

# Fourth Quarter Report 2022



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## Main figures

| From the income statement (NOKm)           | Fourth quarter |              | January - December |              |
|--------------------------------------------|----------------|--------------|--------------------|--------------|
|                                            | 2022           | 2021         | 2022               | 2021         |
| Net interest                               | 961            | 725          | 3,339              | 2,805        |
| Net commission income and other income     | 473            | 521          | 2,042              | 2,141        |
| Net return on financial investments        | 163            | 168          | 380                | 840          |
| <b>Total income</b>                        | <b>1,597</b>   | <b>1,414</b> | <b>5,760</b>       | <b>5,786</b> |
| <b>Total operating expenses</b>            | <b>646</b>     | <b>609</b>   | <b>2,443</b>       | <b>2,360</b> |
| <b>Results before losses</b>               | <b>951</b>     | <b>805</b>   | <b>3,317</b>       | <b>3,426</b> |
| Loss on loans, guarantees etc              | 19             | 32           | -7                 | 161          |
| <b>Results before tax</b>                  | <b>932</b>     | <b>773</b>   | <b>3,324</b>       | <b>3,266</b> |
| Tax charge                                 | 210            | 103          | 718                | 563          |
| Result investment held for sale, after tax | 46             | 33           | 179                | 200          |
| <b>Net profit</b>                          | <b>768</b>     | <b>703</b>   | <b>2,785</b>       | <b>2,902</b> |
| Interest Tier 1 Capital                    | 17             | 10           | 63                 | 50           |
| Net profit excl. Interest Tier 1 Capital   | 751            | 693          | 2,722              | 2,852        |

| Balance sheet figures                                                  | 31 Dec 2022 | 31 Dec 2021 |
|------------------------------------------------------------------------|-------------|-------------|
| Gross loans to customers                                               | 152,629     | 147,301     |
| Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt | 211,244     | 195,353     |
| Deposits from customers                                                | 122,010     | 111,286     |
| Average total assets                                                   | 213,112     | 196,226     |
| Total assets                                                           | 223,312     | 198,845     |

| Key figures                                                                                          | Fourth quarter |        | January - December |        |
|------------------------------------------------------------------------------------------------------|----------------|--------|--------------------|--------|
|                                                                                                      | 2022           | 2021   | 2022               | 2021   |
| <b>Profitability</b>                                                                                 |                |        |                    |        |
| Return on equity <sup>1)</sup>                                                                       | 13.1 %         | 12.7 % | 12.3 %             | 13.5 % |
| Cost-income ratio <sup>1)</sup>                                                                      | 40 %           | 43 %   | 42 %               | 41 %   |
| Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt                                  | 80 %           | 76 %   | 80 %               | 76 %   |
| Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt <sup>1)</sup>                    | 58 %           | 57 %   | 58 %               | 57 %   |
| Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt) <sup>1)</sup> | 1.1 %          | 1.8 %  | 8.1 %              | 6.9 %  |
| Growth in deposits last 12 months                                                                    | 1.2 %          | 1.5 %  | 9.6 %              | 14.1 % |
| <b>Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt</b>                      |                |        |                    |        |
| Impairment losses ratio <sup>1)</sup>                                                                | 0.04 %         | 0.07 % | 0.00 %             | 0.09 % |
| Stage 3 as a percentage of gross loans <sup>1)</sup>                                                 | 0.97 %         | 1.68 % | 0.97 %             | 1.68 % |

| Solidity                           | 31 Dec 2022 | 31 Dec 2021 |
|------------------------------------|-------------|-------------|
|                                    |             |             |
| Capital ratio                      | 23.1 %      | 21.6 %      |
| Tier 1 capital ratio               | 20.9 %      | 19.6 %      |
| Common equity Tier 1 capital ratio | 18.9 %      | 18.0 %      |
| Tier 1 capital                     | 21,835      | 19,322      |
| Total eligible capital             | 24,147      | 21,333      |
| Liquidity Coverage Ratio (LCR)     | 239 %       | 138 %       |
| Leverage Ratio                     | 7.1 %       | 6.9 %       |
| <b>Branches and staff</b>          |             |             |
| Number of branches                 | 40          | 40          |
| No. Of full-time positions         | 1,432       | 1,390       |

<sup>1)</sup> Defined as alternative performance measures, se attachment to quarterly report

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

| <b>Key figures ECC</b>                                           | <b>31 Dec<br/>2022</b> | <b>31 Dec<br/>2021</b> | <b>31 Dec<br/>2020</b> | <b>31 Dec<br/>2019</b> | <b>31 Dec<br/>2018</b> |
|------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| ECC ratio                                                        | 64 %                   | 64 %                   | 64 %                   | 64.0 %                 | 64.0 %                 |
| Number of certificates issued, millions <sup>1)</sup>            | 129.29                 | 129.39                 | 129.39                 | 129.30                 | 129.62                 |
| ECC share price at end of period (NOK)                           | 127.40                 | 149.00                 | 97.60                  | 100.20                 | 84.20                  |
| Stock value (NOKM)                                               | 16,471                 | 19,279                 | 12,629                 | 12,956                 | 10,914                 |
| Booked equity capital per ECC (including dividend) <sup>1)</sup> | 109.86                 | 103.48                 | 94.71                  | 90.75                  | 83.87                  |
| Profit per ECC, majority <sup>1)</sup>                           | 12.82                  | 13.31                  | 8.87                   | 12.14                  | 9.97                   |
| Dividend per ECC                                                 | 6.50                   | 7.50                   | 4.40                   | 6.50                   | 5.10                   |
| Price-Earnings Ratio <sup>1)</sup>                               | 9.94                   | 11.19                  | 11.01                  | 8.26                   | 8.44                   |
| Price-Book Value Ratio <sup>1)</sup>                             | 1.16                   | 1.44                   | 1.03                   | 1.10                   | 1.00                   |

# Report of the Board of Directors

## Preliminary annual accounts 2022

### Fourth quarter 2022

*(Consolidated figures. Figures in parenthesis refer to the same period of 2021 unless otherwise stated)*

- Profit before tax and business held for sale: NOK932m (773m)
- Net profit: NOK 768m (703m)
- Return on equity: 13.1 per cent (12.7 per cent)
- CET1 ratio: 18.9 per cent (18.0 per cent)
- Growth in lending: 1.1 per cent (1.8 per cent) and in deposits: 1.2 per cent (growth of 1.5 per cent)
- Lending to personal customers rose 1.0 per cent in the quarter (1.6 per cent), 0.2 percentage points lower growth than in the third quarter. Lending to corporate clients rose 1.4 per cent (2.1 per cent) which was 1.0 percentage point lower growth than in the third quarter
- Deposits from personal customers rose 1.4 per cent (1.4 per cent), compared with a decline of 1.9 per cent in the third quarter. Deposits from corporate clients rose 1.1 per cent (1.5per cent), compared with a decline of 3.1 per cent in the third quarter
- Net result of ownership interests: NOK 195m (186m)
- Net result of financial instruments (incl. dividends): minus NOK 33m (minus 18m)
- Losses on loans and guarantees: NOK 19m (32m), 0.04 per cent of gross loans (0.07 per cent)
- Earnings per equity certificate (EC): NOK 3.53 (3.20). Book value per EC: NOK 109.86 (103.48)

### Preliminary annual accounts 2022

- Profit before tax and business held for sale: NOK 3,324m (3,266m)
- Net profit: NOK 2,785m (2,902m)
- Return on equity: 12.3 per cent (13.5 per cent)
- Growth in lending: 8.1 per cent (6.9 per cent) and in deposits: 9.6 per cent (14.1 per cent)
- Growth in lending to personal customers was 6.7 per cent (6.8 per cent) and in lending to corporate clients 11.1 per cent (7.1 per cent)
- Lending to retail customers accounts for 67 per cent (68 per cent) of total lending
- Deposits from personal customers rose 8.4 per cent (9.8 per cent) and deposits from corporate clients rose 10.5 per cent (17.2 per cent)
- Net result of ownership interests: NOK 442m (705m)
- Net result of financial instruments (incl. dividends): minus NOK 61m (gain of 134m)
- Net recovery of losses on loans and guarantees: NOK 7m (loss of 161m), 0 per cent (0.09 per cent) of gross lending
- Earnings per EC: NOK 12.82 (13.31)
- The board of directors proposes a dividend of NOK 6.50 per EC (NOK 7.50) which is 50.7 per cent of the net profit, and a community dividend of NOK 474m (547m)

## Events in the quarter

### Signs of stabilising interest rates and inflation

Norges Bank raised its base rate to 2.50 per cent in November and to 2.75 per cent in December.

SpareBank 1 SMN has like other banks raised mortgage interest rates and deposit rates. At Norges Bank's interest rate meeting in January, which kept the base rate unchanged, the central bank indicated a base rate hike to 3.0 per cent in March 2023. This would leave the base rate close to the peak rate in Norges Bank's forecasting period.

The rate of annual growth in the consumer price index has slowed and the trend in core inflation is flat. The labour market remains tight, and activity levels in the Norwegian economy are high. At the same time there are signs that price growth and tighter monetary policy are reducing households' purchasing power. This is expected to impact on firms' activity in the period ahead. More customers turn to the bank for financial advice, but no increase in defaults has been observed so far.

According to SpareBank 1 SMN's economic barometer, Mid-Norwegian businesses' expectations for the future are at a low level. The risk trend in the corporate portfolio is nonetheless acceptable. Continued improvement is in evidence in the offshore segment, but increased risk is noted in the wider business sector due to high inflation and higher interest rates. Industries viewed as more exposed than others are construction and commercial property.

### Merger with SpareBank 1 Søre Sunnmøre

The merger was approved by the general meeting of SpareBank 1 Søre Sunnmøre and the supervisory board of SpareBank 1 SMN in the year's final quarter. The Competition Authority cleared the merger transaction on 21 December 2022. The merger is scheduled for completion on 2 May 2023.

The overriding aim of the merged bank is to take its place as the leading banking actor in Sunnmøre and in Fjordane. A merged bank will provide greater competitive power, an increased presence and will be attractive to customers, employees and shareholders alike.

### SpareBank 1 Markets

As from the fourth quarter of 2022 the subsidiary SpareBank 1 Markets is classified for accounting purposes as held for sale. The company's income and expenses are accordingly reclassified to the line 'Result investment held for sale' in the income statement. The group's profit remains unchanged. Historical figures are restated.

On 22 June 2022 SpareBank 1 SMN reported SpareBank 1 Markets' move to strengthen its focus in the capital market, SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge are to transfer their capital markets business to SpareBank 1 Markets, and are in addition buying into the company in the form of a cash payment. After completion of the transaction SpareBank 1 SMN will own 39.4 per cent and SpareBank 1 Markets will be treated as an affiliate. The transaction is dependent on approval from Finanstilsynet (the Financial Supervisory Authority) and the Competition Authority, and is scheduled to go ahead in March 2023.

### Focus on sustainability at SpareBank 1 SMN Regnskapshuset

SpareBank 1 Regnskapshuset SMN has in the fourth quarter established a department for advisory services in the fields of sustainability reporting and climate accounting.

**Event after 31 December 2022: Gross embezzlement of SpareBank 1 SMN's funds**

On 19 January 2023 SpareBank 1 SMN reported a hired replacement employee to the police after falling victim to gross embezzlement. No customers are impacted. The police have arrested and charged the suspect, and the bank is actively involved in the ongoing investigation. The bank became aware of the offence itself and reported the matter to the Police and to Økokrim.

The police investigation and the bank's own enquiries show that the embezzlement totals NOK 75m. The accused returned about NOK 9m to SpareBank 1 SMN before his arrest. The net amount taken out of SpareBank 1 SMN is accordingly just over NOK 66m. Of this sum, NOK 15m has been secured. Based on the information now known to the police and the bank, about NOK 50m of the embezzled amount has been lost. Although the amount is substantial, it does not impact the bank's financial situation. SpareBank 1 SMN has insurance that covers financial crime, including embezzlement. The insurance has a deductible of NOK 5 million.

**Results in the fourth quarter 2022**

The fourth quarter net profit was NOK 768m (703m), and return on equity was 13.1 per cent (12.7 per cent). The net profit is NOK 151m higher than in the third quarter. The profit growth from the previous quarter is in all essentials due to increased net interest income at the bank and profit growth in SpareBank 1 Gruppen. The profit growth compared with last year's fourth quarter is largely ascribable to increased net interest income.

Earnings per equity certificate (EC) were NOK 3.53 (3.20) and the EC's book value was NOK 109.86 (103.48). In the third quarter of 2022 earnings per EC were NOK 2.89.

Net interest income totalled NOK 961m (725m), which is NOK 147m higher than in the third quarter and NOK 237m better than in the same quarter of 2021. Market interest rates have risen substantially and NIBOR was about 90 points higher in the fourth quarter of 2022 than in the third quarter and 250 points higher than in the fourth quarter of 2021. This has resulted in lower margins on loans and higher margins on deposits. Increased lending and deposits, along with higher return on equity, have strengthened net interest income.

Net commission and other income was reduced from the previous quarter by NOK 18m to NOK 473m (521m), essentially as a result of reduced commissions on loans sold to SpareBank 1 Boligkreditt. This is also the main reason for the decline compared with the fourth quarter 2021. Reduced commissions from SpareBank 1 Boligkreditt are due to lower margins on residential mortgages sold to the mortgage company.

The group's share of the results of related companies was NOK 195m (186m). In the third quarter the profit share was NOK 108m. SpareBank Gruppen recorded a positive profit performance.

Return on financial investments (incl. dividends) was minus NOK 33m (minus 18m) and in the third quarter minus NOK 22m.

Operating expenses came to NOK 646m (609m) and in the third quarter to NOK 583m. About half of the increase from the third quarter relates to costs of facilitating the planned merger with SpareBank 1 Søre Sunnmøre along with increased technology costs and consumption-related costs.

Losses on loans and guarantees were NOK 19m (32m) in the fourth quarter and in the third quarter NOK 22m.

2022 saw good growth in lending and deposits. Overall lending grew by 8.1 per cent (6.9 per cent) and deposits by 9.6 per cent (14.1 per cent). In the fourth quarter lending growth was 1.1 per cent (1.8 per cent) and deposit growth 1.2 per cent (1.5 per cent). Personal and corporate deposits both increased in the fourth quarter.

As at 31 December 2022 the CET1 ratio was 18.9 per cent (18.0 per cent), a decline of 0.3 percentage points from the previous quarter. The CET1 ratio target is 17.2 per cent.

Earnings per EC were NOK 12.82 (13.31). The book value was NOK 109.86 (103.48) per EC including the proposed dividend for 2022 of NOK 6.50 (NOK 7.50).

The price of the bank's equity certificate (MING) at year-end was NOK 127.40 (149.00).

### **Proposed distribution of net profit**

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

The net profit is distributed between the ownerless capital and the equity certificate (EC) capital in proportion to their relative shares of the bank's total equity, such that dividends and the allocation to the dividend equalisation fund constitute 64.0 per cent of the distributed profit.

Earnings per equity certificate were NOK 12.82. In keeping with the bank's dividend policy, the board of directors recommends the bank's supervisory board to declare a cash dividend of NOK 6.50 per EC, altogether totalling NOK 840m. This makes for a payout ratio of 50.7 per cent. The board of directors further recommends an allocation of NOK 474m to community dividend.

Of this amount NOK 230m is to be transferred to non-profit causes and NOK 244m to the foundation Sparebankstiftelsen SMN. NOK 781m and NOK 440m are to be transferred to the dividend equalisation fund and the ownerless capital respectively.

| Difference between Group - Parent Bank                               | 2022         | 2021         |
|----------------------------------------------------------------------|--------------|--------------|
| <b>Profit for the year, Group</b>                                    | <b>2,785</b> | <b>2,902</b> |
| Interest hybrid capital (after tax)                                  | -60          | -48          |
| <b>Profit for the year excl interest hybrid capital, group</b>       | <b>2,725</b> | <b>2,854</b> |
| Profit, subsidiaries                                                 | -479         | -693         |
| Dividend, subsidiaries                                               | 422          | 309          |
| Profit, associated companies                                         | -443         | -705         |
| Dividend, associated companies                                       | 224          | 418          |
| Group eliminations                                                   | -15          | 11           |
| <b>Profit for the year excl interest hybrid capital, Parent bank</b> | <b>2,434</b> | <b>2,194</b> |
| <b>Distribution of profit</b>                                        | <b>2022</b>  | <b>2021</b>  |
| Profit for the year excl interest hybrid capital, Parent bank        | 2,434        | 2,194        |
| Transferred to/from revaluation reserve                              | 101          | 68           |
| <b>Profit for distribution</b>                                       | <b>2,535</b> | <b>2,262</b> |
| Dividends                                                            | 840          | 970          |
| Equalisation fund                                                    | 781          | 476          |
| Saving Bank's fund                                                   | 440          | 268          |
| Gifts                                                                | 474          | 547          |
| <b>Total distributed</b>                                             | <b>2,535</b> | <b>2,262</b> |

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

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

The net annual profit for distribution reflects changes of NOK 101m in the unrealised gains reserve.

