

# Notes

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## Note 1 - Accounting principles

### Accounting principles

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

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

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

### Pensions

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

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

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

A new calculation of the Group's pension liabilities has not been carried out as per 30 June 2022.

### 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.

	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	111	1	5	-6	-1	100 %
<b>Total Held for sale</b>	<b>111</b>	<b>1</b>	<b>5</b>	<b>-6</b>	<b>-1</b>	

### 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 to the input in the credit loss model in light of the increased uncertainty triggered by the Covid-19 situation. In first half of 2022, 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 bank has been focusing on the expected long-term effects of the crisis.

In 2020, the bank revised its assumptions for the base scenario in a negative direction. This was continued through 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 central drivers of expected losses in the individual scenarios are projections of trajectories for the probability of default (PD) and loss given default (LGD). In addition, the expected loss will be affected by the 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 applied weighting has been continued in the second quarter 2022.

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 43 million for the bank and NOK 57 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 30 June 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 coloumn "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 June 2022, this would have entailed an increase in loss provisions of NOK 261 million for the parent bank and NOK 269 million for the group.

	CM (excl offshore and agriculture)					Total parent	SB 1 Finans MN	Group
	RM	Offshore	Tourism	Agriculture				
ECL base case	427	68	276	22	32	825	51	876
ECL worst case	994	251	517	80	128	1,969	133	2,103
ECL best case	357	30	162	9	17	575	34	609
	-							
ECL with weights used 80/10/10		-	-	-		-	58	58
ECL with weights used 60/25/15	558	-			54	612	-	612
ECL with weights used 65/20/15			306			306		306
ECL with weights used 60/30/10	-	-		38		38	-	38
ECL with weights used 70/15/15	-	89				89	-	89
<b>Total ECL used</b>	<b>558</b>	<b>89</b>	<b>306</b>	<b>38</b>	<b>54</b>	<b>1,045</b>	<b>58</b>	<b>1,103</b>
ECL alternative weights 70/20/10	-	-	-	-	-	-	66	66
ECL alternative weights 35/50/15	700	-			78	778	-	778
ECL alternative weights 45/40/15	-	-	355			355		355
ECL alternative weights 30/60/10				56		56		56
ECL alternative weights 55/30/15	-	117				117		117
<b>Total ECL alternative weights</b>	<b>700</b>	<b>117</b>	<b>355</b>	<b>56</b>	<b>78</b>	<b>1,306</b>	<b>66</b>	<b>1,372</b>
<b>Change in ECL if alternative weights were used</b>	<b>142</b>	<b>28</b>	<b>49</b>	<b>18</b>	<b>24</b>	<b>261</b>	<b>8</b>	<b>269</b>

The table reflects that there are some significant differences in underlying PD and LGD estimates in the different scenarios and that there are differentiated levels and level differences between the portfolios. At group level, the ECL in the upside scenario, which largely reflects the loss and default picture in recent years, is about 70 per cent of the ECL in the expected scenario. The downside scenario gives more than double the ECL than in the expected scenario. Applied scenario weighting gives about 26 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 First half 2022

Profit and loss account (NOKm)	RM	CM	SB1		SB 1		Other*	Uncollated	Total
			Markets	EM 1	Finans MN	Regnskaps- huset SMN			
Net interest	597	644	1	2	222	0	-	92	1,559
Interest from allocated capital	51	42	-	-	-	-	-	-93	-
<b>Total interest income</b>	<b>648</b>	<b>686</b>	<b>1</b>	<b>2</b>	<b>222</b>	<b>0</b>	<b>-</b>	<b>-1</b>	<b>1,559</b>
Comission income and other income	411	134	380	219	-49	343	-	-57	1,382
Net return on financial investments *)	-3	4	53	8	-13	-	152	79	279
<b>Total income</b>	<b>1,056</b>	<b>824</b>	<b>434</b>	<b>229</b>	<b>160</b>	<b>343</b>	<b>152</b>	<b>20</b>	<b>3,220</b>
<b>Total operating expenses</b>	<b>464</b>	<b>234</b>	<b>316</b>	<b>177</b>	<b>54</b>	<b>289</b>	<b>-</b>	<b>-14</b>	<b>1,520</b>
<b>Ordinary operating profit</b>	<b>593</b>	<b>590</b>	<b>118</b>	<b>52</b>	<b>106</b>	<b>54</b>	<b>152</b>	<b>35</b>	<b>1,700</b>
Loss on loans, guarantees etc.	-10	-48	-	-	9	-	-	-0	-48
<b>Result before tax</b>	<b>602</b>	<b>638</b>	<b>118</b>	<b>52</b>	<b>97</b>	<b>54</b>	<b>152</b>	<b>35</b>	<b>1,748</b>

#### Group First half 2021

Profit and loss account (NOKm)	RM	CM	SB1		SB 1		Other*	Uncollated	Total
			Markets	EM 1	Finans MN	Regnskaps- huset SMN			
Net interest	547	554	-7	1	227	-0	-	45	1,366
Interest from allocated capital	12	2	-	-	-	-	-	-14	-
<b>Total interest income</b>	<b>559</b>	<b>556</b>	<b>-7</b>	<b>1</b>	<b>227</b>	<b>-0</b>	<b>-</b>	<b>31</b>	<b>1,366</b>
Comission income and other income	442	119	500	234	-45	317	-	-29	1,538
Net return on financial investments *)	2	7	58	10	-	-	340	143	560
<b>Total income</b>	<b>1,003</b>	<b>682</b>	<b>550</b>	<b>245</b>	<b>182</b>	<b>317</b>	<b>340</b>	<b>144</b>	<b>3,464</b>
<b>Total operating expenses</b>	<b>443</b>	<b>216</b>	<b>371</b>	<b>183</b>	<b>57</b>	<b>257</b>	<b>-</b>	<b>3</b>	<b>1,531</b>
<b>Ordinary operating profit</b>	<b>560</b>	<b>466</b>	<b>179</b>	<b>62</b>	<b>125</b>	<b>60</b>	<b>340</b>	<b>141</b>	<b>1,933</b>
Loss on loans, guarantees etc.	-9	100	-	-	6	-	-	1	98
<b>Result before tax</b>	<b>569</b>	<b>366</b>	<b>179</b>	<b>62</b>	<b>118</b>	<b>60</b>	<b>340</b>	<b>140</b>	<b>1,836</b>

