	-7	65	59	1	159	161

Note 7 - Losses

Parent Bank (NOKm)	1 Jan 22	Change in provision	Net write-offs/ recoveries	31 March 22
Loans as amortised cost- CM	1,298	-13	-149	1,137
Loans as amortised cost- RM	31	6	-4	32
Loans at fair value over OCI- RM	128	-11	-	116
Loans at fair value over OCI- CM	1	-0	-	1
Provision for expected credit losses on loans and guarantees	1,458	-18	-153	1,286
Presented as				
Provision for loan losses	1,348	-10	-153	1,185
Other debt- provisions	79	-7	-	71
Other comprehensive income - fair value adjustment	31	-1	-	30

Parent Bank (NOKm)	1 Jan 21	Change in provision	Net write-offs/ recoveries	31 Mar 21
Loans as amortised cost- CM	1,377	57	-5	1,429
Loans as amortised cost- RM	35	7	-10	32
Loans at fair value over OCI- RM	147	-15	-	132
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,559	49	-14	1,594
Presented as				
Provision for loan losses	1,446	49	-14	1,481
Other debt- provisions	81	0	-	81
Other comprehensive income - fair value adjustment	32	-1	-	31

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

Group (NOKm)	1 Jan 22	Change in provision	Net write-offs/ recoveries	31 March 22
Loans as amortised cost- CM	1,343	-12	-149	1,182
Loans as amortised cost- RM	49	7	-4	51
Loans at fair value over OCI- RM	128	-11	-	116
Loans at fair value over OCI- CM	1	-0	-	1
Provision for expected credit losses on loans and guarantees	1,520	-17	-153	1,351
Presented as				
Provision for loan losses	1,410	-8	-153	1,249
Other debt- provisions	79	-7	-	71
Other comprehensive income - fair value adjustment	31	-1	-	30

Group (NOKm)	1 Jan 21	Change in provision	Net write-offs/ recoveries	31 Mar 21
Loans as amortised cost- CM	1,421	57	-6	1,472
Loans as amortised cost- RM	62	8	-10	61
Loans at fair value over OCI- RM	147	-15	-	132
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,630	51	-15	1,665
Presented as				
Provision for loan losses	1,517	51	-15	1,553
Other debt- provisions	81	0	-	81
Other comprehensive income - fair value adjustment	32	-1	-	31

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

Accrual for losses on loans

Parent Bank (NOKm)	31 March 2022				31 March 2021				31 Dec 2021			
	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	39	82	36	156	35	97	47	180	35	97	47	180
Transfer to (from) stage 1	15	-15	-0	-	16	-16	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-1	1	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-3	3	-	-1	-6	7	-
Net remeasurement of loss allowances	-16	12	0	-4	-15	17	-11	-10	-22	24	-3	-1
Originations or purchases	5	4	1	10	5	2	0	8	19	17	1	37
Derecognitions	-3	-8	-2	-13	-4	-11	-1	-15	-12	-32	-4	-48
Changes due to changed input assumptions	-0	2	-2	0	1	3	-	4	1	-0	-	1
Actual loan losses	0	0	-4	-4	-	-	-5	-5	0	0	-12	-12
Closing balance	38	74	34	146	37	91	34	162	39	82	36	156
Corporate Market												
Opening balance	84	268	871	1,223	88	387	823	1,299	88	387	823	1,299
Transfer to (from) stage 1	20	-20	-0	-	7	-7	-0	-	15	-15	-	-
Transfer to (from) stage 2	-2	2	-	-	-2	2	-	-	-5	5	-	-
Transfer to (from) stage 3	-1	-3	4	-	-2	-78	81	-	-2	-26	28	-
Net remeasurement of loss allowances	38	19	-12	45	-9	13	50	54	-26	26	38	39
Originations or purchases	25	8	2	35	13	1	4	18	32	21	100	153
Derecognitions	-6	-10	-15	-31	-5	-9	-1	-15	-20	-145	-1	-166
Changes due to changed input assumptions	-55	-6	6	-54	1	4	-	6	1	14	-	15
Actual loan losses	-	-	-149	-149	-	-	-10	-10	-	-	-117	-117
Closing balance	104	258	708	1,069	91	312	948	1,351	84	268	871	1,223
Total accrual for loan losses	142	332	741	1,215	128	403	981	1,512	123	350	907	1,379