The total amount for distribution is accordingly NOK 2,535m.

After distribution of the profit for 2022, the ratio of EC capital to total equity remains 64.0 per cent.

### Increased net interest income

Norges Bank raised its base rate to 2.75 per cent in December 2022. Market interest rates in terms of NIBOR have risen substantially, and were approximately 3.30 per cent at end-2022 compared with 0.85 per cent at end-2021. The bank has raised mortgage and deposit rates in step with the changes in the base rate, most recently with effect from 21 December 2022. A further increase is announced with effect from 1 February 2023 following Norges Bank's base rate hike on 15 December 2022.

Net interest income totalled NOK 961m (725m) compared with NOK 814m in the third quarter. Margins on residential mortgages were at the same level in the fourth quarter as in the third quarter, while margins on corporate borrowing rose. Margins on deposits by personal customers also rose.

An increased deposit margin, growth in lending and deposits along with increased return on equity, strengthened net interest income in the fourth quarter as in the third quarter. These are also the main reasons for the change compared with the same quarter of 2021.

### Commission income and other operating income

A high proportion of multi-product customers reflects high customer satisfaction and contributes to a diversified income flow for the group.

| Commission income (NOKm)                                      | 4Q 22      | 3Q 22      | 4Q 21      |
|---------------------------------------------------------------|------------|------------|------------|
| Payment transfers                                             | 91         | 91         | 78         |
| Creditcard                                                    | 15         | 15         | 15         |
| Saving products                                               | 11         | 9          | 13         |
| Insurance                                                     | 60         | 60         | 55         |
| Guarantee commission                                          | 25         | 16         | 23         |
| Real estate agency                                            | 94         | 105        | 100        |
| Accountancy services                                          | 127        | 115        | 114        |
| Other commissions                                             | 14         | 12         | 17         |
| <b>Commissions ex SB1 Boligkreditt and SB1 Næringskreditt</b> | <b>438</b> | <b>424</b> | <b>416</b> |
| Commissions SB1 Boligkreditt                                  | 32         | 63         | 102        |
| Commissions SB1 Næringskreditt                                | 4          | 4          | 3          |
| <b>Total commissions</b>                                      | <b>473</b> | <b>491</b> | <b>521</b> |

Commission income and other operating income totalled NOK 473m (521m) compared with NOK 491m in the third quarter of 2022.

Commission income on loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt altogether totalled NOK 36m (105m). In the third quarter of 2022 commissions came to NOK 67m. The decline in the fourth quarter 2022 compared with the preceding quarter and the fourth quarter 2021 is due to higher funding costs at SpareBank 1 Boligkreditt.

Other commission income totalled NOK 438m (416m) compared with NOK 424m in the third quarter. The increase of NOK 14m from the third quarter relates mainly to accounting services and guarantee commissions, at the same time as income from estate agency services was reduced in the quarter due to a somewhat hesitant housing market.

### Return on financial investments

Return on financial investments in the fourth quarter was minus NOK 52m (minus 19m) and in the third quarter minus NOK 30m. The group's shareholdings showed a capital loss of NOK 23m (gain of 15m). Financial instruments, including bonds and CDs, showed a capital loss of NOK 55m (loss of 59m). The losses are ascribable to falling basis swap values, which are partially offset by changed credit margins on the bank's liquidity holdings. Income of NOK 25m (25m) from forex transactions refers to corporate clients' currency trading and agio on the bank's funding in foreign currencies.

|                                            | 4Q 22      | 3Q 22      | 4Q 21      |
|--------------------------------------------|------------|------------|------------|
| Capital gains/losses shares                | -23        | -67        | 15         |
| Gain/(loss) on financial instruments       | -55        | 6          | -59        |
| Foreign exchange gain/(loss)               | 25         | 30         | 25         |
| <b>Net return on financial instruments</b> | <b>-52</b> | <b>-30</b> | <b>-19</b> |

### Product companies and other related companies

The product companies provide SpareBank 1 SMN with a broad product range and commission income along with return on invested capital. The overall profit share from the product companies and other related companies was NOK 195m (186m). In the third quarter the figure was NOK 108m.

| Income from investment in associated companies (NOKm) | 4Q 22      | 3Q 22      | 4Q 21      |
|-------------------------------------------------------|------------|------------|------------|
| SpareBank 1 Gruppen (19.5%)                           | 128        | 17         | 173        |
| SpareBank 1 Boligkreditt (22.6%)                      | -1         | 10         | -2         |
| SpareBank 1 Næringskreditt (16.3%)                    | 2          | 0          | 0          |
| BN Bank (35.0 %)                                      | 54         | 53         | 42         |
| SpareBank 1 Kreditt (18.7 %)                          | 0          | 3          | 2          |
| SpareBank 1 Betaling (20.8%)                          | 22         | -3         | -9         |
| SpareBank 1 Forvaltning (19.6%)                       | 5          | 10         | 12         |
| Other companies                                       | -15        | 19         | -32        |
| <b>Income from investment in associated companies</b> | <b>195</b> | <b>108</b> | <b>186</b> |

### SpareBank 1 Gruppen

The company owns 100 per cent of the shares of SpareBank 1 Forsikring, SpareBank 1 Factoring and SpareBank 1 Spleis. SpareBank 1 Gruppen owns 65 per cent of the non-life insurer Fremtind. The company also owns 50 per cent of Kredinor.

SpareBank 1 Gruppen's profit after tax for the fourth quarter of 2022 was NOK 752m (1.080m) and in the third quarter of 2022 NOK 207m. NOK 657m of the post-tax profit of NOK 752m accrues to the majority owners of SpareBank 1. Return on equity in the quarter was 20.8 per cent (29.6 per cent).

The group's share of SpareBank 1 Gruppen's profit was NOK 128m (173m) and in the third quarter of 2022 NOK 17m.

Fremtind Forsikring posted a fourth quarter profit of NOK 272m (550m) after tax. The quarter's underwriting result was NOK 137m (450m) and the claims ratio 71.1 per cent (60.2 per cent). The claims ratio rose partly as a result of an increase in the number of fires in December 2022. Financial incomes proved relatively low in the fourth quarter in a weak equities market, and property value adjustments made a negative contribution.

SpareBank 1 Forsikring reported a profit of NOK 173m (524m) after tax in the fourth quarter of 2022. The administration profit was minus NOK 26m (206m). In last year's fourth quarter a substantial income recognition of administration reserves was undertaken. The underwriting risk result was NOK 95m (48m). The quarter's return on financial assets came to NOK 104m (270m).

On 30 September 2022 Finanstilsynet gave permission for Modhi and Kredinor to merge with effect from 1 October 2022. As of the same date SpareBank 1 Gruppen made an in-kind contribution of Modhi valued at NOK 1.7bn and participated in a stock issue of NOK 117m. This entailed SpareBank 1 Gruppen becoming the owner of 50 per cent of the shares of the newly merged Kredinor. Modhi is accordingly no longer a subsidiary of SpareBank 1 Gruppen. The derecognition of Modhi brought a gain of NOK 382m. Kredinor is treated for accounting purposes as a joint venture as from 1 October 2022. A deficit of NOK 43m after tax was recognised in the fourth quarter of 2022.

### SpareBank 1 Forvaltning

The company was established in 2021 to strengthen the SpareBank 1 banks' competitive power in the savings market. Odin Forvaltning, SpareBank 1 Kapitalforvaltning, SpareBank 1 SR Forvaltning and

SpareBank 1 Verdipapirservice make up the SpareBank 1 Forvaltning group. SpareBank 1 SMN owns 19.6 per cent of the company, and the profit share in the fourth quarter was NOK 5m (12m) and in the third quarter NOK 10m

### **SpareBank 1 Boligkreditt**

SpareBank 1 Boligkreditt was established by the banks making up SpareBank 1-alliansen to draw benefit from the market for covered bonds. The banks sell well-secured residential mortgages to the company and achieve reduced funding costs.

As at 31 December 2022 the bank had sold loans totalling NOK 56.9bn (46.7bn) to SpareBank 1 Boligkreditt, corresponding to 40.1 per cent (35.1 per cent) of the bank's overall lending to retail borrowers.

The bank's share of the company's profit was minus NOK 1m (minus 2m).

### **SpareBank 1 Næringskreditt**

SpareBank 1 Næringskreditt was established along the same lines and with the same administration as SpareBank 1 Boligkreditt. As at 31 December 2022, loans worth NOK 1.7bn (1.4bn) had been sold to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's share of the profit was NOK 2m (0m).

### **SpareBank 1 Kreditt**

SpareBank 1 SMN's share of the fourth quarter profit was minus NOK 0.3m (profit of 1.6m). SpareBank 1 SMN customers' portfolio of credit cards and consumer loans totalled NOK 1.248m (998m) and its stake was 18.7 per cent.

In the fourth quarter the company recorded a deficit of NOK 6.9m (profit of 10.8m). The decline was down to higher marketing costs and increased losses. As at 31 December 2022 the company's overall portfolio was worth NOK 7.3bn (5.8bn). The growth is in all essentials ascribable to refinancing loans.

### **BN Bank**

BN Bank offers residential mortgage loans and loans to commercial property and its main market is Oslo and south-eastern Norway. BN Bank showed good growth of 10.0 per cent in lending to personal customers in 2022 (13.8 per cent) and growth of 0.1 per cent in the fourth quarter (3.5 per cent). The growth in lending to corporate clients was 10.3 per cent in 2022 (6.3 per cent) and 2.7 per cent in the last quarter (decline of 0.7 per cent). Total outstanding loans come to NOK 57bn (52bn).

BN Bank recorded a profit of NOK 160m (121m) in the fourth quarter, providing a return on equity of 12.1 per cent (10.5 per cent). Increased net interest income and commission income explain the profit growth. SpareBank 1 SMN's share of BN Bank's profit is NOK 54m (42m).

### **SpareBank 1 Betaling**

SpareBank 1 Betaling is the SpareBank 1 banks' parent company in Vipps AS. On 30 June 2021 Vipps entered an agreement to merge Vipps' mobile payments arm with Danish MobilePay and Finnish Pivo which opens the way for cross-border mobile payments. In the third quarter 2022 it became clear that the merger would proceed without Pivo after the European Commission raised concerns about the consolidation of mobile wallets in Finland.

The companies received the European Commission's approval in the fourth quarter 2022, but the merger is still pending. In parallel with the merger, BankAxept and BankID will be spun off from Vipps to become a new Norwegian-owned company which will continue to be wholly owned by the Norwegian banks.

SpareBank 1 SMN's share of the profit was NOK 22m (minus 9m) in the fourth quarter.

### Operating expenses

| Operating expenses (NOKm)           | 4Q 22      | 3Q 22      | 4Q 21      |
|-------------------------------------|------------|------------|------------|
| Staff costs                         | 333        | 348        | 342        |
| IT costs                            | 100        | 84         | 87         |
| Marketing                           | 24         | 18         | 21         |
| Ordinary depreciation               | 33         | 26         | 35         |
| Operating expenses, real properties | 9          | 17         | 9          |
| Purchased services                  | 53         | 48         | 43         |
| Merger expenses                     | 22         | 0          | 0          |
| Other operating expense             | 73         | 42         | 72         |
| <b>Total operating expenses</b>     | <b>646</b> | <b>583</b> | <b>609</b> |

Overall expenses in the fourth quarter came to NOK 646m (609m), an increase of NOK 37m compared with the same period of 2021. Overall expenses in the third quarter were NOK 583m.

The bank recorded expenses of NOK 416m (368m) and in the previous quarter NOK 369m. Expenses at the bank rose by NOK 47m from the third to fourth quarter. Half of the growth in expenses relates to facilitation of the mergers with SpareBank 1 Søre Sunnmøre. There was also some increase in technological costs, increased use of consultants and higher consumption-related costs.

Some cost growth is also noted at SpareBank 1 Regnskapshuset SMN and at EiendomsMegler 1 Midt-Norge compared with the third quarter 2022.

The cost-income ratio was 40 per cent (43 per cent) for the group, 35 per cent (40 per cent) for the parent bank.

### Low losses

Losses on loans totalled NOK 19m (32m) and in the third quarter NOK 22m.

| Impairment losses (NOKm)       | 4Q 22     | 3Q 22     | 4Q 21     |
|--------------------------------|-----------|-----------|-----------|
| RM                             | 31        | 17        | 4         |
| CM                             | -12       | 5         | 27        |
| <b>Total impairment losses</b> | <b>19</b> | <b>22</b> | <b>32</b> |

A loss of NOK 31m was recorded on loans to retail customers (4m), breaking down to NOK 12m on residential mortgage borrowers, NOK 15m on agricultural customers and NOK 4m on retail customers of SpareBank 1 Finans Midt-Norge. The losses in fourth quarter is mainly due to negative migration in the portfolio. The actual losses in the retail market is still very low.

A net recovery of NOK 12m was recorded on loans to corporates (loss of NOK 27m), including a net recovery of NOK 60m (net recovery of NOK 27m) in the offshore portfolio and increased losses of NOK 48m

on loans to other business and industry. NOK 44m of the latter figure is in the bank and is distributed across a wide range of customers and segments as a result of migration to Stage 2. Losses on loans measure 0.04 per cent (0.07 per cent) of total outstanding loans.

In light of improved market prospects for the offshore industry a higher level of freight rates is employed in our impairment simulations for the offshore portfolio. Moreover, the downside scenario weighting is reduced for supply and subsea. This contributes significantly to lower impairments. Further, the singular treatment of clients in the hotel/tourism industry no longer applies. In the case of other corporates and personal customers no changes are made in scenario weights. The PD path for other corporates is raised early in the simulation period in the downside scenario, contributing to somewhat larger impairment write-downs.

Overall impairment write-downs on loans and guarantees total NOK 1,188m (1,520m).

Overall problem loans (Stage 3) come to NOK 2,044m (3,290m) corresponding to 0.97 per cent (1.68 per cent) of gross outstanding loans, including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. Much of the decline is due to the fact that a large offshore exposure completed its quarantine period in the second quarter 2022.

### **Total assets of NOK 223bn**

The bank's total assets were NOK 223bn (199bn), having risen as a result of higher lending and higher liquidity holdings.

Loans totalling NOK 59bn (48bn) have been sold from SpareBank 1 SMN to SpareBank 1 Boligkreditt and to SpareBank 1 Næringskreditt. These loans do not figure as loans in the bank's balance sheet. The comments covering lending growth take into account loans sold.

### **Lending**

Total outstanding loans rose in 2022 by NOK 15.9bn (12.6bn), corresponding to 8.1 per cent (6.9 per cent), and stood at NOK 211.2bn (195.4bn) at year-end. Growth in the fourth quarter was 1.1 per cent (1.8 per cent).

- Lending to personal customers rose by NOK 8.9bn (8.4bn) to NOK 141.8bn (132.9bn) in the last 12 months. Growth in the period was 6.7 per cent (6.8 per cent). In the fourth quarter growth was 1.0 per cent (1.6 per cent)
- Lending to corporate clients rose by NOK 7.0bn (4.1bn) to NOK 69.4bn (62.5bn) in the last 12 months. Growth in the period was 11.1 per cent (7.1 per cent). Growth in the fourth quarter was 1.4 per cent (2.1 per cent)
- Lending to personal customers accounted for 67 per cent (68 per cent) of total outstanding loans to customers.

Good, albeit somewhat diminishing, growth is noted in lending to personal customers. Growth has over time exceeded credit growth to households (C2), and the group is strengthening its market position. The growth in lending to corporate clients is largely to small and medium-sized businesses throughout the market area. The growth is distributed across a number of segments, and industry and single name concentrations are avoided.

(For distribution by sector, [see note 5](#))

## Deposits

Customer deposits rose in 2022 by NOK 10.7bn (13.8bn) to NOK 122.0bn (111.3bn). This represents a growth of 9.6 per cent (14.1 per cent). Growth in the fourth quarter was 1.2 per cent (1.5 per cent).

- Personal deposits rose by NOK 3.7bn (4.0bn) to NOK 48.3bn (44.6bn), corresponding to 8.4 per cent (9.8 per cent). In the fourth quarter growth was 1.4 per cent (1.4 per cent)
- Corporate deposits rose by NOK 7.0bn (9.8bn) to NOK 73.7bn (66.7bn), corresponding to 10.5 per cent (17.2 per cent). In the fourth quarter growth was 1.1 per cent (1.5 per cent)
- The deposit-to-loan ratio including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 58 per cent (57 per cent).