#### Group 2021

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

*) Specification of other (NOKm)	First half 2022	First half 2021	2021
SpareBank 1 Gruppen	29	215	471
SpareBank 1 Boligkreditt	-8	7	16
SpareBank 1 Næringskreditt	2	7	7
BN Bank	96	82	164
SpareBank 1 Kreditt	6	1	13
SpareBank 1 Betaling	-6	-4	-15
SpareBank 1 Forvaltning	18	8	32
Other companies	14	24	13
<b>Income from Other businesses</b>	<b>152</b>	<b>340</b>	<b>701</b>
SpareBank 1 Mobilitet Holding (incl in SB 1 Finans MN)	-13	-	4
<b>Net income from investmen in associates and joint ventures</b>	<b>139</b>	<b>340</b>	<b>705</b>

## 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 2022 the overall minimum requirement on CET1 capital is 13.0 per cent. The capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement for Norwegian IRB-banks is 4.5 per cent and the Norwegian countercyclical buffer is 1.5 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital. In addition the financial supervisory authority has set a Pillar 2 requirement of 1.9 per cent for SpareBank 1 SMN, however not below NOK 1,794 million in monetary terms. From 30 April 2022, SpareBank 1 SMN has received a new Pillar 2 requirement. The rate of 1.9 per cent is unchanged, but in addition the bank must have an additional 0.7 per cent in Pillar 2 requirements until the application for 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 30 June 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 30 June 2022 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 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	30 June 2021	30 June 2022	(NOKm)	30 June 2022	30 June 2021	31 Dec 2021
19,356	19,231	19,245	<b>Total book equity</b>	22,993	22,382	23,241
-1,250	-1,221	-1,218	Additional Tier 1 capital instruments included in total equity	-1,259	-1,262	-1,293
-458	-504	-456	Deferred taxes, goodwill and other intangible assets	-954	-1,000	-961
-1,517	-627	-	Deduction for allocated dividends and gifts	-	-627	-1,517
-	-	-	Non-controlling interests recognised in other equity capital	-894	-829	-989
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	637	505	568
-	-1,433	-1,443	Net profit	-1,400	-1,523	-
-	657	727	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	684	747	-
-41	-39	-51	Value adjustments due to requirements for prudent valuation	-71	-54	-56
-495	-585	-196	Positive value of adjusted expected loss under IRB Approach	-258	-617	-560
-	-	-	Cash flow hedge reserve	-4	7	3
-202	-187	-219	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-496	-312	-648
<b>15,393</b>	<b>15,292</b>	<b>16,390</b>	<b>Common equity Tier 1 capital</b>	<b>18,977</b>	<b>17,416</b>	<b>17,790</b>
1,250	1,250	1,250	Additional Tier 1 capital instruments	1,616	1,594	1,581
-48	-	-46	Deduction for significant investments in financial institutions	-46	-	-48
<b>16,595</b>	<b>16,542</b>	<b>17,594</b>	<b>Tier 1 capital</b>	<b>20,547</b>	<b>19,011</b>	<b>19,322</b>
-	-	-	<b>Supplementary capital in excess of core capital</b>			
1,750	1,750	2,067	Subordinated capital	2,571	2,250	2,226
-214	-155	-209	Deduction for significant investments in financial institutions	-209	-155	-214
<b>1,536</b>	<b>1,595</b>	<b>1,858</b>	<b>Additional Tier 2 capital instruments</b>	<b>2,362</b>	<b>2,095</b>	<b>2,011</b>
<b>18,130</b>	<b>18,137</b>	<b>19,452</b>	<b>Total eligible capital</b>	<b>22,910</b>	<b>21,105</b>	<b>21,333</b>

<b>Minimum requirements subordinated capital</b>						
1,049	1,132	1,068	Specialised enterprises	1,269	1,309	1,248
1,016	919	1,003	Corporate	1,026	930	1,030
1,400	1,415	1,347	Mass market exposure, property	2,396	2,207	2,384
93	98	122	Other mass market	125	101	95
1,000	1,083	1,201	Equity positions IRB	-	1	1
<b>4,558</b>	<b>4,647</b>	<b>4,741</b>	<b>Total credit risk IRB</b>	<b>4,816</b>	<b>4,549</b>	<b>4,758</b>
3	3	3	Central government	4	5	4
106	105	113	Covered bonds	156	149	133
398	493	395	Institutions	292	396	299
1	-	128	Local and regional authorities, state-owned enterprises	148	27	29
188	33	153	Corporate	361	283	432
7	15	10	Mass market	568	496	466
25	16	34	Exposures secured on real property	108	120	128
279	272	90	Equity positions	495	441	521
92	97	70	Other assets	143	157	142
<b>1,098</b>	<b>1,034</b>	<b>995</b>	<b>Total credit risk standardised approach</b>	<b>2,274</b>	<b>2,074</b>	<b>2,154</b>
35	47	45	Debt risk	47	47	36
-	-	-	Equity risk	23	20	34
-	-	-	Currency risk and risk exposure for settlement/delivery	4	3	1
433	421	433	Operational risk	810	772	817
26	34	28	Credit value adjustment risk (CVA)	98	149	93
<b>6,150</b>	<b>6,183</b>	<b>6,241</b>	<b>Minimum requirements subordinated capital</b>	<b>8,073</b>	<b>7,613</b>	<b>7,893</b>
<b>76,873</b>	<b>77,288</b>	<b>78,018</b>	<b>Risk weighted assets (RWA)</b>	<b>100,910</b>	<b>95,167</b>	<b>98,664</b>
3,459	3,478	3,511	Minimum requirement on CET1 capital, 4.5 per cent	4,541	4,283	4,440
			Capital Buffers			
1,922	1,932	1,950	Capital conservation buffer, 2.5 per cent	2,523	2,379	2,467
3,459	3,478	3,511	Systemic risk buffer, 4.5 per cent	4,541	4,283	4,440
769	773	1,170	Countercyclical buffer, 1.0 per cent	1,514	952	987
<b>6,150</b>	<b>6,183</b>	<b>6,632</b>	<b>Total buffer requirements on CET1 capital</b>	<b>8,577</b>	<b>7,613</b>	<b>7,893</b>
<b>5,784</b>	<b>5,631</b>	<b>6,248</b>	<b>Available CET1 capital after buffer requirements</b>	<b>5,859</b>	<b>5,520</b>	<b>5,457</b>
			<b>Capital adequacy</b>			
20.0 %	19.8 %	21.0 %	Common equity Tier 1 capital ratio	18.8 %	18.3 %	18.0 %
21.6 %	21.4 %	22.6 %	Tier 1 capital ratio	20.4 %	20.0 %	19.6 %
23.6 %	23.5 %	24.9 %	Capital ratio	22.7 %	22.2 %	21.6 %
			<b>Leverage ratio</b>			
191,697	186,273	200,857	Balance sheet items	287,881	264,565	269,857
10,782	9,313	8,904	Off-balance sheet items	7,908	10,028	11,341
-1,042	-1,128	-51	Regulatory adjustments	-67	-1,822	-2,110
201,437	194,457	209,710	Calculation basis for leverage ratio	295,722	272,770	279,088
16,595	16,542	17,594	Core capital	20,547	19,011	19,322
<b>8.2 %</b>	<b>8.5 %</b>	<b>8.4 %</b>	<b>Leverage Ratio</b>	<b>6.9 %</b>	<b>7.0 %</b>	<b>6.9 %</b>