Group (NOKm)	31 March 2022				31 March 2021				31 Dec 2021			
	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	45	89	40	174	42	107	58	207	42	107	58	207
Transfer to (from) stage 1	16	-16	-0	-	17	-17	-0	-	22	-22	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-1	1	-0	-	-2	3	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-5	5	-	-1	-7	8	-
Net remeasurement of loss allowances	-16	15	1	-1	-16	19	-9	-6	-23	26	-1	2
Originations or purchases	7	5	1	12	6	3	2	11	22	20	1	43
Derecognitions	-4	-8	-2	-14	-4	-12	-3	-19	-14	-37	-9	-60
Changes due to changed input assumptions	-1	2	-3	-2	1	2	-1	2	-0	-2	-4	-5
Actual loan losses	-	-	-4	-4	-	-	-5	-5	-	-	-12	-12
Closing balance	45	82	38	165	43	99	48	190	45	89	40	174
Corporate Market												
Opening balance	94	278	896	1,268	98	399	845	1,342	98	399	845	1,342
Transfer to (from) stage 1	21	-21	-0	-	8	-8	0	-	20	-20	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-2	2	-	-	-7	7	-0	-
Transfer to (from) stage 3	-1	-3	4	-	-2	-79	82	-	-2	-27	29	-
Net remeasurement of loss allowances	39	20	-11	48	-10	14	53	57	-29	31	42	44
Originations or purchases	27	8	2	37	15	1	4	20	35	23	112	169
Derecognitions	-6	-11	-16	-33	-5	-10	-2	-16	-21	-146	-2	-169
Changes due to changed input assumptions	-55	-7	6	-56	-0	3	-1	2	-2	12	-2	9
Actual loan losses	-	-	-149	-149	-	-	-10	-10	-	-	-128	-128
Closing balance	115	268	732	1,115	101	322	971	1,394	94	278	896	1,268
Total accrual for loan losses	160	350	770	1,279	145	421	1,019	1,584	138	367	936	1,442

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	31 March 2022				31 March 2021				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	19	55	5	79	27	50	4	81	27	50	4	81
Transfer to (from) stage 1	1	-1	-0	-	3	-3	-0	-	6	-6	-0	-
Transfer to (from) stage 2	-0	0	-0	-	-6	6	-	-	-7	7	-	-
Transfer to (from) stage 3	-0	-0	0	-	-0	-1	1	-	-0	-1	1	-
Net remeasurement of loss allowances	2	-5	0	-2	-6	6	-1	-1	-9	4	0	-4
Originations or purchases	5	1	0	6	3	1	0	4	7	4	0	11
Derecognitions	-1	-5	-0	-6	-1	-2	-0	-3	-6	-5	-0	-11
Changes due to changed input assumptions	-5	-1	0	-5	0	1	-	1	0	2	-	2
Actual loan losses	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	21	45	5	71	20	57	4	81	19	55	5	79
Of which												
Retail market				3				3				2
Corporate Market				68				79				76

Provision for credit losses specified by industry

Parent Bank (NOKm)	31 March 2022				31 March 2021				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	2	31	8	41	2	23	2	27	2	31	6	39
Fisheries and hunting	9	10	0	19	8	2	0	10	6	7	0	13
Sea farming industries	1	0	1	2	4	0	0	4	1	0	0	2
Manufacturing	5	31	11	47	7	20	9	36	5	36	15	56
Construction, power and water supply	13	14	8	35	11	12	37	60	13	16	14	43
Retail trade, hotels and restaurants	10	28	11	49	9	26	16	51	8	28	11	46
Maritime sector	22	109	409	539	14	190	657	862	14	118	555	687
Property management	24	45	30	99	20	49	34	102	20	50	36	105
Business services	14	14	221	249	12	12	194	218	13	12	222	247
Transport and other services	7	8	18	33	8	10	1	19	7	6	17	30
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	0	0	-	0	1	1	-	1	0	0	0	0
Wage earners	3	42	25	70	2	58	31	91	2	47	30	79
Total provision for losses on loans	111	332	741	1,185	97	403	981	1,481	91	350	907	1,348
loan loss allowance on loans at FVOCI	30			30	31			31	31			31
Total loan loss allowance	142	332	741	1,215	128	403	981	1,512	123	350	907	1,379