Deposit growth has been very high due to the pandemic, but normalised in 2022. Deposits are an important funding source for the bank, and the bank has made plans to strengthen deposit growth in the personal market.

(For distribution by sector, see [note 9](#)).

## Personal customers

| RM, Result before tax (NOKm) | 4Q 22 | 3Q 22 | 4Q 21 |
|------------------------------|-------|-------|-------|
| Personal market              | 371   | 322   | 288   |
| EiendomsMegler 1             | -6    | 12    | 1     |

The Personal Banking Division and EiendomsMegler 1 Midt-Norge offer a broad range of financial services. Improved coordination between the bank and the real estate agency business affords customers a better service offering and contributes to increased growth and profitability.

| Profit and loss account (NOKm)                              | 4Q 22      | 3Q 22      | 4Q 21      |
|-------------------------------------------------------------|------------|------------|------------|
| Net interest                                                | 476        | 367        | 306        |
| Comission income and other income                           | 176        | 208        | 225        |
| Total income                                                | 651        | 575        | 531        |
| Total operating expenses                                    | 253        | 241        | 244        |
| Ordinary operating profit                                   | 398        | 334        | 288        |
| Loss on loans, guarantees etc.                              | 27         | 11         | 0          |
| <b>Result before tax including held for sale</b>            | <b>371</b> | <b>322</b> | <b>288</b> |
| <b>Balance</b>                                              |            |            |            |
| Loans and advances to customers                             | 147,426    | 145,433    | 137,672    |
| Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt | -57,134    | -57,299    | -46,821    |
| Deposits to customers                                       | 54,930     | 54,458     | 50,691     |
| <b>Key figures</b>                                          |            |            |            |
| Return on equity per quarter *)                             | 16.2 %     | 14.7 %     | 12.8 %     |
| Lending margin                                              | 0.39 %     | 0.39 %     | 1.25 %     |
| Deposit margin                                              | 2.19 %     | 1.67 %     | 0.43 %     |

\*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 17.2 percent to be in line with the capital plan

The **Personal Banking Division** achieved a pre-tax profit of NOK 371m (288m), and NOK 322m in the previous quarter.

Loans granted by the Personal Banking Division total NOK 147bn (138bn) and deposits total NOK 55bn (51bn). These are loans to and deposits from wage earners, agricultural customers and sole proprietorships.

Operating income posted by the division totalled NOK 651m (531m) and NOK 575 in the previous quarter. Net interest income accounted for NOK 476m (306m) and NOK 367m in the third quarter. Commission income totalled NOK 176m (225m) and NOK 208m in the previous quarter. Net interest income has risen compared with the fourth quarter of 2021 as a result of growth and a strengthened deposit margin, while lower margins on loans have weakened net interest income and commissions from SpareBank 1 Boligkreditt.

The lending margin was 0.39 per cent (1.25 per cent) and in the third quarter of 2022 also 0.39 per cent. The deposit margin was 2.19 per cent (0.43 per cent) and 1.67 per cent in the previous quarter (measured against three-month NIBOR). The market interest rate in terms of three-month NIBOR rose from the third quarter of 2022 by about 90 basis points which strengthened the deposit margin in the fourth quarter.

Lending to and deposits from personal customers grew by 7.1 per cent (6.6 per cent) and 8.4 per cent (6.8 per cent) respectively in the last 12 months. In the fourth quarter growth in lending and deposits came to 1.4 per cent (1.7 per cent) and 0.9 per cent (1.6 per cent) respectively.

Lending to personal customers consistently carries low risk, as reflected in continued low losses. The loan portfolio is largely secured by residential property. Loan losses of NOK 27m (11m) were recorded in the fourth quarter 2022.

**Eiendomsmegler 1 Midt-Norge** is the market leader in Trøndelag and in Møre and Romsdal. Operating income came to NOK 93m in the fourth quarter (100m) and expenses totalled NOK 100m (100m), bringing a pre-tax profit of minus NOK 6m (0m). Weakly falling house prices due to higher mortgage interest rates were a feature of the second half of 2022 in which the transaction volume also fell slightly compared with the previous year. 1,486 properties were sold in the fourth quarter compared with 1,773 in the same period of 2021. The company's market share at 31 December 2022 was 37 per cent (36 per cent).

## Corporate customers

| CM, Result before tax (NOKm)           | 4Q 22 | 3Q 22 | 4Q 21 |
|----------------------------------------|-------|-------|-------|
| Corporate banking                      | 443   | 322   | 229   |
| SpareBank 1 Regnskapshuset SMN (88.7%) | 20    | 22    | 3     |
| SpareBank 1 Finans Midt-Norge (56.5%)  | 51    | 44    | 45    |

The corporate business at SpareBank 1 SMN consists of the bank's corporate banking arm, SpareBank 1 Regnskapshuset SMN and SpareBank 1 Finans Midt-Norge. These business lines service business and industry with a complete range of accounting, banking and capital market services.

| CM, Profit and loss account (NOKm)                          | 4Q 22      | 3Q 22      | 4Q 21      |
|-------------------------------------------------------------|------------|------------|------------|
| Net interest                                                | 458        | 361        | 291        |
| Comission income and other income                           | 85         | 75         | 78         |
| Total income                                                | 544        | 436        | 370        |
| Total operating expenses                                    | 119        | 114        | 120        |
| Ordinary operating profit                                   | 425        | 322        | 249        |
| Loss on loans, guarantees etc.                              | -19        | 1          | 20         |
| <b>Result before tax including held for sale</b>            | <b>443</b> | <b>322</b> | <b>229</b> |
| <b>Balance</b>                                              |            |            |            |
| Loans and advances to customers                             | 51,822     | 52,047     | 47,585     |
| Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt | -1,481     | -1,354     | -1,231     |
| Deposits to customers                                       | 62,920     | 62,638     | 59,619     |
| <b>Key figures</b>                                          |            |            |            |
| Return on equity per quarter *)                             | 26.0 %     | 18.4 %     | 13.5 %     |
| Lending margin                                              | 2.23 %     | 2.05 %     | 2.39 %     |
| Deposit margin                                              | 0.47 %     | 0.27 %     | -0.16 %    |

\*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 17.2 percent to be in line with the capital plan

The **Corporate Banking Division** achieved a pre-tax profit of NOK 443m (NOK 229m) and NOK 322m in the fourth quarter of 2022. Lower losses strengthen the profit performance.

Outstanding loans to corporates totalled NOK 52bn (46bn) and deposits totalled NOK 63bn (60bn) as at 31 December 2022. This is a diversified portfolio of loans to and deposits from corporate clients in Trøndelag and Møre and Romsdal.

Operating income came to NOK 544m (370m) and NOK 436m in the third quarter. Net interest income was NOK 458m (291m) and NOK 361m in the third quarter. Commission income totalled NOK 85m (78m) compared with NOK 75m in the third quarter. Lending margins increased in the quarter while deposit margins were at the same level as the previous quarter. Increased loan and deposit volumes have strengthened the earnings base. Good growth in commission income refers to increased guarantee commissions and payments incomes.

The lending margin was 2.23 per cent (2.39 per cent) and the deposit margin was 0.47 per cent (minus 0.16 per cent). Lending growth in 2022 was 8.9 per cent (6.1 per cent) while deposits rose 5.5 per cent (20.6 per cent). Lending growth in the quarter was minus 0.4 per cent (growth of 1.6 per cent) and deposit growth was 0.4 per cent (1.0 per cent).

A net recovery of NOK 19m was recorded on loans to the bank's corporate clients (loss of 20m) and NOK 1m in the third quarter.

SpareBank 1 SMN and SpareBank 1 Regnskapshuset SMN each have a large proportion of businesses in the market area as customers. Development of the customer offering aims to ensure that customers see the added value of being a customer of both the bank and Regnskapshuset.

As a result of the strengthened focus on SMBs, many new customers have opted for SpareBank 1 SMN as their bank in 2022 and 2021. Corporate customers have strong links with the bank and customer turnover is extremely low.

**SpareBank 1 Finans Midt-Norge** delivered a pre-tax profit of NOK 51m (45m). The company's focal areas are leasing and invoice purchasing services to businesses and car loans to personal customers.

The company's incomes totalled NOK 87m (93m). Costs in the fourth quarter of 2022 totalled NOK 25m (35m). Losses totalled NOK 11m (12m).

The company has leasing agreements with and loans to corporate customers worth a total of NOK 5.2bn (4.2bn) and car loans worth NOK 7.0bn (6.0bn). Growth in 2022 was 23.8 per cent and 16.7 per cent respectively.

SpareBank 1 Finans Midt-Norge and other SpareBank 1 banks own 47 per cent of the shares of the car subscription company Fleks. Fleks offers flexible car subscription solutions. Along with electrification of the car population, the car subscription system makes for reduced emissions. Fleks currently has 3,000 cars and is the market leader in Norway. SpareBank 1 Finans Midt-Norge recognised a profit share from Flex of minus NOK 5m in the fourth quarter (plus 6m).

**SpareBank 1 Regnskapshuset SMN** posted a pre-tax profit of NOK 20m (3m). Operating income was NOK 139m (122m) and expenses were NOK 119m (118m).

The company is making a considerable change to its business model involving digitalisation and a revamp of its organisation. Modern cloud-based subscription solutions are offered along with a broad range of accounting advisory services.

The company acquired five accountancy firms in 2022 with a view to expanding its presence in the company's catchment area, and achieved organic turnover growth of 8 per cent.

Customer recruitment has risen accompanied by a reduction in customer turnover. Income from advisory services rose 22 per cent in 2022 and a large number of companies had switched to modern cloud-based accounting systems by year-end.

The company's market share in Trøndelag, Møre and Romsdal and Gudbrandsdal is approximately 25 per cent.

**SpareBank 1 Markets** is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It employs 160 FTEs.

SpareBank 1 Markets' pre-tax profit was NOK 70m (51m).

Activity levels in the respective business lines were high in the quarter. The market in particular for advisory services and to some extent for management of stock issues has picked up compared with the previous quarter, providing good incomes for Investment Banking but to a lesser degree for stockbroking. Earnings from fixed income and forex business were on the increase. Overall incomes came to NOK 251m (215m). Operating expenses totalled NOK 116m (108m).

SpareBank 1 Markets has developed into one of the largest Norwegian brokerages with a strong position in several product areas, and is the leading capital market unit in SpareBank 1 SMN's market area. The announced amalgamation of the capital market units of SpareBank 1 Markets, SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge is under preparation and is expected to contribute to higher and more diversified earnings. The merger is currently scheduled to take place in March 2023, but this is dependent on the government authorities' process.

**SpareBank 1 SMN Invest**

The company owns shares in regional businesses. The portfolio is managed together with other long-term shareholdings of the bank and will be scaled down.

The pre-tax profit was minus NOK 21m (minus 4m) and in the previous quarter minus NOK 30m.

The company held shares worth NOK 580m (592m) as at 31 December 2022.

## At 31 December 2022

**Good profit**

SpareBank 1 SMN reports a net profit of NOK 2,785m (2,902m), and a return on equity of 12.3 per cent (13.5 per cent). The profit is NOK 117m lower than in 2021 due to weaker results from SpareBank 1 Gruppen and weak return on financial investments. At the same time operating income has risen and losses have fallen. Earnings per equity certificate were NOK 12.82 (13.31).

Net interest income came to NOK 3,339m (2,805m). Average NIBOR in 2022 was about 160 basis points higher than in the previous year, and Norges Bank raised its base rate to 2.75 per cent over the year. Lending margins were on average reduced by about 65 basis points compared with 2021, while deposit margins rose about 80 points. Both loans and deposits have risen, which together with higher return on equity has strengthened net interest income.

Net commission income was NOK 2,042m (2,141m). The income decline of NOK 99m is mainly explained by reduced commissions from Boligkreditt resulting from lower margins on loans sold to the company. Increased income was achieved on payment, insurance and accounting services.

Return on financial investments (incl. dividends) was minus NOK 61m (gain of 134m). The decline is ascribable to reduced return on the group's equity portfolios and weak return on the liquidity holding.

The result from related companies was NOK 442m (705m). The insurance businesses in

SpareBank 1 Gruppen show a decline in profit while BN Bank reports profit growth.

Operating expenses totalled NOK 2,443m (2,360m), an increase of NOK 83m or 3.5 per cent. Of this figure, NOK 22m refers to costs of the planned merger with SpareBank 1 Søre Sunnmøre.

A net recovery of NOK 7m was recorded on loan losses (161m). On loans to corporate clients there was a net recovery of NOK 51m (159m). Lower losses in the offshore segment explain much of the reduction. Loans to personal customers saw a net loss of NOK 44m (1m).

Lending grew 8.1 per cent (6.9 per cent). Growth in lending to personal customers was 6.7 per cent (6.8 per cent). Lending to corporate clients increased by 11.1 per cent (7.1 per cent).

Deposits rose 9.6 per cent (14.1 per cent). Deposits from personal customers rose 8.4 per cent (9.8 per cent) while deposits from corporate clients rose 10.5 per cent (17.2 per cent).

### Personal customers

| Result before tax                 | Jan- Dec<br>2022 | Jan- Dec<br>2021 |
|-----------------------------------|------------------|------------------|
| Personal market                   | 1,296            | 1,167            |
| EiendomsMegler 1 Midt-Norge (87%) | 58               | 71               |

The bank's **personal banking arm** achieved a pre-tax profit of NOK 1,296m (1,167m) in 2022. Return on capital employed in the retail segment was 13.6 per cent (13.4 per cent).

Overall operating income came to NOK 2,283m (2,074m). Net interest income accounted for NOK 1,491m (1,165m) and commission income for NOK 792m (908m). Commission income is weakened mainly as a result of lower commissions from SpareBank 1 Boligkreditt, but incomes from payments services and insurance products concurrently rose.

Growth in lending to and deposits from the personal segment was 7.1 per cent (6.6 per cent) and 8.4 per cent (6.8 per cent) respectively in the last 12 months.

The lending margin was 0.72 per cent (1.53 per cent), while the deposit margin was 1.34 per cent (0.13 per cent) measured against three-month NIBOR. Lending margins were reduced by about 80 basis points in 2022 while deposit margins increased by about 120 basis points.

Loan losses of NOK 29m were recorded (recovery of NOK 10m).

**EiendomsMegler 1 Midt-Norge.** Operating income was NOK 429m (453m), while operating expenses were NOK 371m (382m). EiendomsMegler 1 Midt-Norge's pre-tax profit was NOK 58m (71m). Somewhat lower activity in the housing market in 2022 resulted in 6,887 property sales in 2022 compared with 7,771 in 2021.

### Corporate customers

| Result before tax                      | Jan-Dec<br>2022 | Jan-Dec<br>2021 |
|----------------------------------------|-----------------|-----------------|
| Corporate banking                      | 1,403           | 795             |
| SpareBank 1 Regnskapshuset SMN (88.7%) | 96              | 85              |
| SpareBank 1 Finans Midt-Norge (56.5%)  | 191             | 198             |

The bank's **corporate banking arm** achieved a pre-tax profit of NOK 1,403m (795m) in 2022. The profit improvement is due to good growth, a strong increase in operating income and lower losses. Return on capital employed for the corporate segment was 20.8 per cent (11.5 per cent).

Operating income was NOK 1,804m (1,386m). Net interest income came to NOK 1,505m (1,120m) and commission income (including income from forex business) to NOK 299m (266m).

Lending increased by 10.2 per cent (7.4 per cent) and deposits by 5.5 per cent (20.6 per cent) in 2022.

The lending and deposit margins were 2.31 per cent (2.61 per cent) and 0.15 per cent (minus 0.29 per cent) respectively. Lending margins were reduced by 30 basis points in 2022 while deposit margins increased by 44 points.

A net recovery of NOK 66m was recorded on losses in the bank's corporate segment (loss of 145m).

**SpareBank 1 Finans Midt-Norge** reported a pre-tax profit of NOK 191m (198m).

The company's earnings totalled NOK 329m (364m). Expenses as at 31 December 2022 came to NOK 108m (141m). Losses were NOK 30m (25m).

**SpareBank 1 Regnskapshuset SMN** achieved a pre-tax profit of NOK 96m (85m). Operating income was NOK 607m (562m) and expenses were NOK 511m (476m).

**SpareBank 1 Markets'** pre-tax profit for 2022 was NOK 206m (254m). The company's incomes in 2022 totalled NOK 780m (901m) while expenses came to NOK 574m (633m). High activity in the business lines generated high incomes in 2021 and 2022 alike.