## Note 5 - Distribution of loans by sector/industry

Parent Bank				Group		
31 Dec 2021	30 June 2021	30 June 2022	(NOKm)	30 June 2022	30 June 2021	31 Dec 2021
9,433	9,313	9,709	Agriculture and forestry	10,104	9,654	9,783
5,853	5,264	6,892	Fisheries and hunting	6,914	5,283	5,870
1,926	2,127	2,705	Sea farming industries	2,969	2,398	2,176
2,151	2,085	2,068	Manufacturing	2,653	2,729	2,766
3,169	3,271	3,719	Construction, power and water supply	4,817	4,191	4,124
2,572	2,325	2,776	Retail trade, hotels and restaurants	3,285	2,628	2,966
4,715	5,023	5,064	Maritime sector	5,064	5,023	4,715
16,924	16,393	17,543	Property management	17,647	16,500	17,044
4,497	4,179	4,742	Business services	5,151	3,969	4,990
5,714	5,445	5,854	Transport and other services provision	6,811	6,386	6,667
2	2	1	Public administration	32	32	34
1,383	1,914	1,456	Other sectors	1,401	1,923	1,325
<b>58,337</b>	<b>57,341</b>	<b>62,531</b>	<b>Gross loans in Corporate market</b>	<b>66,848</b>	<b>60,716</b>	<b>62,458</b>
126,828	122,424	132,120	Wage earners	138,657	128,299	132,894
<b>185,165</b>	<b>179,765</b>	<b>194,650</b>	<b>Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt</b>	<b>205,504</b>	<b>189,015</b>	<b>195,353</b>
46,650	45,707	55,218	of which SpareBank 1 Boligkreditt	55,218	45,707	46,650
1,402	1,374	1,605	of which SpareBank 1 Næringskreditt	1,605	1,374	1,402
<b>137,113</b>	<b>132,684</b>	<b>137,827</b>	<b>Gross loans in balance sheet</b>	<b>148,681</b>	<b>141,935</b>	<b>147,301</b>
1,250	1,393	929	- Loan loss allowance on amortised cost loans	993	1,454	1,313
97	101	86	- Loan loss allowance on loans at FVOCI	86	101	97
<b>135,766</b>	<b>131,190</b>	<b>136,812</b>	<b>Net loans to and receivables from customers</b>	<b>147,602</b>	<b>140,379</b>	<b>145,890</b>

## Note 6 - Losses on loans and guarantees

Parent Bank (NOKm)	First half						Second quarter						2021		
	2022			2021			2022			2021			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	-7	-75	-82	-11	78	67	-1	-62	-64	1	16	17	-11	39	27
Actual loan losses on commitments exceeding provisions made	1	32	33	5	22	27	0	14	14	3	21	24	10	107	117
Recoveries on commitments previously written-off	-4	-5	-8	-3	-0	-3	-1	-2	-3	-2	0	-2	-9	-1	-10
<b>Losses for the period on loans and guarantees</b>	<b>-10</b>	<b>-48</b>	<b>-57</b>	<b>-9</b>	<b>100</b>	<b>90</b>	<b>-2</b>	<b>-51</b>	<b>-53</b>	<b>2</b>	<b>37</b>	<b>39</b>	<b>-10</b>	<b>145</b>	<b>134</b>

Group (NOKm)	First half						Second quarter						2021		
	2022			2021			2022			2021			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	-4	-77	-81	-21	77	57	0	-65	-64	-9	16	7	-20	50	30
Actual loan losses on commitments exceeding provisions made	4	37	41	17	27	44	2	18	20	11	23	34	30	112	142
Recoveries on commitments previously written-off	-4	-5	-8	-3	-0	-3	-1	-2	-3	-2	0	-1	-9	-3	-12
<b>Losses for the period on loans and guarantees</b>	<b>-4</b>	<b>-44</b>	<b>-48</b>	<b>-6</b>	<b>104</b>	<b>98</b>	<b>1</b>	<b>-49</b>	<b>-48</b>	<b>0</b>	<b>38</b>	<b>39</b>	<b>1</b>	<b>159</b>	<b>161</b>

## Note 7 - Losses

Parent Bank (NOKm)	1 Jan 22	Change in provision	Net write-offs /recoveries	30 June 22
Loans as amortised cost- CM	1,298	-75	-254	969
Loans as amortised cost- RM	31	4	-4	30
Loans at fair value over OCI- RM	128	-11	-	117
Loans at fair value over OCI- CM	1	-0	-	1
<b>Provision for expected credit losses on loans and guarantees</b>	<b>1,458</b>	<b>-82</b>	<b>-258</b>	<b>1,117</b>
<b>Presented as</b>				
Provision for loan losses	1,348	-74	-258	1,015
Other debt- provisons	79	-8	-	71
Other comprehensive income - fair value adjustment	31	-0	-	31

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
<b>Provision for expected credit losses on loans and guarantees</b>	<b>1,559</b>	<b>66</b>	<b>-17</b>	<b>1,608</b>
<b>Presented as</b>				
Provision for loan losses	1,446	66	-17	1,495
Other debt- provisons	81	1	-	81
Other comprehensive income - fair value adjustment	32	-0	-	32

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
<b>Provision for expected credit losses on loans and guarantees</b>	<b>1,559</b>	<b>27</b>	<b>-129</b>	<b>1,458</b>
<b>Presented as</b>				
Provision for loan losses	1,446	30	-129	1,348
Other debt- provisons	81	-2	-	79
Other comprehensive income - fair value adjustment	32	-1	-	31