Group (NOKm)	31 March 2022				31 March 2021				31 Dec 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	3	32	9	44	3	25	3	31	3	33	7	42
Fisheries and hunting	9	10	0	19	8	2	0	10	6	7	0	13
Sea farming industries	2	1	1	4	4	1	0	5	1	1	1	3
Manufacturing	8	34	16	57	9	23	14	45	7	38	21	66
Construction, power and water supply	16	16	11	44	13	14	41	68	16	19	18	53
Retail trade, hotels and restaurants	12	28	19	59	11	26	18	55	9	28	16	53
Maritime sector	22	109	409	539	14	190	657	862	14	118	555	687
Property management	25	45	30	100	20	49	34	103	20	50	36	106
Business services	15	16	225	256	13	13	198	224	14	14	227	255
Transport and other services	10	10	21	41	10	11	11	32	8	7	22	37
Public administration	0	-	-	0	0	0	-	0	0	0	0	0
Other sectors	0	0	-	0	1	1	-	1	0	0	0	0
Wage earners	8	49	29	86	7	65	44	116	7	53	34	95
Total provision for losses on loans	130	350	770	1,249	113	421	1,019	1,553	107	367	936	1,410
loan loss allowance on loans at FVOCI	30			30	31			31	31			31
Total loan loss allowance	160	350	770	1,279	145	421	1,019	1,584	138	367	936	1,442

Note 8 - Gross Loans

Parent Bank (NOKm)	31 March 2022				31 March 2021				31 Dec 2021			
	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	82,299	3,892	444	86,636	73,297	4,430	381	78,108	73,297	4,430	381	78,108
Transfer to stage 1	1,034	-1,022	-12	-	1,034	-1,033	-1	-	1,007	-1,002	-6	-
Transfer to stage 2	-968	968	-0	-	-752	753	-0	-	-1,325	1,332	-7	-
Transfer to stage 3	-19	-115	133	-	-30	-52	82	-	-61	-87	148	-
Net increase/decrease amount existing loans	-1,224	-50	-32	-1,306	-1,127	-57	-7	-1,190	-2,513	-102	-15	-2,630
New loans	12,643	234	30	12,906	12,982	175	29	13,186	43,464	1,198	118	44,780
Derecognitions	-13,820	-502	-33	-14,355	-10,075	-540	-57	-10,672	-31,569	-1,876	-156	-33,601
Financial assets with actual loan losses	0	0	-6	-6	-0	-	-7	-7	-0	-1	-20	-21
Closing balance	79,946	3,406	523	83,875	75,330	3,676	420	79,426	82,299	3,892	444	86,636
Corporate Market												
Opening balance	38,359	5,186	2,656	46,201	35,587	5,979	1,702	43,268	35,587	5,979	1,702	43,268
Transfer to stage 1	201	-198	-3	-	220	-218	-2	-	647	-647	-0	-
Transfer to stage 2	-555	555	-0	-	-286	286	-	-	-1,434	1,434	-	-
Transfer to stage 3	-66	-73	139	-	-86	-474	559	-	-43	-593	637	-
Net increase/decrease amount existing loans	390	-83	-13	294	197	-17	-10	170	-1,202	-196	-39	-1,437
New loans	5,932	261	78	6,271	3,735	28	302	4,064	13,125	-550	1,074	13,649
Derecognitions	-3,805	-404	-283	-4,492	-2,548	-137	-138	-2,823	-8,320	-236	-524	-9,081
Financial assets with actual loan losses	0	0	-31	-31	0	0	-10	-10	-1	-4	-193	-199
Closing balance	40,455	5,244	2,543	48,242	36,818	5,448	2,403	44,668	38,359	5,186	2,656	46,201
Fixed interest loans at FV	4,373			4,373	4,341			4,341	4,276			4,276
Total gross loans at the end of the period	124,774	8,651	3,066	136,490	116,489	9,123	2,823	128,435	124,934	9,079	3,100	137,113