### **Good funding and liquidity**

Price growth accelerated through 2022. Central banks have raised base rates substantially in a short space of time and signalled further rate increases. Rapid price growth and higher interest rates have served to dampen economic activity. There are now signs that price growth has peaked in many countries. In the fourth quarter activity in the Norwegian economy remained high and the labour market was tight. Many businesses anticipate lower activity ahead. Uncertainty as to growth and inflation prospects and the geopolitical situation has contributed to substantial fluctuations in financial markets over the year. Credit spreads have risen markedly, but narrowed somewhat towards the end of the year.

The bank is in a good liquidity position and has ample access to long-term funding.

The bank has a conservative liquidity strategy, with liquidity reserves that ensure the bank's survival for 12 months of ordinary operation without need of fresh external funding.

The bank is required to maintain sufficient liquidity buffers to withstand periods of limited access to market funding. The liquidity coverage ratio (LCR) measures the size of banks' liquid assets relative to net liquidity outflow 30 days ahead given a stressed situation.

The LCR was 239 per cent as at 31 December 2022 (138 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 31 December 2022 was 58 per cent (57 per cent).

The bank's funding sources and products are amply diversified.

SpareBank 1 Boligkreditt and Næringskreditt are the bank's most important funding sources, and loans totalling NOK 57bn (48bn) had been sold to these mortgage companies as at 31 December 2022.

In the fourth quarter the bank issued senior debt worth NOK 1.8bn and hybrid capital worth NOK 700m. As at 31 December 2022 SpareBank 1 SMN held NOK 7.1bn in senior non-preferred debt (MREL), SpareBank 1 SMN will meet the MREL requirements by the end of 2023.

**Rating**

The bank has a rating of A1 (positive outlook) with Moody's.

**Financial soundness**

The CET1 ratio at 31 December 2022 was 18.9 per cent (18.0 per cent). The CET1 requirement is 15.4 per cent, including combined buffer requirements and a Pillar 2 requirement of 1.9 per cent. Finanstilsynet set a new Pillar 2 requirement for SpareBank 1 SMN on 30 April 2022. The 1.9 per cent rate is unchanged, but the bank is subject to a provisional add-on of 0.7 per cent to its Pillar 2 requirement until its application for adjustment of IRB models has been processed.

Finanstilsynet has resolved that SpareBank 1 SMN is to have a Pillar 2 guidance of 1.25 per cent over and above overall capital requirements. This brings the bank's long-term CET1 ratio target to 17.2 per cent.

The CET1 ratio shows a 0.3 percentage point decline from the third quarter. Risk weighted assets grew 2.3 per cent in the fourth quarter. A good profit performance has in isolation strengthened CET1 capital, but reversed basis swap effects at SpareBank 1 Boligkreditt and an increased deduction in respect of holdings in other group entities have brought a 0.5 per cent strengthening of CET1 capital overall. A payout ratio of 50.7 per cent of the group's net profit for 2022 is assumed.

A leverage ratio of 7.3 per cent (6.9 per cent) shows the bank to be very solid.

**Sustainability**

Over the course of the fourth quarter SpareBank 1 SMN finalised its calculation of greenhouse gas emissions from the loan portfolio and its own operations. The figures show that the loan portfolio represents a greenhouse gas emission of 1.1 million tonnes of CO<sub>2</sub> in 2022, around 98 per cent of the group's total emissions. Emissions increased by 5.6 per cent from the previous year, mainly as a result of increased lending volumes. The group's emissions from its own operations amount to around 20,000 tonnes of CO<sub>2</sub> equivalents in 2022. The increase from 2021 of around 8,000 tonnes is due to a change in calculation methodology.

The work on drawing up transition plans for the bank's loan segments has been intensified. This, together with a good database, will be an important basis for the group's effort to achieve net zero emissions by 2050.

The group's materiality analysis was updated in the fourth quarter. In keeping with best practice a double materiality analysis was performed which takes the environment, social materiality and financial materiality into account. The analysis shows that several of the expectations from the previous materiality analysis remain, but that the group should do more to contribute to regional development, a circular economy and public health.

**The bank's equity certificate (MING)**

The market price of the equity certificate (EC) as at 31 December 2022 was NOK 127.40 (149.00), and the book value per EC was NOK 109.86 (103.48). Earnings per EC were NOK 12.82 (13.31). A total cash dividend of NOK 7.50 was paid per EC for 2021.

The Price / Income ratio was 9.94 (11.19) and the Price / Book ratio was 1.16 (1.44).

**Outlook**

SpareBank 1 SMN delivered a very good profit performance in 2022, and achieved its goals in terms of profitability and capitalisation. The business lines performed well and the group's market position is strengthened.

At the start of 2023 uncertainty in the economy persists with a reduction in households' purchasing power and increased pessimism in business and industry. Unemployment nonetheless remains extremely low in Mid-Norway, at the same time as there are signs that inflation is levelling off and expectations that the base rate is close to peaking.

The risk trend in SpareBank 1 SMN's loan portfolio is good. There is continued improvement in the offshore segment, but signs of increased risk in some industries. Uncertainty attends house prices and the demand for residential mortgages is diminishing. A number of customers are in dialogue with the bank for financial advice, and some increase is noted in enquiries about forbearance. The bank's advisers are skilled in the field of personal finances, are close to the customer and are present throughout Trøndelag and Møre and Romsdal.

SpareBank 1 SMN has a broad product platform with profitable subsidiaries and product companies which are expected to deliver good results, also in a situation of lower economic growth. In the course of the first quarter of 2023 SpareBank 1 Markets is to merge with the capital market units in SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge, thereby creating the basis for a larger and more diversified income base.

SpareBank 1 SMN is one of the country's largest savings banks. This position will be further reinforced through organic and structural growth. The merger with SpareBank 1 Søre Sunnmøre is important in this context and is expected reach completion in the beginning of May 2023.

The board of directors will recommend the supervisory board to set a cash dividend of NOK 6.50 per equity certificate (NOK 7.50) representing 50.7 per cent of the net profit, and to allocate NOK 474m (547m) to community dividend. The community dividend contributes to strengthening the region and the bank's market position. The proposed distribution is in line with the group's dividend policy.

The return expected by the market has risen partly as a result of higher interest rates and a general rise in banks' earnings. SpareBank 1 SMN aspires to be among the best performers in the Nordic region. The board of directors has resolved to raise the group's profitability target to 13 per cent return on equity, while at the same time adjusting the cost target. SpareBank 1 SMN's group strategy stands firm on achieving sustainable and profitable growth, further efficiency gains and good risk management. The board of directors is content with results achieved for 2022, and expects 2023 to be another good year for SpareBank 1 SMN.

Trondheim, 7 february 2023  
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal  
(chair)

Christian Stav  
(deputy chair)

Morten Loktu

Mette Kamsvåg

Tonje Eskeland Foss

Eli Skrøvset

Freddy Aursø

Christina Straub  
(employee rep.)

Inge Lindseth  
(employee rep.)

Jan-Frode Janson  
(Group CEO)

# Income statement

| Parent bank    |              |              |              |                                                    | Group |              |              |                |              |
|----------------|--------------|--------------|--------------|----------------------------------------------------|-------|--------------|--------------|----------------|--------------|
| Fourth quarter |              | Jan - Dec    |              | (NOKm)                                             | Note  | Jan - Dec    |              | Fourth quarter |              |
| 2021           | 2022         | 2021         | 2022         |                                                    |       | 2022         | 2021         | 2022           | 2021         |
| 827            | 1,577        | 3,067        | 4,740        | Interest income effective interest method          |       | 5,207        | 3,521        | 1,701          | 939          |
| 108            | 273          | 395          | 724          | Other interest income                              |       | 720          | 392          | 272            | 107          |
| 321            | 1,007        | 1,109        | 2,583        | Interest expenses                                  |       | 2,588        | 1,107        | 1,012          | 321          |
| <b>614</b>     | <b>843</b>   | <b>2,353</b> | <b>2,880</b> | <b>Net interest</b>                                | 10    | <b>3,339</b> | <b>2,805</b> | <b>961</b>     | <b>725</b>   |
| 338            | 282          | 1,306        | 1,192        | Commission income                                  |       | 1,446        | 1,586        | 340            | 405          |
| 28             | 25           | 97           | 90           | Commission expenses                                |       | 186          | 177          | 45             | 47           |
| 17             | 19           | 47           | 55           | Other operating income                             |       | 781          | 731          | 178            | 163          |
| <b>326</b>     | <b>276</b>   | <b>1,256</b> | <b>1,156</b> | <b>Commission income and other income</b>          | 11    | <b>2,042</b> | <b>2,141</b> | <b>473</b>     | <b>521</b>   |
| 20             | 93           | 733          | 677          | Dividends                                          |       | 33           | 22           | 19             | 1            |
| -              | -            | -            | -            | Income from investment in related companies        | 3     | 442          | 705          | 195            | 186          |
| -40            | -31          | -53          | -123         | Net return on financial investments                | 13    | -94          | 112          | -52            | -19          |
| <b>-20</b>     | <b>63</b>    | <b>680</b>   | <b>554</b>   | <b>Net return on financial investments</b>         |       | <b>380</b>   | <b>840</b>   | <b>163</b>     | <b>168</b>   |
| <b>920</b>     | <b>1,182</b> | <b>4,289</b> | <b>4,590</b> | <b>Total income</b>                                |       | <b>5,760</b> | <b>5,786</b> | <b>1,597</b>   | <b>1,414</b> |
| 162            | 155          | 650          | 661          | Staff costs                                        |       | 1,406        | 1,378        | 333            | 342          |
| 206            | 261          | 745          | 841          | Other operating expenses                           | 12    | 1,038        | 981          | 314            | 267          |
| <b>368</b>     | <b>416</b>   | <b>1,395</b> | <b>1,502</b> | <b>Total operating expenses</b>                    |       | <b>2,443</b> | <b>2,360</b> | <b>646</b>     | <b>609</b>   |
| <b>552</b>     | <b>766</b>   | <b>2,895</b> | <b>3,088</b> | <b>Result before losses</b>                        |       | <b>3,317</b> | <b>3,426</b> | <b>951</b>     | <b>805</b>   |
| 20             | 8            | 134          | -37          | Loss on loans, guarantees etc.                     | 6,7   | -7           | 161          | 19             | 32           |
| <b>533</b>     | <b>758</b>   | <b>2,760</b> | <b>3,125</b> | <b>Result before tax</b>                           | 3     | <b>3,324</b> | <b>3,266</b> | <b>932</b>     | <b>773</b>   |
| 132            | 194          | 518          | 631          | Tax charge                                         |       | 718          | 563          | 210            | 103          |
| -              | -            | -            | -            | Result investment held for sale, after tax         | 2,3   | 179          | 200          | 46             | 33           |
| <b>401</b>     | <b>565</b>   | <b>2,242</b> | <b>2,494</b> | <b>Net profit</b>                                  |       | <b>2,785</b> | <b>2,902</b> | <b>768</b>     | <b>703</b>   |
| 9              | 16           | 48           | 60           | Attributable to additional Tier 1 Capital holders  |       | 63           | 50           | 17             | 10           |
| 250            | 351          | 1,403        | 1,557        | Attributable to Equity capital certificate holders |       | 1,658        | 1,722        | 456            | 413          |
| 141            | 198          | 791          | 877          | Attributable to the saving bank reserve            |       | 934          | 971          | 257            | 233          |
|                |              |              |              | Attributable to non-controlling interests          |       | 130          | 160          | 37             | 47           |
| <b>401</b>     | <b>565</b>   | <b>2,242</b> | <b>2,494</b> | <b>Net profit</b>                                  |       | <b>2,785</b> | <b>2,902</b> | <b>768</b>     | <b>703</b>   |
|                |              |              |              | Profit/diluted profit per ECC                      | 19    | 12.82        | 13.31        | 3.53           | 3.20         |

## Other comprehensive income

| Parent bank                                               |      |           |       |                                                                          | Group     |       |                |      |
|-----------------------------------------------------------|------|-----------|-------|--------------------------------------------------------------------------|-----------|-------|----------------|------|
| Fourth quarter                                            |      | Jan - Dec |       | (NOKm)                                                                   | Jan - Dec |       | Fourth quarter |      |
| 2021                                                      | 2022 | 2021      | 2022  |                                                                          | 2022      | 2021  | 2022           | 2021 |
| 401                                                       | 565  | 2,242     | 2,494 | Net profit                                                               | 2,785     | 2,902 | 768            | 703  |
| <b>Items that will not be reclassified to profit/loss</b> |      |           |       |                                                                          |           |       |                |      |
| -                                                         | 7    | -         | 177   | Actuarial gains and losses pensions                                      | 177       | -     | 7              | -    |
| -                                                         | -2   | -         | -44   | Tax                                                                      | -44       | -     | -2             | -    |
| -                                                         | -    | -         | -     | Share of other comprehensive income of associates and joint venture      | 4         | 2     | -3             | -    |
| -                                                         | 5    | -         | 133   | <b>Total</b>                                                             | 137       | 2     | 2              | -    |
| <b>Items that will be reclassified to profit/loss</b>     |      |           |       |                                                                          |           |       |                |      |
| -                                                         | -    | -         | -     | Fair value change on financial assets through other comprehensive income | -         | -     | -              | -    |
| -1                                                        | 6    | -1        | 9     | Value changes on loans measured at fair value                            | 9         | -1    | 6              | -1   |
| -                                                         | -    | -         | -     | Share of other comprehensive income of associates and joint venture      | 113       | -17   | -121           | 25   |
| -                                                         | -    | -         | -     | Tax                                                                      | -         | -     | -              | -    |
| -1                                                        | 6    | -1        | 9     | <b>Total</b>                                                             | 122       | -18   | -115           | 24   |
| -1                                                        | 11   | -1        | 142   | <b>Net other comprehensive income</b>                                    | 259       | -16   | -113           | 24   |
| 400                                                       | 576  | 2,241     | 2,636 | <b>Total comprehensive income</b>                                        | 3,044     | 2,886 | 655            | 727  |
| 9                                                         | 16   | 48        | 60    | Attributable to additional Tier 1 Capital holders                        | 63        | 50    | 17             | 10   |
| 250                                                       | 358  | 1,402     | 1,647 | Attributable to Equity capital certificate holders                       | 1,823     | 1,712 | 384            | 429  |
| 141                                                       | 202  | 790       | 929   | Attributable to the saving bank reserve                                  | 1,028     | 965   | 217            | 242  |
|                                                           |      |           |       | Attributable to non-controlling interests                                | 130       | 160   | 37             | 47   |
| 400                                                       | 576  | 2,241     | 2,636 | <b>Total comprehensive Income</b>                                        | 3,044     | 2,886 | 655            | 727  |

## Balance sheet

| Parent bank    |                |                                                | Note | Group          |                |
|----------------|----------------|------------------------------------------------|------|----------------|----------------|
| 31 Dec 2021    | 31 Dec 2022    | (NOKm)                                         |      | 31 Dec 2022    | 31 Dec 2021    |
| 1,252          | 1,171          | Cash and receivables from central banks        |      | 1,171          | 1,252          |
| 13,190         | 21,972         | Deposits with and loans to credit institutions |      | 11,663         | 4,704          |
| 135,766        | 139,550        | Net loans to and receivables from customers    | 5    | 151,549        | 145,890        |
| 30,762         | 38,072         | Fixed-income CDs and bonds                     | 17   | 38,073         | 30,762         |
| 3,192          | 6,804          | Derivatives                                    | 17   | 6,804          | 3,224          |
| 402            | 417            | Shares, units and other equity interests       | 17   | 840            | 2,654          |
| 4,590          | 5,063          | Investment in related companies                |      | 8,075          | 7,384          |
| 2,374          | 2,379          | Investment in group companies                  |      | -              | -              |
| 98             | 98             | Investment held for sale                       | 2    | 1,919          | 59             |
| 458            | 467            | Intangible assets                              |      | 663            | 853            |
| 1,082          | 2,092          | Other assets                                   | 14   | 2,555          | 2,062          |
| <b>193,165</b> | <b>218,085</b> | <b>Total assets</b>                            |      | <b>223,312</b> | <b>198,845</b> |
| 14,342         | 14,636         | Deposits from credit institutions              |      | 14,636         | 15,065         |
| 112,028        | 122,699        | Deposits from and debt to customers            | 9    | 122,010        | 111,286        |
| 40,332         | 47,474         | Debt created by issue of securities            | 16   | 47,474         | 40,332         |
| 3,500          | 8,307          | Derivatives                                    | 17   | 8,307          | 3,909          |
| 1,855          | 2,067          | Other liabilities                              | 15   | 2,725          | 3,215          |
| -              | -              | Investment held for sale                       | 2    | 1,093          | 1              |
| 1,753          | 2,015          | Subordinated loan capital                      | 16   | 2,058          | 1,796          |
| <b>173,809</b> | <b>197,199</b> | <b>Total liabilities</b>                       |      | <b>198,303</b> | <b>175,603</b> |
| 2,597          | 2,597          | Equity capital certificates                    |      | 2,597          | 2,597          |
| -0             | -0             | Own holding of ECCs                            |      | -11            | -9             |
| 895            | 895            | Premium fund                                   |      | 895            | 895            |
| 7,007          | 7,877          | Dividend equalisation fund                     |      | 7,828          | 6,974          |
| 970            | 840            | Recommended dividends                          |      | 840            | 970            |
| 547            | 474            | Provision for gifts                            |      | 474            | 547            |
| 5,918          | 6,408          | Ownerless capital                              |      | 6,408          | 5,918          |
| 171            | 70             | Unrealised gains reserve                       |      | 70             | 171            |
| -              | -0             | Other equity capital                           |      | 3,142          | 2,896          |
| 1,250          | 1,726          | Additional Tier 1 Capital                      |      | 1,769          | 1,293          |
| -              | -              | Profit for the period                          |      | -              | -              |
|                |                | Non-controlling interests                      |      | 997            | 989            |
| <b>19,356</b>  | <b>20,887</b>  | <b>Total equity capital</b>                    |      | <b>25,009</b>  | <b>23,241</b>  |
| <b>193,165</b> | <b>218,085</b> | <b>Total liabilities and equity</b>            |      | <b>223,312</b> | <b>198,845</b> |