Group (NOKm)	1 Jan 22	Change in provision	Net write-offs /recoveries	30 June 22
Loans as amortised cost- CM	1,343	-76	-254	1,012
Loans as amortised cost- RM	49	7	-4	51
Loans at fair value over OCI- RM	128	-11	-	117
Loans at fair value over OCI- CM	1	-0	-	1
<b>Provision for expected credit losses on loans and guarantees</b>	<b>1,520</b>	<b>-81</b>	<b>-259</b>	<b>1,181</b>
<b>Presented as</b>				
Provision for loan losses	1,410	-73	-259	1,079
Other debt- provisons	79	-8	-	71
Other comprehensive income - fair value adjustment	31	-0	-	31

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
<b>Provision for expected credit losses on loans and guarantees</b>	<b>1,630</b>	<b>57</b>	<b>-18</b>	<b>1,669</b>
<b>Presented as</b>				
Provision for loan losses	1,517	57	-18	1,555
Other debt- provisons	81	1	-	81
Other comprehensive income - fair value adjustment	32	-0	-	32

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
<b>Provision for expected credit losses on loans and guarantees</b>	<b>1,630</b>	<b>30</b>	<b>-140</b>	<b>1,520</b>
<b>Presented as</b>				
Provision for loan losses	1,517	33	-140	1,410
Other debt- provisons	81	-2	-	79
Other comprehensive income - fair value adjustment	32	-1	-	31

## Accrual for losses on loans

Parent Bank (NOKm)	30 June 2022				30 June 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
<b>Retail market</b>												
Opening balance	39	82	36	156	35	97	47	180	35	97	47	180
Transfer to (from) stage 1	19	-19	-0	-	19	-19	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-2	2	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-4	4	-	-1	-6	7	-
Net remeasurement of loss allowances	-24	12	2	-10	-19	20	-6	-5	-22	24	-3	-1
Originations or purchases	12	5	0	18	9	5	1	15	19	17	1	37
Derecognitions	-7	-14	-2	-23	-7	-17	-2	-26	-12	-32	-4	-48
Changes due to changed input assumptions	2	8	-2	8	3	6	-	9	1	-0	-	1
Actual loan losses	0	0	-4	-4	-	-	-8	-8	0	0	-12	-12
Closing balance	39	72	34	144	38	90	36	165	39	82	36	156
<b>Corporate Market</b>												
Opening balance	84	268	871	1,223	88	387	823	1,299	88	387	823	1,299
Transfer to (from) stage 1	27	-26	-0	-	9	-9	-0	-	15	-15	-	-
Transfer to (from) stage 2	-4	95	-91	-	-2	2	-	-	-5	5	-	-
Transfer to (from) stage 3	-1	-2	3	-	-2	-73	75	-	-2	-26	28	-
Net remeasurement of loss allowances	29	-0	-44	-15	-18	5	36	24	-26	26	38	39
Originations or purchases	33	11	5	49	19	12	112	143	32	21	100	153
Derecognitions	-10	-17	-24	-50	-10	-87	-2	-99	-20	-145	-1	-166
Changes due to changed input assumptions	-52	-3	4	-50	1	4	-	6	1	14	-	15
Actual loan losses	-	-	-254	-254	-	-	-10	-10	-	-	-117	-117
Closing balance	106	326	470	902	85	242	1,034	1,362	84	268	871	1,223
<b>Total accrual for loan losses</b>	<b>145</b>	<b>398</b>	<b>504</b>	<b>1,046</b>	<b>123</b>	<b>333</b>	<b>1,071</b>	<b>1,527</b>	<b>123</b>	<b>350</b>	<b>907</b>	<b>1,379</b>

Group (NOKm)	30 June 2022				30 June 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
<b>Retail market</b>												
Opening balance	45	89	40	174	42	107	58	207	42	107	58	207
Transfer to (from) stage 1	20	-20	-0	-	23	-23	-0	-	22	-22	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-2	3	-0	-	-2	3	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-5	5	-	-1	-7	8	-
Net remeasurement of loss allowances	-25	15	3	-6	-21	21	-2	-1	-23	26	-1	2
Originations or purchases	14	6	0	21	11	6	1	18	22	20	1	43
Derecognitions	-7	-15	-3	-25	-8	-18	-2	-28	-14	-37	-9	-60
Changes due to changed input assumptions	1	7	-3	6	1	4	-2	3	-0	-2	-4	-5
Actual loan losses	-	-	-4	-4	-	-	-8	-8	-	-	-12	-12
Closing balance	46	80	39	165	46	96	49	190	45	89	40	174
<b>Corporate Market</b>												
Opening balance	94	278	896	1,268	98	399	845	1,342	98	399	845	1,342
Transfer to (from) stage 1	28	-28	-0	-	10	-10	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-4	96	-91	-	-3	3	-0	-	-7	7	-0	-
Transfer to (from) stage 3	-1	-2	3	-	-2	-74	76	-	-2	-27	29	-
Net remeasurement of loss allowances	29	2	-37	-6	-18	7	39	28	-29	31	42	44
Originations or purchases	35	12	5	52	21	14	114	148	35	23	112	169
Derecognitions	-10	-17	-25	-53	-12	-90	-11	-113	-21	-146	-2	-169
Changes due to changed input assumptions	-53	-3	-4	-61	0	3	-1	3	-2	12	-2	9
Actual loan losses	-	-	-254	-254	-	-	-10	-10	-	-	-128	-128
Closing balance	116	337	492	945	94	251	1,052	1,398	94	278	896	1,268
<b>Total accrual for loan losses</b>	<b>163</b>	<b>416</b>	<b>531</b>	<b>1,110</b>	<b>140</b>	<b>347</b>	<b>1,101</b>	<b>1,587</b>	<b>138</b>	<b>367</b>	<b>936</b>	<b>1,442</b>

**Accrual for losses on guarantees and unused credit lines**

Parent Bank and Group (NOKm)	30 June 2022				30 June 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	2	-1	-0	-	4	-4	-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	-6	-5	1	-9	-7	5	-0	-3	-9	4	0	-4
Originations or purchases	7	3	0	10	5	3	0	8	7	4	0	11
Derecognitions	-1	-6	-0	-7	-1	-3	-0	-4	-6	-5	-0	-11
Changes due to changed input assumptions	-1	0	0	-1	0	1	-	1	0	2	-	2
Actual loan losses	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>18</b>	<b>46</b>	<b>7</b>	<b>71</b>	<b>22</b>	<b>57</b>	<b>3</b>	<b>81</b>	<b>19</b>	<b>55</b>	<b>5</b>	<b>79</b>
Of which												
Retail market				3				2				2
Corporate Market				68				79				76