Group (NOKm)	31 March 2022				31 March 2021				31 Dec 2021			
	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	87,577	4,612	531	92,721	78,206	5,208	453	83,867	78,206	5,208	453	83,867
Transfer to stage 1	1,141	-1,128	-12	-	1,141	-1,139	-1	-	1,227	-1,221	-6	-
Transfer to stage 2	-1,147	1,150	-2	-	-886	888	-1	-	-1,598	1,609	-11	-
Transfer to stage 3	-21	-129	149	-	-37	-105	142	-	-74	-132	206	-
Net increase/decrease amount existing loans	-1,067	-59	-32	-1,158	-1,132	-63	-10	-1,205	-2,599	-154	-28	-2,782
New loans	13,427	248	40	13,715	13,740	192	29	13,961	46,190	1,465	125	47,781
Derecognitions	-14,473	-582	-61	-15,117	-10,687	-622	-74	-11,383	-33,775	-2,161	-189	-36,125
Financial assets with actual loan losses	-	-	-6	-6	-0	-	-7	-7	-0	-1	-20	-21
Closing balance	85,436	4,113	606	90,155	80,345	4,358	531	85,233	87,577	4,612	531	92,721
Corporate Market												
Opening balance	41,855	5,768	2,759	50,382	38,107	6,587	1,802	46,496	38,107	6,587	1,802	46,496
Transfer to stage 1	250	-235	-15	-	308	-305	-3	-	879	-876	-2	-
Transfer to stage 2	-618	620	-2	-	-314	314	-	-	-1,795	1,797	-1	-
Transfer to stage 3	-70	-80	149	-	-91	-508	599	-	-57	-626	683	-
Net increase/decrease amount existing loans	419	-86	-14	319	173	-19	-14	139	-652	-257	-53	-963
New loans	6,390	268	94	6,752	4,090	37	302	4,429	14,533	-455	1,085	15,164
Derecognitions	-4,078	-467	-304	-4,849	-2,657	-169	-142	-2,968	-9,159	-397	-561	-10,117
Financial assets with actual loan losses	0	0	-31	-31	-159	-38	-1	-198	-1	-4	-193	-199
Balance at 31 December	44,148	5,788	2,636	52,573	39,457	5,898	2,543	47,897	41,855	5,768	2,759	50,382
Closing balance												
Fixed interest loans at FV	4,295			4,295	4,341			4,341	4,198			4,198
Total gross loans at the end of the period	133,879	9,901	3,243	147,023	124,142	10,256	3,073	137,471	133,630	10,381	3,290	147,301

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2021	31 March 2021	31 March 2022		31 March 2022	31 March 2021	31 Dec 2021
1,958	2,691	2,453	Agriculture and forestry	2,453	2,691	1,958
991	1,455	1,487	Fisheries and hunting	1,487	1,455	991
1,050	1,295	789	Sea farming industries	789	1,295	1,050
2,562	1,761	2,255	Manufacturing	2,255	1,761	2,562
5,535	4,337	4,552	Construction, power and water supply	4,552	4,337	5,535
6,649	5,341	5,452	Retail trade, hotels and restaurants	5,452	5,341	6,649
1,006	1,118	1,006	Maritime sector	1,006	1,118	1,006
5,692	5,664	5,913	Property management	5,855	5,603	5,635
11,469	9,548	12,452	Business services	12,452	9,548	11,469
9,247	9,863	9,598	Transport and other services provision	9,158	9,509	8,750
16,826	13,928	19,242	Public administration	19,242	13,928	16,826
4,453	4,758	3,929	Other sectors	3,762	4,469	4,267
67,439	61,760	69,127	Total	68,463	61,056	66,697
44,589	41,334	45,590	Wage earners	45,590	41,334	44,589
112,028	103,094	114,717	Total deposits	114,053	102,390	111,286

Note 12 - Operating expenses

Parent bank				Group		
Jan-March				Jan-March		
2021	2021	2022	(NOKm)	2022	2021	2021
265	64	76	IT costs	98	87	359
10	2	3	Postage and transport of valuables	4	3	14
53	14	14	Marketing	21	20	77
95	24	19	Ordinary depreciation	34	53	189
44	13	21	Operating expenses, real properties	24	18	57
143	30	42	Purchased services	61	46	224
134	31	33	Other operating expense	42	38	190
745	177	208	Total other operating expenses	286	265	1,111