# Cash flow statement

| Parent bank |        |                                                                              | Group     |         |
|-------------|--------|------------------------------------------------------------------------------|-----------|---------|
| Jan - Dec   |        |                                                                              | Jan - Dec |         |
| 2021        | 2022   | (NOKm)                                                                       | 2022      | 2021    |
| 2,242       | 2,494  | Net profit                                                                   | 2,785     | 2,902   |
| 95          | 77     | Depreciations and write-downs on fixed assets                                | 117       | 186     |
| 134         | -37    | Losses on loans and guarantees                                               | -7        | 161     |
| -418        | -324   | Adjustments for undistributed profits of related companies                   | -443      | -705    |
| -2,423      | -2,420 | Other adjustments                                                            | -2,436    | -2,574  |
| -369        | -210   | Net cash increase from ordinary operations                                   | 16        | -31     |
| 3,843       | -4,626 | Decrease/(increase) other receivables                                        | -4,193    | 4,387   |
| -2,993      | 5,155  | Increase/(decrease) short term debt                                          | 5,136     | -3,159  |
| -11,686     | -3,739 | Decrease/(increase) loans to customers                                       | -5,643    | -12,920 |
| -288        | -8,782 | Decrease/(increase) loans credit institutions                                | -6,959    | 387     |
| 13,862      | 10,672 | Increase/(decrease) deposits to customers                                    | 10,724    | 13,757  |
| -290        | 294    | Increase/(decrease) debt to credit institutions                              | -429      | -32     |
| -4,077      | -7,310 | Increase/(decrease) in short term investments                                | -7,311    | -4,156  |
| -           | -      | Increase/(decrease) in shares held for trading                               | 1,821     | -59     |
| -1,999      | -8,546 | A) Net cash flow from operations                                             | -6,837    | -1,826  |
| -75         | -71    | Increase in tangible fixed assets                                            | -89       | -145    |
| 60          | -18    | Proceeds from sales of property, plant and equipment                         | 276       | 4       |
| -           | -      | Cash flows from losing control of subsidiaries or other businesses           | -         | 99      |
| -73         | -5     | Cash flows used in obtaining control of subsidiaries or other businesses     | -1,815    | -       |
| 418         | 324    | Dividends received from investments in related companies                     | 324       | 419     |
| 548         | 6      | Other cash receipts from sales of interests in associates and joint ventures | 6         | 544     |
| -204        | -479   | Other cash payments to acquire interests in associates and joint ventures    | -492      | -307    |
| 672         | 813    | Other cash receipts from sales of equity instruments of other entities       | 849       | 737     |
| -766        | -835   | Other cash payments to acquire equity instruments of other entities          | -846      | -826    |
| 580         | -265   | B) Net cash flow from investments                                            | -1,788    | 526     |
| -           | 1,000  | Increase in subordinated loan capital                                        | 1,000     | -       |
| -           | -750   | Decrease in subordinated loan capital                                        | -750      | -       |
| -0          | -0     | Purchase of treasury shares                                                  | -21       | -5      |
| -569        | -970   | Dividend cleared                                                             | -970      | -569    |
| -           | -      | Dividends paid to non-controlling interests                                  | -162      | -113    |
| -321        | -547   | Disbursed from gift fund                                                     | -547      | -321    |
| -           | 476    | Repayments of Additional Tier 1 Capital                                      | 476       | -       |
| -48         | -60    | Interest payments Additional Tier 1 Capital                                  | -63       | -50     |
| 7,867       | 16,194 | Increase in other long term loans                                            | 16,194    | 7,867   |
| -7,021      | -6,613 | Decrease in other long term loans                                            | -6,613    | -7,021  |
| -93         | 8,729  | C) Net cash flow from financial activities                                   | 8,544     | -213    |
| -1,512      | -81    | A) + B) + C) Net changes in cash and cash equivalents                        | -81       | -1,513  |
| 2,764       | 1,252  | Cash and cash equivalents at 1.1                                             | 1,252     | 2,764   |
| 1,252       | 1,171  | Cash and cash equivalents at end of quarter                                  | 1,171     | 1,252   |
| -1,512      | -81    | Net changes in cash and cash equivalents                                     | -81       | -1,512  |

## Change in equity

| Parent Bank<br>(NOKm)                         | Issued equity |              | Earned equity      |                    |                    |                           |              |                           |              |
|-----------------------------------------------|---------------|--------------|--------------------|--------------------|--------------------|---------------------------|--------------|---------------------------|--------------|
|                                               | EC capital    | Premium fund | Owner-less capital | Equali-sation fund | Dividend and gifts | Un-realised gains reserve | Other equity | Additional Tier 1 Capital | Total equity |
| Equity at 1 January 2021                      | 2,597         | 895          | 5,664              | 6,556              | 890                | 239                       | -            | 1,250                     | 18,092       |
| Net profit                                    | -             | -            | 268                | 476                | 1,517              | -68                       | -            | 48                        | 2,242        |
| Other comprehensive income                    |               |              |                    |                    |                    |                           |              |                           |              |
| Financial assets through OCI                  | -             | -            | -                  | -                  | -                  | -                         | -1           | -                         | -1           |
| Actuarial gains (losses), pensions            | -             | -            | -                  | -                  | -                  | -                         | -37          | -                         | -37          |
| Other comprehensive income                    | -             | -            | -                  | -                  | -                  | -                         | -38          | -                         | -38          |
| Total comprehensive income                    | -             | -            | 268                | 476                | 1,517              | -68                       | -38          | 48                        | 2,204        |
| Transactions with owners                      |               |              |                    |                    |                    |                           |              |                           |              |
| Dividend declared for 2020                    | -             | -            | -                  | -                  | -569               | -                         | -            | -                         | -569         |
| To be disbursed from gift fund                | -             | -            | -                  | -                  | -321               | -                         | -            | -                         | -321         |
| Additional Tier 1 Capital                     | -             | -            | -                  | -                  | -                  | -                         | -            | -                         | -            |
| Interest payments additional Tier 1 capital   | -             | -            | -                  | -                  | -                  | -                         | -            | -48                       | -48          |
| Purchase and sale of own ECCs                 | 0             | -            | -                  | -0                 | -                  | -                         | -            | -                         | -0           |
| Direct recognitions in equity                 | -             | -            | -14                | -25                | -                  | -                         | 38           | -                         | -2           |
| Total transactions with owners                | 0             | -            | -14                | -25                | -890               | -                         | 38           | -48                       | -940         |
| Equity at 31 December 2021                    | 2,597         | 895          | 5,918              | 7,007              | 1,517              | 171                       | -            | 1,250                     | 19,356       |
| Equity at 1 January 2022                      | 2,597         | 895          | 5,918              | 7,007              | 1,517              | 171                       | -            | 1,250                     | 19,356       |
| Net profit                                    | -             | -            | 440                | 781                | 1,314              | -101                      | -            | 60                        | 2,494        |
| Other comprehensive income                    |               |              |                    |                    |                    |                           |              |                           |              |
| Value changes on loans measured at fair value | -             | -            | -                  | -                  | -                  | -                         | 9            | -                         | 9            |
| Actuarial gains (losses), pensions            | -             | -            | -                  | -                  | -                  | -                         | 133          | -                         | 133          |
| Other comprehensive income                    | -             | -            | -                  | -                  | -                  | -                         | 142          | -                         | 142          |
| Total comprehensive income                    | -             | -            | 440                | 781                | 1,314              | -101                      | 142          | 60                        | 2,636        |
| Transactions with owners                      |               |              |                    |                    |                    |                           |              |                           |              |
| Dividend declared for 2021                    | -             | -            | -                  | -                  | -970               | -                         | -            | -                         | -970         |
| To be disbursed from gift fund                | -             | -            | -                  | -                  | -547               | -                         | -            | -                         | -547         |
| Additional Tier 1 Capital                     | -             | -            | -                  | -                  | -                  | -                         | -            | 476                       | 476          |
| Interest payments additional Tier 1 capital   | -             | -            | -                  | -                  | -                  | -                         | -            | -60                       | -60          |
| Purchase and sale of own ECCs                 | 0             | -            | -                  | -0                 | -                  | -                         | -            | -                         | -0           |
| Direct recognitions in equity                 | -             | -            | 50                 | 88                 | -                  | -                         | -142         | -                         | -3           |
| Total transactions with owners                | 0             | -            | 50                 | 88                 | -1,517             | -                         | -142         | 416                       | -1,105       |
| Equity at 31 December 2022                    | 2,597         | 895          | 6,408              | 7,877              | 1,314              | 70                        | 0            | 1,726                     | 20,887       |

| Group                                                                | Attributable to parent company equity holders |              |                    |                   |                    |                           |              |                           |                          |               |
|----------------------------------------------------------------------|-----------------------------------------------|--------------|--------------------|-------------------|--------------------|---------------------------|--------------|---------------------------|--------------------------|---------------|
|                                                                      | Issued equity                                 |              | Earned equity      |                   |                    |                           |              |                           |                          | Total equity  |
| (NOKm)                                                               | EC capital                                    | Premium fund | Owner-less capital | Equalisation fund | Dividend and gifts | Un-realised gains reserve | Other equity | Additional Tier 1 Capital | Non Controlling Interest |               |
| <b>Equity at 1 January 2021</b>                                      | <b>2,588</b>                                  | <b>895</b>   | <b>5,664</b>       | <b>6,536</b>      | <b>890</b>         | <b>239</b>                | <b>2,366</b> | <b>1,293</b>              | <b>838</b>               | <b>21,310</b> |
| Net profit                                                           | -                                             | -            | 268                | 476               | 1,517              | -68                       | 501          | 50                        | 160                      | 2,904         |
| <b>Other comprehensive income</b>                                    |                                               |              |                    |                   |                    |                           |              |                           |                          |               |
| Share of other comprehensive income of associates and joint ventures | -                                             | -            | -                  | -                 | -                  | -                         | 26           | -                         | -                        | 26            |
| Value changes on loans measured at fair value                        | -                                             | -            | -                  | -                 | -                  | -                         | -1           | -                         | -                        | -1            |
| Actuarial gains (losses), pensions                                   | -                                             | -            | -                  | -                 | -                  | -                         | -38          | -                         | -                        | -38           |
| Other comprehensive income                                           | -                                             | -            | -                  | -                 | -                  | -                         | -13          | -                         | -                        | -13           |
| Total comprehensive income                                           | -                                             | -            | 268                | 476               | 1,517              | -68                       | 488          | 50                        | 160                      | 2,891         |
| <b>Transactions with owners</b>                                      |                                               |              |                    |                   |                    |                           |              |                           |                          |               |
| Dividend declared for 2020                                           | -                                             | -            | -                  | -                 | -569               | -                         | -            | -                         | -                        | -569          |
| To be disbursed from gift fund                                       | -                                             | -            | -                  | -                 | -321               | -                         | -            | -                         | -                        | -321          |
| Additional Tier 1 Capital issued                                     | -                                             | -            | -                  | -                 | -                  | -                         | -            | -                         | -                        | -             |
| Buyback Additional Tier 1 Capital issued                             | -                                             | -            | -                  | -                 | -                  | -                         | -            | -                         | -                        | -             |
| Interest payments additional Tier 1 capital                          | -                                             | -            | -                  | -                 | -                  | -                         | -            | -50                       | -                        | -50           |
| Purchase and sale of own ECCs                                        | 0                                             | -            | -                  | -0                | -                  | -                         | -            | -                         | -                        | -0            |
| Own ECC held by SB1 Markets*)                                        | -0                                            | -            | -                  | -13               | -                  | -                         | 7            | -                         | -                        | -5            |
| Direct recognitions in equity                                        | -                                             | -            | -14                | -25               | -                  | -                         | 48           | -                         | -                        | 9             |
| Share of other transactions from associates and joint ventures       | -                                             | -            | -                  | -                 | -                  | -                         | -14          | -                         | -                        | -14           |
| Change in non-controlling interests                                  | -                                             | -            | -                  | -                 | -                  | -                         | -            | -                         | -9                       | -9            |
| Total transactions with owners                                       | -0                                            | -            | -14                | -38               | -890               | -                         | 41           | -50                       | -9                       | -960          |
| <b>Equity at 31 December 2021</b>                                    | <b>2,588</b>                                  | <b>895</b>   | <b>5,918</b>       | <b>6,974</b>      | <b>1,517</b>       | <b>171</b>                | <b>2,896</b> | <b>1,293</b>              | <b>989</b>               | <b>23,241</b> |

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

| Group                                                                | Attributable to parent company equity holders |              |                    |                   |                    |                           |              |                           |                          |               |
|----------------------------------------------------------------------|-----------------------------------------------|--------------|--------------------|-------------------|--------------------|---------------------------|--------------|---------------------------|--------------------------|---------------|
|                                                                      | Issued equity                                 |              | Earned equity      |                   |                    |                           |              |                           |                          |               |
| (NOKm)                                                               | EC capital                                    | Premium fund | Owner-less capital | Equalisation fund | Dividend and gifts | Un-realised gains reserve | Other equity | Additional Tier 1 Capital | Non Controlling Interest | Total equity  |
| <b>Equity at 1 January 2022</b>                                      | <b>2,588</b>                                  | <b>895</b>   | <b>5,918</b>       | <b>6,974</b>      | <b>1,517</b>       | <b>171</b>                | <b>2,896</b> | <b>1,293</b>              | <b>989</b>               | <b>23,241</b> |
| Net profit                                                           | -                                             | -            | 440                | 781               | 1,314              | -101                      | 158          | 63                        | 130                      | 2,785         |
| <b>Other comprehensive income</b>                                    | -                                             | -            | -                  | -                 | -                  | -                         | -            | -                         | -                        | -             |
| Share of other comprehensive income of associates and joint ventures | -                                             | -            | -                  | -                 | -                  | -                         | 117          | -                         | -                        | 117           |
| Value changes on loans measured at fair value                        | -                                             | -            | -                  | -                 | -                  | -                         | 9            | -                         | -                        | 9             |
| Actuarial gains (losses), pensions                                   | -                                             | -            | -                  | -                 | -                  | -                         | 133          | -                         | -                        | 133           |
| Other comprehensive income                                           | -                                             | -            | -                  | -                 | -                  | -                         | 259          | -                         | -                        | 259           |
| <b>Total comprehensive income</b>                                    | -                                             | -            | <b>440</b>         | <b>781</b>        | <b>1,314</b>       | <b>-101</b>               | <b>417</b>   | <b>63</b>                 | <b>130</b>               | <b>3,044</b>  |
| <b>Transactions with owners</b>                                      |                                               |              |                    |                   |                    |                           |              |                           |                          |               |
| Dividend declared for 2021                                           | -                                             | -            | -                  | -                 | -970               | -                         | -            | -                         | -                        | -970          |
| To be disbursed from gift fund                                       | -                                             | -            | -                  | -                 | -547               | -                         | -            | -                         | -                        | -547          |
| Additional Tier 1 capital issued                                     | -                                             | -            | -                  | -                 | -                  | -                         | -            | 476                       | -                        | 476           |
| Buyback additional Tier 1 Capital issued                             | -                                             | -            | -                  | -                 | -                  | -                         | -            | -                         | -                        | -             |
| Interest payments additional Tier 1 capital                          | -                                             | -            | -                  | -                 | -                  | -                         | -            | -63                       | -                        | -63           |
| Purchase and sale of own ECCs                                        | 0                                             | -            | -                  | -0                | -                  | -                         | -            | -                         | -                        | -0            |
| Own ECC held by SB1 Markets*)                                        | -2                                            | -            | -                  | -16               | -                  | -                         | -2           | -                         | -                        | -21           |
| Direct recognitions in equity                                        | -                                             | -            | 50                 | 88                | -                  | -                         | -149         | -                         | -                        | -11           |
| Share of other transactions from associates and joint ventures       | -                                             | -            | -                  | -                 | -                  | -                         | -19          | -                         | -                        | -19           |
| Change in non-controlling interests                                  | -                                             | -            | -                  | -                 | -                  | -                         | -            | -                         | -122                     | -122          |
| <b>Total transactions with owners</b>                                | <b>-2</b>                                     | <b>-</b>     | <b>50</b>          | <b>72</b>         | <b>-1,517</b>      | <b>-</b>                  | <b>-170</b>  | <b>413</b>                | <b>-122</b>              | <b>-1,276</b> |
| <b>Equity at 31 December 2022</b>                                    | <b>2,586</b>                                  | <b>895</b>   | <b>6,408</b>       | <b>7,828</b>      | <b>1,314</b>       | <b>70</b>                 | <b>3,142</b> | <b>1,769</b>              | <b>997</b>               | <b>25,009</b> |