**Provision for credit losses specified by industry**

Parent Bank (NOKm)	30 June 2022				30 June 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	29	7	39	10	26	2	39	2	31	6	39
Fisheries and hunting	9	12	0	21	3	0	0	4	6	7	0	13
Sea farming industries	2	0	1	3	0	0	0	1	1	0	0	2
Manufacturing	5	31	6	42	6	22	13	41	5	36	15	56
Construction, power and water supply	14	15	7	36	13	8	38	59	13	16	14	43
Retail trade, hotels and restaurants	9	27	3	40	8	26	16	50	8	28	11	46
Maritime sector	19	175	200	394	14	122	717	853	14	118	555	687
Property management	25	46	29	101	18	49	34	101	20	50	36	105
Business services	16	16	209	241	10	15	207	233	13	12	222	247
Transport and other services	8	6	16	30	7	7	9	23	7	6	17	30
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	0	0	-	0	0	1	-	1	0	0	0	0
Wage earners	3	40	26	68	2	54	34	90	2	47	30	79
Total provision for losses on loans	113	398	504	1,015	91	333	1,071	1,495	91	350	907	1,348
loan loss allowance on loans at FVOCI	31			31	32			32	31			31
<b>Total loan loss allowance</b>	<b>145</b>	<b>398</b>	<b>504</b>	<b>1,046</b>	<b>123</b>	<b>333</b>	<b>1,071</b>	<b>1,527</b>	<b>123</b>	<b>350</b>	<b>907</b>	<b>1,379</b>

Group (NOKm)	30 June 2022				30 June 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	4	30	8	42	11	28	3	42	3	33	7	42
Fisheries and hunting	9	12	0	21	3	0	0	4	6	7	0	13
Sea farming industries	3	0	4	7	1	1	0	2	1	1	1	3
Manufacturing	7	33	10	50	8	23	18	49	7	38	21	66
Construction, power and water supply	18	18	12	48	16	10	41	67	16	19	18	53
Retail trade, hotels and restaurants	10	28	6	44	9	27	18	54	9	28	16	53
Maritime sector	19	175	200	394	14	122	717	853	14	118	555	687
Property management	26	46	29	101	19	50	34	102	20	50	36	106
Business services	17	18	212	247	11	17	211	239	14	14	227	255
Transport and other services	10	8	20	38	9	9	21	38	8	7	22	37
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	0	0	-	0	0	1	-	1	0	0	0	0
Wage earners	9	47	30	86	7	60	38	105	7	53	34	95
Total provision for losses on loans	131	416	531	1,079	108	347	111	1,556	107	367	936	1,410
loan loss allowance on loans at FVOCI	31			31	32			32	31			31
<b>Total loan loss allowance</b>	<b>163</b>	<b>416</b>	<b>531</b>	<b>1,110</b>	<b>140</b>	<b>347</b>	<b>111</b>	<b>1,587</b>	<b>138</b>	<b>367</b>	<b>936</b>	<b>1,442</b>



## Note 8 - Gross loans

Parent Bank (NOKm)	30 June 2022				30 June 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
<b>Retail Market</b>												
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	1,149	-1,132	-17	-	1,180	-1,176	-4	-	1,007	-1,002	-6	-
Transfer to stage 2	-1,083	1,090	-7	-	-949	953	-4	-	-1,325	1,332	-7	-
Transfer to stage 3	-25	-88	113	-	-42	-78	119	-	-61	-87	148	-
Net increase/decrease amount existing loans	-1,794	-73	-15	-1,881	-1,736	-79	-10	-1,826	-2,513	-102	-15	-2,630
New loans	23,988	403	49	24,439	25,651	449	63	26,163	43,464	1,198	118	44,780
Derecognitions	-24,746	-943	-86	-25,774	-18,368	-1,061	-99	-19,528	-31,569	-1,876	-156	-33,601
Financial assets with actual loan losses	0	0	-6	-6	-0	-1	-11	-12	-0	-1	-20	-21
Closing balance	79,789	3,150	474	83,413	79,009	3,440	434	82,883	82,299	3,892	444	86,636
<b>Corporate Market</b>												
Opening balance	38,359	5,186	2,656	46,201	35,612	5,975	1,702	43,289	35,587	5,979	1,702	43,268
Transfer to stage 1	574	-572	-3	-	391	-391	-0	-	647	-647	-0	-
Transfer to stage 2	-1,082	1,953	-871	-	-455	455	-	-	-1,434	1,434	-	-
Transfer to stage 3	-64	-72	136	-	-42	-813	856	-	-43	-593	637	-
Net increase/decrease amount existing loans	929	-188	88	829	-266	-81	-541	-888	-1,202	-196	-39	-1,437
New loans	9,329	766	132	10,227	6,717	372	1,089	8,179	13,125	-550	1,074	13,649
Derecognitions	-5,986	-849	-503	-7,337	-4,166	-679	-191	-5,036	-8,320	-236	-524	-9,081
Financial assets with actual loan losses	-2	-4	-59	-66	0	0	-11	-11	-1	-4	-193	-199
Closing balance	42,057	6,221	1,577	49,855	37,790	4,838	2,904	45,533	38,359	5,186	2,656	46,201
Fixed interest loans at FV	4,559			4,559	4,268			4,268	4,276	-	-	4,276
<b>Total gross loans at the end of the period</b>	<b>126,405</b>	<b>9,371</b>	<b>2,051</b>	<b>137,827</b>	<b>121,067</b>	<b>8,279</b>	<b>3,338</b>	<b>132,684</b>	<b>124,934</b>	<b>9,079</b>	<b>3,100</b>	<b>137,113</b>