Note 13 - Net return on financial investments

Parent Bank				Group		
Jan-March				Jan-March		
2021	2021	2022	(NOKm)	2022	2021	2021
			Valued at fair value through profit/loss			
-433	-128	-203	Value change in interest rate instruments	-179	-83	-283
			Value change in derivatives/hedging			
-6	-11	-0	Net value change in hedged bonds and derivatives*	-0	-11	-6
12	10	-3	Net value change in hedged fixed rate loans and derivatives	-3	10	12
301	105	171	Other derivatives	207	125	332
			Income from equity instruments			
			Income from owner interests	54	128	705
726	112	60	Dividend from owner instruments			
8	-3	4	Value change and gain/loss on owner instruments	4	0	13
6	2	3	Dividend from equity instruments	3	4	22
-4	-6	3	Value change and gain/loss on equity instruments	133	102	163
610	80	34	Total net income from financial assets and liabilities at fair value through profit/(loss)	217	276	959
			Valued at amortised cost			
-2	-2	-0	Value change in interest rate instruments held to maturity	-0	-2	-2
-2	-2	-0	Total net income from financial assets and liabilities at amortised cost	-0	-2	-2
72	16	10	Total net gain from currency trading	9	15	70
680	95	43	Total net return on financial investments	226	289	1,026
			* Fair value hedging			
-664	-293	-824	Changes in fair value on hedging instrument	-824	-293	-664
657	282	824	Changes in fair value on hedging item	824	282	657
-6	-11	-0	Net Gain or Loss from hedge accounting	-0	-11	-6

Note 14 - Other assets

Parent Bank			(NOKm)	Group		
31 Dec 2021	31 March 2021	31 March 2022		31 March 2022	31 March 2021	31 Dec 2021
3	-	3	Deferred tax asset	87	129	90
84	80	99	Fixed assets	223	206	210
253	291	255	Right to use assets	477	492	460
152	94	119	Earned income not yet received	183	215	186
20	122	974	Accounts receivable, securities	1,752	828	300
62	112	62	Pension assets	62	112	62
508	409	338	Other assets	600	773	752
1,082	1,108	1,851	Total other assets	3,384	2,754	2,062

Note 15 - Other liabilities

Parent Bank			(NOKm)	Group		
31 Dec 2021	31 March 2021	31 March 2022		31 March 2022	31 March 2021	31 Dec 2021
-	8	-	Deferred tax	56	82	56
513	74	322	Payable tax	367	130	583
12	11	12	Capital tax	12	11	12
118	110	407	Accrued expenses and received, non-accrued income	932	681	774
347	365	542	Provision for accrued expenses and commitments	542	365	347
78	81	71	Losses on guarantees and unutilised credits	71	81	78
8	10	8	Pension liabilities	8	10	8
262	297	265	Lease liabilities	492	501	476
84	133	57	Drawing debt	57	133	84
92	132	240	Creditors	377	211	150
157	110	1,330	Debt from securities	1,940	720	351
-	-	-	Equity Instruments	-0	30	31
185	418	1,986	Other liabilities	2,177	629	266
1,855	1,748	5,239	Total other liabilities	7,030	3,584	3,215

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

Group

Change in securities debt (NOKm)	1 Jan 2022	Issued	Fallen due/ Redeemed	Other changes	31 March 2022
Bond debt, nominal value	36,805	2,850	4,851	-927	33,878
Senior non preferred, nominal value	3,500	530	-	-	4,030
Value adjustments	-152	-	-	-798	-950
Accrued interest	178	-	-	-42	136
Total	40,332	3,380	4,851	-1,768	37,093

Change in subordinated debt and hybrid equity (NOKm)	1 Jan 2022	Issued	Fallen due/ Redeemed	Other changes	31 March 2022
Ordinary subordinated loan capital, nominal value	1,793	-	-	-	1,793
Value adjustments	-	-	-	-	-
Accrued interest	3	-	-	0	4
Total	1,796	-	-	0	1,796

Note 17 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

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

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

Level 2: Valuation based on observable market data

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

Level 3: Valuation based on other than observable data

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

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

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	2	4,074	-	4,077
- Bonds and money market certificates	3,164	28,850	-	32,014
- Equity instruments	1,861	89	685	2,635
- Fixed interest loans	-	-	4,294	4,294
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	80,643	80,643
Total assets	5,027	33,013	85,623	123,662
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	0	5,147	-	5,147
- Equity instruments	-0	-	-	-0
Total liabilities	-0	5,147	-	5,146