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

# 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 been carried out as per 31 December 2022:

| Actuarial assumptions                   | 31 Dec 2021 | 1 Jan 2022 | 31 Dec 2022 |
|-----------------------------------------|-------------|------------|-------------|
| Discount rate                           | 1.60 %      | 1.60 %     | 3.00 %      |
| Expected rate of return on plan assets  | 1.60 %      | 1.60 %     | 3.00 %      |
| Expected future wage and salary growth  | 2.25 %      | 2.25 %     | 3.25 %      |
| Expected adjustment on basic amount (G) | 2.25 %      | 2.25 %     | 3.25 %      |
| Expected increase in current pension    | 0.00 %      | 0.00 %     | 0.00 %      |
| Employers contribution                  | 19.10 %     | 19.10 %    | 19.10 %     |

### Demographic assumptions:

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

| Movement in net pension liability in the balance sheet Group (NOKm) | Funded      | Unfunded | Total       |
|---------------------------------------------------------------------|-------------|----------|-------------|
| Net pension liability in the balance sheet 1.1                      | -62         | 8        | -54         |
| OCI accounting 1 Jan                                                | 0           | 0        | 0           |
| OCI accounting 31 December                                          | -177        | -1       | -177        |
| Net defined-benefit costs in profit and loss account                | -1          | 0        | -1          |
| Paid in pension premium, defined-benefit schemes                    | 0           | 0        | 0           |
| Paid in pension premium, defined-benefit plan                       | 0           | -1       | -1          |
| <b>Net pension liability in the balance sheet 31 December 2022</b>  | <b>-240</b> | <b>6</b> | <b>-234</b> |

| Net pension liability in the balance sheet Group (NOKm)                   | 31 Dec 2022 | 31 Dec 2021 |
|---------------------------------------------------------------------------|-------------|-------------|
| Net present value of pension liabilities in funded schemes                | 577         | 645         |
| Estimated value of pension assets                                         | -812        | -701        |
| Net pension liability in the balance sheet before employer's contribution | -235        | -56         |
| Employers contribution                                                    | 1           | 1           |
| <b>Net pension liability in the balance sheet</b>                         | <b>-234</b> | <b>-54</b>  |

| Pension cost Group (NOKm)                                                   | 31 Dec 2022 | 31 Dec 2021 |
|-----------------------------------------------------------------------------|-------------|-------------|
| Present value of pension accumulated in the year                            | 0           | 0           |
| Net interest income                                                         | -1          | -2          |
| Net pension cost related to defined plans, incl unfunded pension commitment | -1          | -1          |
| Employer's contribution subject to accrual accounting                       | 0           | 0           |
| Cost of defined contribution pension and early retirement pension scheme    | 99          | 101         |
| <b>Total pension cost for the period</b>                                    | <b>98</b>   | <b>100</b>  |

#### Investment held for sale

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

SpareBank 1 Kapitalforvaltning, subsidiary of SpareBank 1 Markets, has been presented as Investment held for sale from second quarter 2021 due to the agreement of sale to SpareBank 1 Forvaltning in third quarter of 2021. The result for the first half of the year is included on the line held for sale. Comparables have been restated. The company SpareBank 1 Forvaltning is owned by the SpareBank1 banks and include the subsidiaries Odin Forvaltning, SpareBank 1 Kapitalforvaltning and SpareBank 1 Verdipapirservice.

| Income Statement (NOKm)                        | Fourth Quarter 2022 | Fourth Quarter 2021 | 2022        | 2021        |
|------------------------------------------------|---------------------|---------------------|-------------|-------------|
| Net interest                                   | 2                   | 4                   | 8           | 9           |
| Interest on capital employed                   | -                   | -                   | -           | -           |
| <b>Total interest income</b>                   | <b>2</b>            | <b>4</b>            | <b>8</b>    | <b>9</b>    |
| Commission income and other income             | -162                | -170                | -515        | -691        |
| Net return on financial investments            | -46                 | -45                 | -273        | -216        |
| <b>Total income</b>                            | <b>-207</b>         | <b>-212</b>         | <b>-780</b> | <b>-898</b> |
| Total operating expenses                       | -163                | -160                | -574        | -633        |
| <b>Result before losses</b>                    | <b>-61</b>          | <b>-51</b>          | <b>-206</b> | <b>-254</b> |
| Loss on loans, guarantees etc.                 | -                   | -                   | -           | -           |
| <b>Result before tax</b>                       | <b>-61</b>          | <b>-51</b>          | <b>-206</b> | <b>-254</b> |
| Tax charge                                     | 15                  | 10                  | 27          | 46          |
| <b>Net profit for investment held for sale</b> | <b>46</b>           | <b>42</b>           | <b>179</b>  | <b>208</b>  |

| 2022 (NOKm)                | Assets       | Liabilities  | Revenue    | Expenses   | Profit     | Ownership |
|----------------------------|--------------|--------------|------------|------------|------------|-----------|
| Mavi XV AS Group           | 75           | 30           | 12         | 11         | -0         | 100 %     |
| SpareBank1 Markets         | 1,844        | 1,063        | 780        | 601        | 179        | 67%       |
| <b>Total Held for sale</b> | <b>1,919</b> | <b>1,093</b> | <b>791</b> | <b>612</b> | <b>179</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, the bank changed the model assumptions due to increased uncertainty related to the pandemic. The change consisted of increased loss expectations in the base scenario both for retail and corporate portfolio. These changes were reversed in 2021 for retail customers and in first quarter of 2022 for corporate market portfolio. In addition, the bank's exposure to hotels and tourism in stage 1 was included in stage 2 and this change was reversed in fourth quarter of 2022.

In 2022, increased macroeconomic uncertainty as a result of the war in Ukraine, strong increases in energy and raw material prices, challenges in the supply chains and the prospect of permanently higher inflation and interest rates have led to an increased probability of a low scenario for the corporate market excl. offshore. Future loss expectations have been increased by increased PD and LGD for both the personal market and the corporate market, excl. offshore in the base scenario. The bank has focused on the expected long-term effects of the crisis. For the offshore portfolio, during 2022, as a result of significant improvement in the market and market prospects,

increased earnings assumptions have been used in the simulations and the weight for low scenarios has been reduced for supply and subsea.

The effect of the change in input assumptions in 2022 is shown as "Effect of changed assumptions in the ECL model" in note 7.

The write-downs are reduced as a result of the removal of mark-ups in the base scenario for the business portfolio (excl. offshore and hotels) and reduced mark-ups in PD and LGD paths for hotels (down from a very high level). On the other hand, write-downs are increasing for both the business and personal market portfolio as a result of a new mark-up in PD and LGD lines as a result of a significantly increased interest rate level. In addition, an increased weight on the low scenario for the business portfolio results in increased write-downs. The write-downs are reduced for offshore as a result of increased earnings assumptions and a reduced weight for the low scenario for the most important segments. The write-downs for hotels/tourism are reduced because the assumption of minimum classification in stage 2 was completed in the fourth quarter of 2022.

In total, this amounts to NOK 104 million for the Bank and NOK 86 million for the Group in reduced write-downs.

### Sensitivity

The first part of the table below show total calculated expected credit loss as of 31 December 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 scenario weight has been doubled.

If the downside scenario's probability were doubled at the expense of the baseline scenario at the end of 2022, this would have entailed an increase in loss provisions of NOK 315 million for the parent bank and NOK 343 million for the group.

|                                                           | CM (excl<br>offshore<br>and<br>agriculture) | RM         | Offshore   | Tourism   | Agriculture | Total<br>parent | SB 1<br>Finans<br>MN, CM | SB 1<br>Finans<br>MN, RM | Group        |
|-----------------------------------------------------------|---------------------------------------------|------------|------------|-----------|-------------|-----------------|--------------------------|--------------------------|--------------|
| ECL base case                                             | 465                                         | 80         | 236        | 10        | 47          | 839             | 42                       | 22                       | 903          |
| ECL worst case                                            | 1,240                                       | 268        | 482        | 32        | 191         | 2,214           | 89                       | 78                       | 2,381        |
| ECL best case                                             | 353                                         | 30         | 195        | 6         | 28          | 612             | 29                       | 14                       | 654          |
| ECL with scenario weights used 60<br>/25/15               | 642                                         | -          | -          | -         | 81          | 723             | 44                       | -                        | 767          |
| ECL with scenario weights used 65<br>/20/15               | -                                           | -          | 279        | -         | -           | 279             | -                        | -                        | 279          |
| ECL with scenario weights used 60<br>/30/10               | -                                           | -          | -          | 15        | -           | 15              | -                        | -                        | 15           |
| ECL with scenario weights used 70<br>/15/15               | -                                           | 100        | -          | -         | -           | 100             | -                        | 29                       | 129          |
| <b>Total ECL used</b>                                     | <b>642</b>                                  | <b>100</b> | <b>279</b> | <b>15</b> | <b>81</b>   | <b>1,117</b>    | <b>44</b>                | <b>29</b>                | <b>1,190</b> |
| ECL alternative scenario weights 35<br>/50/15             | 836                                         | -          | -          | -         | 117         | 952             | 64                       | -                        | 1,016        |
| ECL alternative scenario weights 45<br>/40/15             | -                                           | -          | 328        | -         | -           | 328             | -                        | -                        | 328          |
| ECL alternative scenario weights 30<br>/60/10             | -                                           | -          | -          | 23        | -           | 23              | -                        | -                        | 23           |
| ECL alternative scenario weights 55<br>/30/15             | -                                           | 129        | -          | -         | -           | 129             | -                        | 37                       | 166          |
| <b>Total ECL alternative weights</b>                      | <b>836</b>                                  | <b>129</b> | <b>328</b> | <b>23</b> | <b>117</b>  | <b>1,432</b>    | <b>64</b>                | <b>37</b>                | <b>1,533</b> |
| <b>Change in ECL if alternative<br/>weights were used</b> | <b>194</b>                                  | <b>28</b>  | <b>49</b>  | <b>8</b>  | <b>36</b>   | <b>315</b>      | <b>20</b>                | <b>8</b>                 | <b>343</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 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 associates and joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

#### Group 31 December 2022

| Profit and loss account (NOKm)          | RM           | CM           | EM 1       | SB 1       | SB 1       | Other      | Uncollated  | Total        |
|-----------------------------------------|--------------|--------------|------------|------------|------------|------------|-------------|--------------|
|                                         |              |              |            | Finans     | Regnskaps- |            |             |              |
|                                         |              |              |            | MN         | huset SMN  |            |             |              |
| Net interest                            | 1,328        | 1,380        | 3          | 459        | 2          | -          | 167         | 3,339        |
| Interest from allocated capital         | 163          | 125          | -          | -          | -          | -          | -288        | -            |
| <b>Total interest income</b>            | <b>1,491</b> | <b>1,505</b> | <b>3</b>   | <b>459</b> | <b>2</b>   | <b>-</b>   | <b>-121</b> | <b>3,339</b> |
| Comission income and other income       | 796          | 290          | 418        | -106       | 605        | -          | 39          | 2,042        |
| Net return on financial investments **) | -4           | 9            | 8          | -23        | -          | 466        | -76         | 380          |
| <b>Total income</b>                     | <b>2,283</b> | <b>1,804</b> | <b>429</b> | <b>329</b> | <b>607</b> | <b>466</b> | <b>-158</b> | <b>5,760</b> |
| <b>Total operating expenses</b>         | <b>958</b>   | <b>467</b>   | <b>371</b> | <b>108</b> | <b>511</b> | <b>-</b>   | <b>28</b>   | <b>2,443</b> |
| <b>Ordinary operating profit</b>        | <b>1,325</b> | <b>1,337</b> | <b>58</b>  | <b>221</b> | <b>96</b>  | <b>466</b> | <b>-186</b> | <b>3,317</b> |
| Loss on loans, guarantees etc.          | 29           | -66          | -          | 30         | -          | -          | -0          | -7           |
| <b>Result before tax</b>                | <b>1,296</b> | <b>1,403</b> | <b>58</b>  | <b>191</b> | <b>96</b>  | <b>466</b> | <b>-186</b> | <b>3,324</b> |
| Return on equity *)                     | 13.6%        | 20.8%        |            |            |            |            |             |              |

#### Group 31 December 2021

| Profit and loss account (NOKm)          | RM           | CM           | EM 1       | SB 1       | SB 1       | Other      | Uncollated | Total        |
|-----------------------------------------|--------------|--------------|------------|------------|------------|------------|------------|--------------|
|                                         |              |              |            | Finans     | Regnskaps- |            |            |              |
|                                         |              |              |            | MN         | huset SMN  |            |            |              |
| Net interest                            | 1,128        | 1,106        | 2          | 450        | 0          | -          | 120        | 2,805        |
| Interest from allocated capital         | 37           | 14           | -          | -          | -          | -          | -52        | -            |
| <b>Total interest income</b>            | <b>1,165</b> | <b>1,120</b> | <b>2</b>   | <b>450</b> | <b>0</b>   | <b>-</b>   | <b>68</b>  | <b>2,805</b> |
| Comission income and other income       | 906          | 251          | 441        | -90        | 562        | -          | 70         | 2,141        |
| Net return on financial investments **) | 2            | 15           | 10         | 4          | -          | 701        | 107        | 840          |
| <b>Total income</b>                     | <b>2,074</b> | <b>1,386</b> | <b>453</b> | <b>364</b> | <b>562</b> | <b>701</b> | <b>246</b> | <b>5,786</b> |
| <b>Total operating expenses</b>         | <b>916</b>   | <b>446</b>   | <b>382</b> | <b>141</b> | <b>476</b> | <b>-</b>   | <b>-1</b>  | <b>2,360</b> |
| <b>Ordinary operating profit</b>        | <b>1,157</b> | <b>940</b>   | <b>71</b>  | <b>223</b> | <b>86</b>  | <b>701</b> | <b>247</b> | <b>3,426</b> |
| Loss on loans, guarantees etc.          | -10          | 145          | -          | 25         | -          | -          | 1          | 161          |
| <b>Result before tax</b>                | <b>1,167</b> | <b>795</b>   | <b>71</b>  | <b>198</b> | <b>86</b>  | <b>701</b> | <b>246</b> | <b>3,266</b> |
| Return on equity *)                     | 13.4%        | 11.5%        |            |            |            |            |            |              |

\*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 17.2 percent to be in line with the capital plan

| <b>**) Specification of other (NOKm)</b>                           | <b>31 Dec 22</b> | <b>31 Dec 21</b> |
|--------------------------------------------------------------------|------------------|------------------|
| SpareBank 1 Gruppen                                                | 175              | 471              |
| SpareBank 1 Boligkreditt                                           | 1                | 16               |
| SpareBank 1 Næringskreditt                                         | 3                | 7                |
| BN Bank                                                            | 203              | 164              |
| SpareBank 1 Kreditt                                                | 9                | 13               |
| SpareBank 1 Betaling                                               | 13               | -15              |
| SpareBank 1 Forvaltning                                            | 33               | 32               |
| Other companies                                                    | 29               | 13               |
| <b>Income from investment in associates and joint ventures</b>     | <b>466</b>       | <b>701</b>       |
| SpareBank 1 Mobilitet Holding                                      | -23              | 4                |
| <b>Net income from investment in associates and joint ventures</b> | <b>442</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 31 December 2022 the overall minimum requirement on CET1 capital is 13.5 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 2.0 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital. In addition the financial supervisory authority has set a Pillar 2 requirement of 1.9 per cent for SpareBank 1 SMN, however not below NOK 1,794 million in monetary terms. The Norwegian countercyclical buffer will rise to 2.5 per cent with effect from 31 March 2023.