Group (NOKm)	30 June 2022				30 June 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
<b>Retail Market</b>												
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	1,321	-1,303	-18	-	1,343	-1,339	-4	-	1,227	-1,221	-6	-
Transfer to stage 2	-1,348	1,358	-11	-	-1,152	1,159	-7	-	-1,598	1,609	-11	-
Transfer to stage 3	-29	-112	141	-	-48	-124	172	-	-74	-132	206	-
Net increase/decrease amount existing loans	-1,541	-99	-18	-1,658	-1,755	-99	-17	-1,871	-2,599	-154	-28	-2,782
New loans	25,877	501	61	26,439	27,231	550	64	27,845	46,190	1,465	125	47,781
Derecognitions	-26,335	-1,083	-93	-27,512	-19,676	-1,246	-114	-21,036	-33,775	-2,161	-189	-36,125
Financial assets with actual loan losses	-	-	-6	-6	-0	-1	-11	-12	-0	-1	-20	-21
Closing balance	85,522	3,875	587	89,984	84,149	4,108	536	88,794	87,577	4,612	531	92,721
<b>Corporate Market</b>												
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	722	-714	-7	-	570	-570	-0	-	879	-876	-2	-
Transfer to stage 2	-1,233	2,115	-882	-	-549	553	-4	-	-1,795	1,797	-1	-
Transfer to stage 3	-70	-85	155	-	-51	-836	887	-	-57	-626	683	-
Net increase/decrease amount existing loans	760	-208	86	638	-333	-94	-547	-973	-652	-257	-53	-963
New loans	9,961	805	144	10,910	7,456	399	1,089	8,944	14,533	-455	1,085	15,164
Derecognitions	-6,157	-938	-553	-7,647	-4,583	-784	-216	-5,583	-9,159	-397	-561	-10,117
Financial assets with actual loan losses	-2	-4	-59	-66	0	0	-11	-11	-1	-4	-193	-199
Balance at 31 December	45,834	6,740	1,643	54,216	40,618	5,255	3,000	48,873	41,855	5,768	2,759	50,382
Closing balance												
Fixed interest loans at FV	4,481			4,481	4,268			4,268	4,198			4,198
<b>Total gross loans at the end of the period</b>	<b>135,837</b>	<b>10,615</b>	<b>2,229</b>	<b>148,681</b>	<b>129,035</b>	<b>9,363</b>	<b>3,537</b>	<b>141,935</b>	<b>133,630</b>	<b>10,381</b>	<b>3,290</b>	<b>147,301</b>

## Note 9 - Distribution of customer deposits by sector/industry

Parent Bank			Group			
31 Dec 2021	30 June 2021	30 June 2022 (NOKm)		30 June 2022	30 June 2021	31 Dec 2021
1,958	2,587	2,329	Agriculture and forestry	2,329	2,587	1,958
991	1,090	1,337	Fisheries and hunting	1,337	1,090	991
1,050	1,414	1,219	Sea farming industries	1,219	1,414	1,050
2,562	1,963	2,431	Manufacturing	2,431	1,963	2,562
5,535	4,766	3,508	Construction, power and water supply	3,508	4,766	5,535
6,649	4,985	5,411	Retail trade, hotels and restaurants	5,411	4,985	6,649
1,006	982	916	Maritime sector	916	982	1,006
5,692	6,369	6,152	Property management	6,092	6,313	5,635
11,469	10,094	12,825	Business services	12,825	10,094	11,469
9,247	9,354	9,572	Transport and other services provision	9,123	8,950	8,750
16,826	17,644	24,614	Public administration	24,614	17,644	16,826
4,453	5,328	5,464	Other sectors	5,419	5,169	4,267
<b>67,439</b>	<b>66,575</b>	<b>75,778</b>	<b>Total</b>	<b>75,224</b>	<b>65,955</b>	<b>66,697</b>
44,589	44,178	48,588	Wage earners	48,588	44,178	44,589
<b>112,028</b>	<b>110,753</b>	<b>124,366</b>	<b>Total deposits</b>	<b>123,812</b>	<b>110,133</b>	<b>111,286</b>

## Note 10 - Net interest income

Parent bank					Group					
Second quarter			First half		(NOKm)	First half		Second quarter		2021
2021	2021	2022	2021	2022		2022	2021	2022	2021	
<b>Interest income</b>										
					Interest income from loans to and claims on central banks and credit institutions (amortised cost)	47	17	29	6	33
128	29	72	64	124	Interest income from loans to and claims on customers (amortised cost)	1,350	1,041	707	529	2,169
1,654	400	555	785	1,055	Interest income from loans to and claims on customers (FVOCI)	763	631	395	318	1,300
1,285	314	395	624	763	Interest income from loans to and claims on customers (FVPL)	59	59	31	29	116
116	29	31	59	59	Interest income from money market instruments, bonds and other fixed income securities	209	136	113	70	276
279	70	114	138	210	Other interest income	12	12	7	6	23
-	-	-	-	-						
<b>3,462</b>	<b>843</b>	<b>1,167</b>	<b>1,669</b>	<b>2,212</b>	<b>Total interest income</b>	<b>2,439</b>	<b>1,897</b>	<b>1,281</b>	<b>958</b>	<b>3,916</b>
<b>Interest expense</b>										
					Interest expenses on liabilities to credit institutions	81	25	48	8	55
51	7	45	23	75	Interest expenses relating to deposits from and liabilities to customers	488	239	265	115	540
547	117	269	242	494	Interest expenses related to the issuance of securities	233	202	124	102	395
395	102	124	201	233	Interest expenses on subordinated debt	28	17	17	9	35
33	8	16	16	27	Other interest expenses	11	10	6	5	20
8	2	2	4	4	Guarantee fund levy	39	38	19	21	75
75	21	19	38	39						
<b>1,109</b>	<b>258</b>	<b>475</b>	<b>525</b>	<b>872</b>	<b>Total interest expense</b>	<b>880</b>	<b>531</b>	<b>480</b>	<b>260</b>	<b>1,120</b>
<b>2,353</b>	<b>586</b>	<b>692</b>	<b>1,144</b>	<b>1,340</b>	<b>Net interest income</b>	<b>1,559</b>	<b>1,366</b>	<b>801</b>	<b>698</b>	<b>2,796</b>