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2021:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	2	4,394	-	4,395
- Bonds and money market certificates	2,225	28,650	-	30,875
- Equity instruments	1,536	5	510	2,015
- Fixed interest loans	-	43	4,298	4,341
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	76,297	76,297
Total assets	3,762	33,091	81,105	117,958
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	1	4,878	-	4,879
- Equity instruments	30	-	-	30
Total liabilities	31	4,878	-	4,909

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2021:

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

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

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	564	4,198	83,055	79,435
Investment in the period	3	460	11,522	11,985
Disposals in the period	-2	-264	-13,944	-14,209
Expected credit loss	-	-	11	11
Gain or loss on financial instruments	120	-100	-1	19
Closing balance 31 March	685	4,294	80,643	77,241

The following table presents the changes in the instruments classified in level 3 as at 31 March 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	4	337	11,848	12,190
Disposals in the period	-0	-238	-10,318	-10,556
Expected credit loss	-	-	6	6
Gain or loss on financial instruments	74	-44	0	30
Closing balance	510	4,298	76,297	81,105

The following table presents the changes in the instruments classified in level 3 as at 31 December 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 period	26	1,201	40,891	42,118
Disposals in the period	-12	-1,150	-32,615	-33,778
Expected credit loss	-	-	19	19
Gain or loss on financial instruments	118	-95	-1	22
Closing balance 31 December	564	4,198	83,055	87,817

Valuation method

The valuation method applied is adapted to each financial instrument, and is intended to utilise as much of the information that is available in the market as possible.

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

Fixed interest loans to customers (level 3)

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

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

Property Loans at floating interest classified at fair value over other comprehensive income is valued based on nominal amount reduced by expected credit loss. Loans with no significant credit risk deterioration since first recognition is assessed at nominal amount. For loans with a significant increase in credit risk since first recognition or objective evidence of loss, the calculation of expected credit losses over the life of the asset is in line with loan losses for loans at amortised cost. Estimated fair value is the nominal amount reduced by expected lifetime credit loss. If the likelihood of the worst case scenario in the model is doubled, fair value is reduced by NOK 8 million.

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

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

Equity instruments (level 3)

Shares that are classified to level 3 include essentially investments in unquoted shares. Among other a total of NOK 598 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 March 22:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	4,294	-13
Equity instruments through profit/loss*	685	-
Loans at fair value through other comprehensive income	80,643	-8

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

Note 18 - Liquidity risk

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

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

The average residual maturity on debt created by issue of securities at the end of the first quarter 2022 was 3.9 years. The overall LCR at the same point was 155 per cent and the average overall LCR in the first quarter was 153 per cent. The LCR in Norwegian kroner and euro at quarter-end was 144 and 266 per cent respectively.

Note 19 - Earnings per EC

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

(NOKm)	Jan-March		
	2022	2021	2021
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	646	687	2,692
Allocated to ECC Owners 2)	413	439	1,722
Issues Equity Capital Certificates adjusted for own certificates	129,387,872	129,305,359	129,339,665
Earnings per Equity Capital Certificate	3.20	3.40	13.31

1) Adjusted Net Profit	Jan-March		
	2022	2021	2021
Net Profit for the group	698	768	2,902
adjusted for non-controlling interests share of net profit	-30	-61	-160
Adjusted for Tier 1 capital holders share of net profit	-21	-20	-50
Adjusted Net Profit	646	687	2,692

2) Equity capital certificate ratio (parent bank) (NOKm)	31 March		
	2022	2021	2021
ECC capital	2,597	2,597	2,597
Dividend equalisation reserve	7,007	6,556	7,007
Premium reserve	895	895	895
Unrealised gains reserve	109	153	109
Other equity capital	-1	-0	-
A. The equity capital certificate owners' capital	10,608	10,201	10,609
Ownerless capital	5,918	5,664	5,918
Unrealised gains reserve	62	86	62
Other equity capital	-0	-0	-
B. The saving bank reserve	5,979	5,750	5,980
To be disbursed from gift fund	-	401	547
Dividend declared	-	226	970
Equity ex. profit	16,587	16,578	18,106
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 %