Under the CRR/CRDIV regulations the average risk weighting of exposures secured on residential property in Norway cannot be lower than 20 per cent. As of 31 December 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 December 2022 the effective rate for the parent bank and for the group is accordingly 4.5 per cent.

The countercyclical buffer is calculated using differentiated rates. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. As of 31 December 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 Dec 2022 | (NOKm)                                                                                           | 31 Dec 2022 | 31 Dec 2021 |
| 19,356      | 20,887      | <b>Total book equity</b>                                                                         | 25,009      | 23,241      |
| -1,250      | -1,726      | Additional Tier 1 capital instruments included in total equity                                   | -1,769      | -1,293      |
| -458        | -467        | Deferred taxes, goodwill and other intangible assets                                             | -947        | -961        |
| -1,517      | -1,314      | Deduction for allocated dividends and gifts                                                      | -1,314      | -1,517      |
| -           | -           | Non-controlling interests recognised in other equity capital                                     | -997        | -989        |
| -           | -           | Non-controlling interests eligible for inclusion in CET1 capital                                 | 784         | 568         |
| -           | -           | Net profit                                                                                       | -           | -           |
| -           | -           | Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit) | -           | -           |
| -41         | -72         | Value adjustments due to requirements for prudent valuation                                      | -89         | -56         |
| -495        | -194        | Positive value of adjusted expected loss under IRB Approach                                      | -279        | -560        |
| -           | -           | Cash flow hedge reserve                                                                          | -4          | 3           |
| -202        | -281        | Deduction for common equity Tier 1 capital in significant investments in financial institutions  | -619        | -648        |
| 15,393      | 16,833      | <b>Common equity Tier 1 capital</b>                                                              | 19,776      | 17,790      |
| 1,250       | 1,726       | Additional Tier 1 capital instruments                                                            | 2,106       | 1,581       |
| -48         | -47         | Deduction for significant investments in financial institutions                                  | -47         | -48         |
| 16,595      | 18,512      | <b>Tier 1 capital</b>                                                                            | 21,835      | 19,322      |
|             |             | <b>Supplementary capital in excess of core capital</b>                                           |             |             |
| 1,750       | 2,000       | Subordinated capital                                                                             | 2,523       | 2,226       |
| -214        | -210        | Deduction for significant investments in financial institutions                                  | -210        | -214        |
| 1,536       | 1,790       | Additional Tier 2 capital instruments                                                            | 2,312       | 2,011       |
| 18,130      | 20,301      | <b>Total eligible capital</b>                                                                    | 24,147      | 21,333      |

| Minimum requirements subordinated capital |               |                                                         |                |               |
|-------------------------------------------|---------------|---------------------------------------------------------|----------------|---------------|
| 1,049                                     | 1,148         | Specialised enterprises                                 | 1,351          | 1,248         |
| 1,016                                     | 901           | Corporate                                               | 923            | 1,030         |
| 1,400                                     | 1,379         | Mass market exposure, property                          | 2,559          | 2,384         |
| 93                                        | 98            | Other mass market                                       | 100            | 95            |
| 1,000                                     | 1,249         | Equity positions IRB                                    | -              | 1             |
| <b>4,558</b>                              | <b>4,774</b>  | <b>Total credit risk IRB</b>                            | <b>4,933</b>   | <b>4,758</b>  |
| 3                                         | 6             | Central government                                      | 6              | 4             |
| 106                                       | 82            | Covered bonds                                           | 139            | 133           |
| 398                                       | 403           | Institutions                                            | 276            | 299           |
| 1                                         | 187           | Local and regional authorities, state-owned enterprises | 207            | 29            |
| 188                                       | 143           | Corporate                                               | 385            | 432           |
| 7                                         | 7             | Mass market                                             | 662            | 466           |
| 25                                        | 27            | Exposures secured on real property                      | 109            | 128           |
| 279                                       | 90            | Equity positions                                        | 504            | 521           |
| 92                                        | 97            | Other assets                                            | 162            | 142           |
| <b>1,098</b>                              | <b>1,042</b>  | <b>Total credit risk standardised approach</b>          | <b>2,450</b>   | <b>2,154</b>  |
| 35                                        | 27            | Debt risk                                               | 29             | 36            |
| -                                         | -             | Equity risk                                             | 10             | 34            |
| -                                         | -             | Currency risk and risk exposure for settlement/delivery | 1              | 1             |
| 433                                       | 458           | Operational risk                                        | 853            | 817           |
| 26                                        | 30            | Credit value adjustment risk (CVA)                      | 101            | 93            |
| <b>6,150</b>                              | <b>6,331</b>  | <b>Minimum requirements subordinated capital</b>        | <b>8,377</b>   | <b>7,893</b>  |
| <b>76,873</b>                             | <b>79,140</b> | <b>Risk weighted assets (RWA)</b>                       | <b>104,716</b> | <b>98,664</b> |
| 3,459                                     | 3,561         | Minimum requirement on CET1 capital, 4.5 per cent       | 4,712          | 4,440         |
| <b>Capital Buffers</b>                    |               |                                                         |                |               |
| 1,922                                     | 1,978         | Capital conservation buffer, 2.5 per cent               | 2,618          | 2,467         |
| 3,459                                     | 3,561         | Systemic risk buffer, 4.5 per cent                      | 4,712          | 4,440         |
| 769                                       | 1,583         | Countercyclical buffer, 2.0 per cent (1.0 per cent)     | 2,094          | 987           |
| <b>6,150</b>                              | <b>7,123</b>  | <b>Total buffer requirements on CET1 capital</b>        | <b>9,424</b>   | <b>7,893</b>  |
| <b>5,784</b>                              | <b>6,149</b>  | <b>Available CET1 capital after buffer requirements</b> | <b>5,639</b>   | <b>5,457</b>  |
| <b>Capital adequacy</b>                   |               |                                                         |                |               |
| 20.0 %                                    | 21.3 %        | Common equity Tier 1 capital ratio                      | 18.9 %         | 18.0 %        |
| 21.6 %                                    | 23.4 %        | Tier 1 capital ratio                                    | 20.9 %         | 19.6 %        |
| 23.6 %                                    | 25.7 %        | Capital ratio                                           | 23.1 %         | 21.6 %        |
| <b>Leverage ratio</b>                     |               |                                                         |                |               |
| 191,697                                   | 210,227       | Balance sheet items                                     | 302,617        | 269,857       |
| 10,782                                    | 6,234         | Off-balance sheet items                                 | 7,744          | 11,341        |
| -1,042                                    | -1,061        | Regulatory adjustments                                  | -1,985         | -2,110        |
| 201,437                                   | 215,400       | Calculation basis for leverage ratio                    | 308,376        | 279,088       |
| 16,595                                    | 18,512        | Core capital                                            | 21,835         | 19,322        |
| <b>8.2 %</b>                              | <b>8.6 %</b>  | <b>Leverage Ratio</b>                                   | <b>7.1 %</b>   | <b>6.9 %</b>  |

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

| Parent Bank    |                |                                                               | Group          |                |
|----------------|----------------|---------------------------------------------------------------|----------------|----------------|
| 31 Dec 2021    | 31 Dec 2022    | (NOKm)                                                        | 31 Dec 2022    | 31 Dec 2021    |
| 9,433          | 10,707         | Agriculture and forestry                                      | 11,140         | 9,783          |
| 5,853          | 7,047          | Fisheries and hunting                                         | 7,075          | 5,870          |
| 1,926          | 2,324          | Sea farming industries                                        | 2,656          | 2,176          |
| 2,151          | 2,563          | Manufacturing                                                 | 3,150          | 2,766          |
| 3,169          | 4,370          | Construction, power and water supply                          | 5,526          | 4,124          |
| 2,572          | 2,976          | Retail trade, hotels and restaurants                          | 3,632          | 2,966          |
| 4,715          | 5,382          | Maritime sector                                               | 5,382          | 4,715          |
| 16,924         | 18,722         | Property management                                           | 18,840         | 17,044         |
| 4,497          | 3,561          | Business services                                             | 4,312          | 4,990          |
| 5,714          | 5,327          | Transport and other services provision                        | 6,375          | 6,667          |
| 2              | 1              | Public administration                                         | 35             | 34             |
| 1,383          | 1,343          | Other sectors                                                 | 1,288          | 1,325          |
| <b>58,337</b>  | <b>64,322</b>  | <b>Gross loans in Corporate market</b>                        | <b>69,411</b>  | <b>62,458</b>  |
| 126,828        | 134,841        | Wage earners                                                  | 141,833        | 132,894        |
| <b>185,165</b> | <b>199,163</b> | <b>Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt</b> | <b>211,244</b> | <b>195,353</b> |
| 46,650         | 56,876         | of which SpareBank 1 Boligkreditt                             | 56,876         | 46,650         |
| 1,402          | 1,739          | of which SpareBank 1 Næringskreditt                           | 1,739          | 1,402          |
| <b>137,113</b> | <b>140,549</b> | <b>Total Gross loans to and receivables from customers</b>    | <b>152,629</b> | <b>147,301</b> |
| 1,250          | 890            | - Loan loss allowance on amortised cost loans                 | 972            | 1,313          |
| 97             | 109            | - Loan loss allowance on loans at FVOCI                       | 109            | 97             |
| <b>135,766</b> | <b>139,550</b> | <b>Net loans to and receivables from customers</b>            | <b>151,549</b> | <b>145,890</b> |

## Note 6 - Losses on loans and guarantees

| Parent Bank (NOKm)                                          | Jan - Dec |            |            |            |            |            | Fourth quarter |            |          |          |           |           |
|-------------------------------------------------------------|-----------|------------|------------|------------|------------|------------|----------------|------------|----------|----------|-----------|-----------|
|                                                             | 2022      |            |            | 2021       |            |            | 2022           |            |          | 2021     |           |           |
|                                                             | RM        | CM         | Total      | RM         | CM         | Total      | RM             | CM         | Total    | RM       | CM        | Total     |
| Change in provision for expected credit losses              | 29        | -97        | -68        | -11        | 39         | 27         | 26             | -30        | -4       | 2        | -64       | -61       |
| Actual loan losses on commitments exceeding provisions made | 7         | 38         | 45         | 10         | 107        | 117        | 3              | 12         | 15       | 2        | 84        | 86        |
| Recoveries on commitments previously written-off            | -7        | -7         | -14        | -9         | -1         | -10        | -2             | -0         | -3       | -4       | -1        | -5        |
| <b>Losses for the period on loans and guarantees</b>        | <b>29</b> | <b>-66</b> | <b>-37</b> | <b>-10</b> | <b>145</b> | <b>134</b> | <b>27</b>      | <b>-19</b> | <b>8</b> | <b>0</b> | <b>20</b> | <b>20</b> |

| Group (NOKm)                                                | Jan - Dec |            |           |          |            |            | Fourth quarter |            |           |          |           |           |
|-------------------------------------------------------------|-----------|------------|-----------|----------|------------|------------|----------------|------------|-----------|----------|-----------|-----------|
|                                                             | 2022      |            |           | 2021     |            |            | 2022           |            |           | 2021     |           |           |
|                                                             | RM        | CM         | Total     | RM       | CM         | Total      | RM             | CM         | Total     | RM       | CM        | Total     |
| Change in provision for expected credit losses              | 38        | -86        | -48       | -20      | 50         | 30         | 29             | -22        | 7         | 3        | -53       | -50       |
| Actual loan losses on commitments exceeding provisions made | 13        | 45         | 58        | 30       | 112        | 142        | 4              | 13         | 17        | 6        | 83        | 89        |
| Recoveries on commitments previously written-off            | -7        | -10        | -17       | -9       | -3         | -12        | -2             | -3         | -6        | -4       | -3        | -7        |
| <b>Losses for the period on loans and guarantees</b>        | <b>44</b> | <b>-51</b> | <b>-7</b> | <b>1</b> | <b>159</b> | <b>161</b> | <b>31</b>      | <b>-12</b> | <b>19</b> | <b>4</b> | <b>27</b> | <b>32</b> |

## Note 7 - Losses

| Parent Bank (NOKm)                                                  | 1 Jan 22     | Change in provision | Net write-offs /recoveries | 31 Dec 22    |
|---------------------------------------------------------------------|--------------|---------------------|----------------------------|--------------|
| Loans as amortised cost- CM                                         | 1,298        | -98                 | -278                       | 921          |
| Loans as amortised cost- RM                                         | 31           | 10                  | -5                         | 35           |
| Loans at fair value over OCI- RM                                    | 128          | 19                  | -                          | 147          |
| Loans at fair value over OCI- CM                                    | 1            | 1                   | -                          | 2            |
| <b>Provision for expected credit losses on loans and guarantees</b> | <b>1,458</b> | <b>-68</b>          | <b>-284</b>                | <b>1,106</b> |
| <b>Presented as</b>                                                 |              |                     |                            |              |
| Provision for loan losses                                           | 1,348        | -65                 | -284                       | 999          |
| Other debt- provisions                                              | 79           | -12                 | -                          | 67           |
| Other comprehensive income - fair value adjustment                  | 31           | 9                   | -                          | 40           |

| 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- 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 Dec 22    |
|---------------------------------------------------------------------|--------------|---------------------|----------------------------|--------------|
| Loans as amortised cost- CM                                         | 1,343        | -88                 | -280                       | 976          |
| Loans as amortised cost- RM                                         | 49           | 19                  | -5                         | 63           |
| Loans at fair value over OCI- RM                                    | 128          | 19                  | -                          | 147          |
| Loans at fair value over OCI- CM                                    | 1            | 1                   | -                          | 2            |
| <b>Provision for expected credit losses on loans and guarantees</b> | <b>1,520</b> | <b>-48</b>          | <b>-285</b>                | <b>1,188</b> |
| <b>Presented as</b>                                                 |              |                     |                            |              |
| Provision for loan losses                                           | 1,410        | -45                 | -285                       | 1,081        |
| Other debt- provisions                                              | 79           | -12                 | -                          | 67           |
| Other comprehensive income - fair value adjustment                  | 31           | 9                   | -                          | 40           |

| 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- provisions                                              | 81           | -2                  | -                          | 79           |
| Other comprehensive income - fair value adjustment                  | 32           | -1                  | -                          | 31           |