## Note 11 - Net commission income and other income

Parent bank					Group					
Second quarter		First half			(NOKm)	First half		Second quarter		2021
2021	2021	2022	2021	2022		2022	2021	2022	2021	
<b>Commission income</b>										
76	16	12	34	32	Guarantee commission	29	33	10	16	73
-	-	-	-	-	Broker commission	140	152	78	85	291
63	16	11	31	21	Portfolio commission, savings products	21	31	11	16	63
450	113	77	225	161	Commission from SpareBank 1 Boligkreditt	161	225	77	113	450
14	4	4	8	8	Commission from SpareBank 1 Næringskreditt	8	8	4	4	14
413	96	114	187	217	Payment transmission services	214	185	112	94	409
214	53	59	105	116	Commission from insurance services	116	105	59	53	214
77	22	27	39	48	Other commission income	44	36	25	20	69
<b>1,306</b>	<b>319</b>	<b>303</b>	<b>629</b>	<b>603</b>	<b>Total commission income</b>	<b>734</b>	<b>774</b>	<b>377</b>	<b>400</b>	<b>1,583</b>
<b>Commission expenses</b>										
84	18	18	36	36	Payment transmission services	52	53	26	25	115
13	2	3	6	4	Other commission expenses	52	46	28	23	92
<b>97</b>	<b>21</b>	<b>21</b>	<b>42</b>	<b>41</b>	<b>Total commission expenses</b>	<b>104</b>	<b>98</b>	<b>54</b>	<b>48</b>	<b>207</b>
<b>Other operating income</b>										
26	12	0	18	13	Operating income real property	13	18	1	12	27
-	-	-	-	-	Property administration and sale of property	79	82	46	46	150
-	-	-	-	-	Securities trading	322	452	197	177	719
-	-	-	-	-	Accountant's fees	323	301	167	154	529
21	2	2	4	6	Other operating income	14	10	10	7	31
<b>47</b>	<b>13</b>	<b>2</b>	<b>22</b>	<b>19</b>	<b>Total other operating income</b>	<b>752</b>	<b>863</b>	<b>421</b>	<b>395</b>	<b>1,456</b>
<b>1,256</b>	<b>312</b>	<b>285</b>	<b>609</b>	<b>581</b>	<b>Total net commission income and other operating income</b>	<b>1,382</b>	<b>1,538</b>	<b>745</b>	<b>748</b>	<b>2,832</b>

## Note 12 - Operating expenses

Parent bank					(NOKm)	Group				
Second quarter			First half			First half		Second quarter		
2021	2021	2022	2021	2022		2022	2021	2022	2021	2021
265	67	70	130	146	IT costs	191	177	93	90	359
10	3	3	5	6	Postage and transport of valuables	7	6	3	4	14
53	12	16	26	29	Marketing	47	37	26	17	77
95	25	19	49	38	Ordinary depreciation	69	93	34	40	189
44	10	4	23	25	Operating expenses, real properties	33	33	9	15	57
143	39	37	69	80	Purchased services	115	108	54	61	224
134	31	34	61	67	Other operating expense	91	81	48	43	190
<b>745</b>	<b>186</b>	<b>183</b>	<b>364</b>	<b>391</b>	<b>Total other operating expenses</b>	<b>553</b>	<b>534</b>	<b>268</b>	<b>269</b>	<b>1,111</b>

## Note 13 - Net return on financial investments

Parent Bank					Group					
		2Q	First half				First half	2Q		
2021	2021	2022	2021	2022	(NOKm)	2022	2021	2022	2021	2021
					<b>Valued at fair value through profit/loss</b>					
-433	-71	-177	-199	-379	Value change in interest rate instruments	-321	-121	-142	-39	-283
					Value change in derivatives/hedging					
-6	2	-1	-9	-1	Net value change in hedged bonds and derivatives*	-1	-9	-1	2	-6
					Net value change in hedged fixed rate loans and derivatives					
12	2	-33	12	-36	Other derivatives	-36	12	-33	2	12
301	31	94	137	265	Income from equity instruments	354	165	147	39	332
					Income from owner interests					
726	597	514	709	574	Dividend from owner instruments	139	340	84	212	705
					Value change and gain/loss on owner instruments					
8	-2	1	-5	4	Dividend from equity instruments	4	-2	1	-2	13
6	1	4	3	7	Value change and gain/loss on equity instruments	5	21	3	17	22
-4	14	-14	8	-11		98	126	-35	24	163
<b>610</b>	<b>574</b>	<b>387</b>	<b>654</b>	<b>422</b>	<b>Total net income from financial assets and liabilities at fair value through profit/(loss)</b>	<b>241</b>	<b>531</b>	<b>23</b>	<b>256</b>	<b>959</b>
					<b>Valued at amortised cost</b>					
					Value change in interest rate instruments held to maturity					
-2	-0	-0	-2	-0		-0	-2	-0	0	-2
<b>-2</b>	<b>-0</b>	<b>-0</b>	<b>-2</b>	<b>-0</b>	<b>Total net income from financial assets and liabilities at amortised cost</b>	<b>-0</b>	<b>-2</b>	<b>-0</b>	<b>0</b>	<b>-2</b>
<b>72</b>	<b>15</b>	<b>29</b>	<b>31</b>	<b>38</b>	<b>Total net gain from currency trading</b>	<b>39</b>	<b>31</b>	<b>30</b>	<b>15</b>	<b>70</b>
<b>680</b>	<b>588</b>	<b>416</b>	<b>684</b>	<b>459</b>	<b>Total net return on financial investments</b>	<b>279</b>	<b>560</b>	<b>53</b>	<b>270</b>	<b>1,026</b>
					* Fair value hedging					
					Changes in fair value on hedging instrument					
-664	-61	-538	-354	-1,363		-1,363	-354	-538	-61	-664
					Changes in fair value on hedging item					
657	63	537	344	1,362		1,362	344	537	63	657
<b>-6</b>	<b>2</b>	<b>-1</b>	<b>-9</b>	<b>-1</b>	<b>Net Gain or Loss from hedge accounting</b>	<b>-1</b>	<b>-9</b>	<b>-1</b>	<b>2</b>	<b>-6</b>

## Note 14 - Other assets

Parent Bank		(NOKm)		Group		
31 Dec 2021	30 June 2021	30 June 2022		30 June 2022	30 June 2021	31 Dec 2021
3	-	3	Deferred tax asset	72	98	90
84	84	100	Fixed assets	224	209	210
253	278	243	Right to use assets	470	470	460
152	98	77	Earned income not yet received	124	157	186
20	296	978	Accounts receivable, securities	1,479	1,841	300
62	112	62	Pension assets	62	112	62
508	471	271	Other assets	671	763	752
<b>1,082</b>	<b>1,339</b>	<b>1,735</b>	<b>Total other assets</b>	<b>3,103</b>	<b>3,650</b>	<b>2,062</b>



## Note 15 - Other liabilities

Parent Bank			(NOKm)	Group		
31 Dec 2021	30 June 2021	30 June 2022		30 June 2022	30 June 2021	31 Dec 2021
-	8	-	Deferred tax	56	81	56
513	195	456	Payable tax	503	266	583
12	11	12	Capital tax	12	11	12
118	54	83	Accrued expenses and received, non-accrued income	633	633	774
347	336	513	Provision for accrued expenses and commitments	513	336	347
78	81	71	Losses on guarantees and unutilised credits	71	81	78
8	10	8	Pension liabilities	8	10	8
262	285	253	Lease liabilities	486	481	476
84	78	68	Drawing debt	68	78	84
92	108	11	Creditors	149	183	150
157	276	922	Debt from securities	1,316	1,515	351
-	-	-	Equity Instruments	56	87	31
185	376	274	Other liabilities	406	491	266
<b>1,855</b>	<b>1,819</b>	<b>2,672</b>	<b>Total other liabilities</b>	<b>4,277</b>	<b>4,253</b>	<b>3,215</b>

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

## Group

	31 Dec 2021	Issued	Fallen due/ Redeemed	Other changes	30 June 2022
<b>Change in securities debt (NOKm)</b>					
Certificate, nominal value	-	-	-	-	-
Bond debt, nominal value	36,805	4,670	4,961	429	36,944
Senior non preferred, nominal value	3,500	2,050	-	-20	5,530
Value adjustments	-152	-	-	-1,414	-1,566
Accrued interest	178	-	-	-35	143
<b>Total</b>	<b>40,332</b>	<b>6,720</b>	<b>4,961</b>	<b>-1,040</b>	<b>41,052</b>

	31 Dec 2021	Issued	Fallen due/ Redeemed	Other changes	30 June 2022
<b>Change in subordinated debt and hybrid equity (NOKm)</b>					
Ordinary subordinated loan capital, nominal value	1,793	1,000	684	-	2,109
Hybrid equity, nominal value	-	-	-	-	-
Value adjustments	-	-	-	-	-
Accrued interest	3	-	-	6	9
<b>Total</b>	<b>1,796</b>	<b>1,000</b>	<b>684</b>	<b>6</b>	<b>2,118</b>

## 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 2022:

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

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

<b>Assets (NOKm)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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
<b>Total assets</b>	<b>3,834</b>	<b>30,373</b>	<b>84,443</b>	<b>118,651</b>
<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities through profit/loss				
- Derivatives	1	3,894	-	3,895
- Equity instruments	87	-	-	87
<b>Total liabilities</b>	<b>88</b>	<b>3,894</b>	<b>-</b>	<b>3,982</b>

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

<b>Assets (NOKm)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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
<b>Total assets</b>	<b>4,364</b>	<b>31,712</b>	<b>87,817</b>	<b>123,893</b>
<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities through profit/loss				
- Derivatives	0	3,909	-	3,909
- Equity instruments	31	-	-	31
<b>Total liabilities</b>	<b>31</b>	<b>3,909</b>	<b>-</b>	<b>3,940</b>

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

<b>(NOKm)</b>	<b>Equity instruments through profit/loss</b>	<b>Fixed interest loans</b>	<b>Loans at fair value through OCI</b>	<b>Total</b>
Opening balance 1 January	564	4,198	83,055	87,817
Investment in the period	6	889	21,714	22,610
Disposals in the period	-2	-430	-25,090	-25,522
Expected credit loss	-	-	11	11
Gain or loss on financial instruments	90	-177	-0	-86
<b>Closing balance</b>	<b>659</b>	<b>4,481</b>	<b>79,690</b>	<b>84,829</b>

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

<b>(NOKm)</b>	<b>Equity instruments through profit/loss</b>	<b>Fixed interest loans</b>	<b>Loans at fair value through OCI</b>	<b>Total</b>
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
<b>Closing balance 30 June 21</b>	<b>526</b>	<b>4,226</b>	<b>79,691</b>	<b>84,443</b>

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
<b>Closing balance 31 December</b>	<b>564</b>	<b>4,198</b>	<b>83,055</b>	<b>87,817</b>

#### 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 7 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 571 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 2022:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	4,481	-13
Equity instruments through profit/loss*	659	-
Loans at fair value through other comprehensive income	79,690	-7

\* 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 2022 was 3.7 years. The overall LCR at the same point was 204 per cent. The LCR in Norwegian kroner and euro at quarter-end was 155 and 932 per cent respectively. The average overall LCR in the first half was 176 per cent.

## 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
	2022	2021	
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	1.293	1.395	2.692
Allocated to ECC Owners 2)	827	892	1.722
Issues Equity Capital Certificates adjusted for own certificates	129.360.409	129.324.795	129.339.665
<b>Earnings per Equity Capital Certificate</b>	<b>6,39</b>	<b>6,90</b>	<b>13,31</b>

1) Adjusted Net Profit	First half		2021
	2022	2021	
Net Profit for the group	1.400	1.523	2.902
adjusted for non-controlling interests share of net profit	-74	-98	-160
Adjusted for Tier 1 capital holders share of net profit	-33	-30	-50
<b>Adjusted Net Profit</b>	<b>1.293</b>	<b>1.395</b>	<b>2.692</b>

2) Equity capital certificate ratio (parent bank) (NOKm)	30 June 2022	30 June 2021	31 Dec 2021
<b>ECC capital</b>	<b>2,597</b>	<b>2,597</b>	<b>2,597</b>
Dividend equalisation reserve	7,007	6,556	7,007
Premium reserve	895	895	895
Unrealised gains reserve	109	153	109
Other equity capital	-2	-0	-
A. The equity capital certificate owners' capital	10,606	10,201	10,609
<b>Ownerless capital</b>	<b>5,918</b>	<b>5,664</b>	<b>5,918</b>
Unrealised gains reserve	62	86	62
Other equity capital	-1	-0	-
B. The saving bank reserve	5,978	5,750	5,980
<b>To be disbursed from gift fund</b>	<b>-</b>	<b>401</b>	<b>547</b>
Dividend declared	-	226	970
Equity ex. profit	16,585	16,578	18,106
<b>Equity capital certificate ratio A/(A+B)</b>	<b>64.0 %</b>	<b>64.0 %</b>	<b>64.0 %</b>
<b>Equity capital certificate ratio for distribution</b>	<b>64.0 %</b>	<b>64.0 %</b>	<b>64.0 %</b>