## Accrual for losses on loans

| Parent Bank (NOKm)                       | 31 Dec 2022 |            |            |              | 31 Dec 2021 |            |            |              |
|------------------------------------------|-------------|------------|------------|--------------|-------------|------------|------------|--------------|
|                                          | 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          |
| Transfer to (from) stage 1               | 18          | -18        | -0         | -            | 20          | -20        | -0         | -            |
| Transfer to (from) stage 2               | -2          | 2          | -0         | -            | -2          | 2          | -0         | -            |
| Transfer to (from) stage 3               | -0          | -6         | 6          | -            | -1          | -6         | 7          | -            |
| Net remeasurement of loss allowances     | -24         | 20         | 7          | 4            | -22         | 24         | -3         | -1           |
| Originations or purchases                | 17          | 24         | 4          | 45           | 19          | 17         | 1          | 37           |
| Derecognitions                           | -12         | -24        | -3         | -39          | -12         | -32        | -4         | -48          |
| Changes due to changed input assumptions | 9           | 13         | -2         | 20           | 1           | -0         | -          | 1            |
| Actual loan losses                       | 0           | 0          | -5         | -5           | -           | -          | -12        | -12          |
| Closing balance                          | 46          | 93         | 42         | 181          | 39          | 82         | 36         | 156          |
| <b>Corporate Market</b>                  |             |            |            |              |             |            |            |              |
| Opening balance                          | 84          | 268        | 871        | 1,223        | 88          | 387        | 823        | 1,299        |
| Transfer to (from) stage 1               | 75          | -74        | -1         | -            | 15          | -15        | -          | -            |
| Transfer to (from) stage 2               | -5          | 97         | -92        | -            | -5          | 5          | -          | -            |
| Transfer to (from) stage 3               | -1          | -3         | 4          | -            | -2          | -26        | 28         | -            |
| Net remeasurement of loss allowances     | -67         | -35        | -66        | -168         | -26         | 26         | 38         | 39           |
| Originations or purchases                | 49          | 34         | 4          | 87           | 32          | 21         | 100        | 153          |
| Derecognitions                           | -33         | -31        | -24        | -88          | -20         | -145       | -1         | -166         |
| Changes due to changed input assumptions | 37          | 41         | 4          | 83           | 1           | 14         | -          | 15           |
| Actual loan losses                       | -           | -          | -278       | -278         | -           | -          | -117       | -117         |
| Closing balance                          | 138         | 298        | 421        | 858          | 84          | 268        | 871        | 1,223        |
| <b>Total accrual for loan losses</b>     | <b>184</b>  | <b>391</b> | <b>463</b> | <b>1,039</b> | <b>123</b>  | <b>350</b> | <b>907</b> | <b>1,379</b> |

| Group (NOKm)                             | 31 Dec 2022 |            |            |              | 31 Dec 2021 |            |            |              |
|------------------------------------------|-------------|------------|------------|--------------|-------------|------------|------------|--------------|
|                                          | 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          |
| Transfer to (from) stage 1               | 20          | -20        | -0         | -            | 22          | -22        | -0         | -            |
| Transfer to (from) stage 2               | -3          | 3          | -1         | -            | -2          | 3          | -0         | -            |
| Transfer to (from) stage 3               | -0          | -7         | 7          | -            | -1          | -7         | 8          | -            |
| Net remeasurement of loss allowances     | -24         | 25         | 8          | 9            | -23         | 26         | -1         | 2            |
| Originations or purchases                | 22          | 30         | 4          | 56           | 22          | 20         | 1          | 43           |
| Derecognitions                           | -13         | -26        | -4         | -43          | -14         | -37        | -9         | -60          |
| Changes due to changed input assumptions | 8           | 13         | -3         | 18           | -0          | -2         | -4         | -5           |
| Actual loan losses                       | -           | -          | -5         | -5           | -           | -          | -12        | -12          |
| Closing balance                          | 55          | 107        | 47         | 209          | 45          | 89         | 40         | 174          |
| <b>Corporate Market</b>                  |             |            |            |              |             |            |            |              |
| Opening balance                          | 94          | 278        | 896        | 1,268        | 98          | 399        | 845        | 1,342        |
| Transfer to (from) stage 1               | 77          | -76        | -1         | -            | 20          | -20        | -0         | -            |
| Transfer to (from) stage 2               | -7          | 99         | -92        | -            | -7          | 7          | -0         | -            |
| Transfer to (from) stage 3               | -2          | -3         | 4          | -            | -2          | -27        | 29         | -            |
| Net remeasurement of loss allowances     | -68         | -30        | -47        | -145         | -29         | 31         | 42         | 44           |
| Originations or purchases                | 55          | 35         | 5          | 95           | 35          | 23         | 112        | 169          |
| Derecognitions                           | -34         | -33        | -26        | -93          | -21         | -146       | -2         | -169         |
| Changes due to changed input assumptions | 35          | 40         | -8         | 67           | -2          | 12         | -2         | 9            |
| Actual loan losses                       | -           | -          | -280       | -280         | -           | -          | -128       | -128         |
| Closing balance                          | 151         | 311        | 450        | 912          | 94          | 278        | 896        | 1,268        |
| <b>Total accrual for loan losses</b>     | <b>206</b>  | <b>418</b> | <b>497</b> | <b>1,121</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)             | 31 Dec 2022 |           |          |           | 31 Dec 2021 |           |          |           |
|------------------------------------------|-------------|-----------|----------|-----------|-------------|-----------|----------|-----------|
|                                          | Stage 1     | Stage 2   | Stage 3  | Total     | Stage 1     | Stage 2   | Stage 3  | Total     |
| Opening balance                          | 19          | 55        | 5        | 79        | 27          | 50        | 4        | 81        |
| Transfer to (from) stage 1               | 16          | -16       | -0       | -         | 6           | -6        | -0       | -         |
| Transfer to (from) stage 2               | -1          | 1         | -0       | -         | -7          | 7         | -        | -         |
| Transfer to (from) stage 3               | -0          | -0        | 1        | -         | -0          | -1        | 1        | -         |
| Net remeasurement of loss allowances     | -16         | -3        | 3        | -15       | -9          | 4         | 0        | -4        |
| Originations or purchases                | 12          | 6         | 0        | 18        | 7           | 4         | 0        | 11        |
| Derecognitions                           | -4          | -12       | -0       | -16       | -6          | -5        | -0       | -11       |
| Changes due to changed input assumptions | -3          | 3         | 0        | 1         | 0           | 2         | -        | 2         |
| Actual loan losses                       | -           | -         | -        | -         | -           | -         | -        | -         |
| <b>Closing balance</b>                   | <b>24</b>   | <b>34</b> | <b>9</b> | <b>67</b> | <b>19</b>   | <b>55</b> | <b>5</b> | <b>79</b> |
| Of which                                 |             |           |          |           |             |           |          |           |
| Retail market                            |             |           |          | 1         |             |           |          | 3         |
| Corporate Market                         |             |           |          | 66        |             |           |          | 79        |

## Provision for credit losses specified by industry

| Parent Bank (NOKm)                    | 31 Dec 2022 |            |            |              | 31 Dec 2021 |            |            |              |
|---------------------------------------|-------------|------------|------------|--------------|-------------|------------|------------|--------------|
|                                       | Stage 1     | Stage 2    | Stage 3    | Total        | Stage 1     | Stage 2    | Stage 3    | Total        |
| Agriculture and forestry              | 4           | 38         | 18         | 60           | 2           | 31         | 6          | 39           |
| Fisheries and hunting                 | 11          | 12         | 0          | 23           | 6           | 7          | 0          | 13           |
| Sea farming industries                | 3           | 1          | 1          | 5            | 1           | 0          | 0          | 2            |
| Manufacturing                         | 9           | 47         | 2          | 58           | 5           | 36         | 15         | 56           |
| Construction, power and water supply  | 26          | 22         | 11         | 59           | 13          | 16         | 14         | 43           |
| Retail trade, hotels and restaurants  | 16          | 14         | 1          | 32           | 8           | 28         | 11         | 46           |
| Maritime sector                       | 19          | 117        | 184        | 320          | 14          | 118        | 555        | 687          |
| Property management                   | 34          | 55         | 28         | 117          | 20          | 50         | 36         | 105          |
| Business services                     | 13          | 24         | 177        | 214          | 13          | 12         | 222        | 247          |
| Transport and other services          | 9           | 11         | 16         | 36           | 7           | 6          | 17         | 30           |
| Public administration                 | 0           | -          | -          | 0            | 0           | -          | -          | 0            |
| Other sectors                         | 0           | 0          | -          | 0            | 0           | 0          | -          | 0            |
| Wage earners                          | 1           | 50         | 25         | 75           | 2           | 47         | 30         | 79           |
| Total provision for losses on loans   | 144         | 391        | 463        | 999          | 91          | 350        | 907        | 1,348        |
| loan loss allowance on loans at FVOCI | 40          |            |            | 40           | 31          |            |            | 31           |
| <b>Total loan loss allowance</b>      | <b>184</b>  | <b>391</b> | <b>463</b> | <b>1,039</b> | <b>123</b>  | <b>350</b> | <b>907</b> | <b>1,379</b> |

| Group (NOKm)                          | 31 Dec 2022 |            |            |              | 31 Dec 2021 |            |            |              |
|---------------------------------------|-------------|------------|------------|--------------|-------------|------------|------------|--------------|
|                                       | Stage 1     | Stage 2    | Stage 3    | Total        | Stage 1     | Stage 2    | Stage 3    | Total        |
| Agriculture and forestry              | 5           | 40         | 19         | 64           | 3           | 33         | 7          | 42           |
| Fisheries and hunting                 | 11          | 12         | 0          | 23           | 6           | 7          | 0          | 13           |
| Sea farming industries                | 4           | 1          | 4          | 9            | 1           | 1          | 1          | 3            |
| Manufacturing                         | 11          | 50         | 8          | 70           | 7           | 38         | 21         | 66           |
| Construction, power and water supply  | 30          | 25         | 16         | 71           | 16          | 19         | 18         | 53           |
| Retail trade, hotels and restaurants  | 17          | 15         | 2          | 34           | 9           | 28         | 16         | 53           |
| Maritime sector                       | 19          | 117        | 184        | 320          | 14          | 118        | 555        | 687          |
| Property management                   | 35          | 55         | 29         | 118          | 20          | 50         | 36         | 106          |
| Business services                     | 15          | 25         | 184        | 224          | 14          | 14         | 227        | 255          |
| Transport and other services          | 12          | 16         | 21         | 49           | 8           | 7          | 22         | 37           |
| Public administration                 | 0           | -          | -          | 0            | 0           | -          | 0          | 0            |
| Other sectors                         | 0           | 0          | 0          | 0            | 0           | 0          | -          | 0            |
| Wage earners                          | 8           | 61         | 29         | 99           | 7           | 53         | 34         | 95           |
| Total provision for losses on loans   | 166         | 418        | 497        | 1,081        | 107         | 367        | 936        | 1,410        |
| loan loss allowance on loans at FVOCI | 40          |            |            | 40           | 31          |            |            | 31           |
| <b>Total loan loss allowance</b>      | <b>206</b>  | <b>418</b> | <b>497</b> | <b>1,121</b> | <b>138</b>  | <b>367</b> | <b>936</b> | <b>1,442</b> |

## Note 8 - Gross loans

| Parent Bank (NOKm)                                | 31 Dec 2022    |              |              |                | 31 Dec 2021    |              |              |                |
|---------------------------------------------------|----------------|--------------|--------------|----------------|----------------|--------------|--------------|----------------|
|                                                   | 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         |
| Transfer to stage 1                               | 1,075          | -1,060       | -15          | -              | 1,007          | -1,002       | -6           | -              |
| Transfer to stage 2                               | -1,403         | 1,411        | -8           | -              | -1,325         | 1,332        | -7           | -              |
| Transfer to stage 3                               | -32            | -119         | 150          | -              | -61            | -87          | 148          | -              |
| Net increase/decrease amount existing loans       | -2,501         | -106         | -15          | -2,623         | -2,513         | -102         | -15          | -2,630         |
| New loans                                         | 38,691         | 1,418        | 120          | 40,229         | 43,464         | 1,198        | 118          | 44,780         |
| Derecognitions                                    | -37,136        | -1,473       | -137         | -38,746        | -31,569        | -1,876       | -156         | -33,601        |
| Financial assets with actual loan losses          | 0              | -1           | -11          | -12            | -0             | -1           | -20          | -21            |
| Closing balance                                   | 80,994         | 3,962        | 527          | 85,484         | 82,299         | 3,892        | 444          | 86,636         |
| <b>Corporate Market</b>                           |                |              |              |                |                |              |              |                |
| Opening balance                                   | 38,359         | 5,186        | 2,656        | 46,201         | 35,587         | 5,979        | 1,702        | 43,268         |
| Transfer to stage 1                               | 1,839          | -1,820       | -19          | -              | 647            | -647         | -0           | -              |
| Transfer to stage 2                               | -1,699         | 2,606        | -908         | -              | -1,434         | 1,434        | -            | -              |
| Transfer to stage 3                               | -67            | -72          | 139          | -              | -43            | -593         | 637          | -              |
| Net increase/decrease amount existing loans       | -731           | -257         | -3           | -990           | -1,202         | -196         | -39          | -1,437         |
| New loans                                         | 17,124         | 1,661        | 86           | 18,872         | 13,125         | -550         | 1,074        | 13,649         |
| Derecognitions                                    | -11,697        | -1,415       | -514         | -13,625        | -8,320         | -236         | -524         | -9,081         |
| Financial assets with actual loan losses          | -3             | -8           | -91          | -102           | -1             | -4           | -193         | -199           |
| Closing balance                                   | 43,127         | 5,883        | 1,346        | 50,356         | 38,359         | 5,186        | 2,656        | 46,201         |
| Fixed interest loans at FV                        | 4,709          |              |              | 4,709          | 4,276          |              |              | 4,276          |
| <b>Total gross loans at the end of the period</b> | <b>128,830</b> | <b>9,845</b> | <b>1,874</b> | <b>140,549</b> | <b>124,934</b> | <b>9,079</b> | <b>3,100</b> | <b>137,113</b> |

| Group (NOKm)                                      | 31 Dec 2022    |               |              |                | 31 Dec 2021    |               |              |                |
|---------------------------------------------------|----------------|---------------|--------------|----------------|----------------|---------------|--------------|----------------|
|                                                   | 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         |
| Transfer to stage 1                               | 1,278          | -1,261        | -17          | -              | 1,227          | -1,221        | -6           | -              |
| Transfer to stage 2                               | -1,771         | 1,784         | -13          | -              | -1,598         | 1,609         | -11          | -              |
| Transfer to stage 3                               | -40            | -151          | 190          | -              | -74            | -132          | 206          | -              |
| Net increase/decrease amount existing loans       | -2,177         | -170          | -25          | -2,372         | -2,599         | -154          | -28          | -2,782         |
| New loans                                         | 41,570         | 1,801         | 129          | 43,500         | 46,190         | 1,465         | 125          | 47,781         |
| Derecognitions                                    | -39,465        | -1,714        | -150         | -41,329        | -33,775        | -2,161        | -189         | -36,125        |
| Financial assets with actual loan losses          | -0             | -1            | -11          | -12            | -0             | -1            | -20          | -21            |
| Closing balance                                   | 86,972         | 4,901         | 635          | 92,508         | 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         |
| Transfer to stage 1                               | 2,090          | -2,045        | -45          | -              | 879            | -876          | -2           | -              |
| Transfer to stage 2                               | -2,042         | 2,959         | -917         | -              | -1,795         | 1,797         | -1           | -              |
| Transfer to stage 3                               | -97            | -88           | 185          | -              | -57            | -626          | 683          | -              |
| Net increase/decrease amount existing loans       | -761           | -329          | -13          | -1,104         | -652           | -257          | -53          | -963           |
| New loans                                         | 19,085         | 1,751         | 109          | 20,945         | 14,533         | -455          | 1,085        | 15,164         |
| Derecognitions                                    | -12,507        | -1,546        | -577         | -14,629        | -9,159         | -397          | -561         | -10,117        |
| Financial assets with actual loan losses          | -3             | -8            | -91          | -102           | -1             | -4            | -193         | -199           |
| Closing balance                                   | 47,621         | 6,460         | 1,410        | 55,491         | 41,855         | 5,768         | 2,759        | 50,382         |
| Fixed interest loans at FV                        | 4,631          |               |              | 4,631          | 4,198          |               |              | 4,198          |
| <b>Total gross loans at the end of the period</b> | <b>139,224</b> | <b>11,361</b> | <b>2,044</b> | <b>152,629</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    | 31 Dec 2022    | (NOKm)                                 | 31 Dec 2022    | 31 Dec 2021    |
| 1,958          | 2,159          | Agriculture and forestry               | 2,159          | 1,958          |
| 991            | 1,366          | Fisheries and hunting                  | 1,366          | 991            |
| 1,050          | 644            | Sea farming industries                 | 644            | 1,050          |
| 2,562          | 2,881          | Manufacturing                          | 2,881          | 2,562          |
| 5,535          | 5,534          | Construction, power and water supply   | 5,534          | 5,535          |
| 6,649          | 6,065          | Retail trade, hotels and restaurants   | 6,065          | 6,649          |
| 1,006          | 1,198          | Maritime sector                        | 1,198          | 1,006          |
| 5,692          | 5,645          | Property management                    | 5,577          | 5,635          |
| 11,469         | 13,036         | Business services                      | 13,036         | 11,469         |
| 9,247          | 9,364          | Transport and other services provision | 8,856          | 8,750          |
| 16,826         | 21,690         | Public administration                  | 21,690         | 16,826         |
| 4,453          | 4,800          | Other sectors                          | 4,687          | 4,267          |
| <b>67,439</b>  | <b>74,383</b>  | <b>Total</b>                           | <b>73,693</b>  | <b>66,697</b>  |
| 44,589         | 48,316         | Wage earners                           | 48,316         | 44,589         |
| <b>112,028</b> | <b>122,699</b> | <b>Total deposits</b>                  | <b>122,010</b> | <b>111,286</b> |

## Note 10 - Net interest income

| Parent bank    |       |           |       |                                                                                                    | Group     |       |                |       |
|----------------|-------|-----------|-------|----------------------------------------------------------------------------------------------------|-----------|-------|----------------|-------|
| Fourth quarter |       | Jan - Dec |       |                                                                                                    | Jan - Dec |       | Fourth quarter |       |
| 2021           | 2022  | 2021      | 2022  | (NOKm)                                                                                             | 2022      | 2021  | 2022           | 2021  |
|                |       |           |       | Interest income                                                                                    |           |       |                |       |
| 38             | 169   | 128       | 400   | Interest income from loans to and claims on central banks and credit institutions (amortised cost) | 177       | 33    | 82             | 11    |
| 448            | 761   | 1,654     | 2,461 | Interest income from loans to and claims on customers (amortised cost)                             | 3,129     | 2,167 | 967            | 578   |
| 341            | 647   | 1,285     | 1,879 | Interest income from loans to and claims on customers (FVOCI)                                      | 1,879     | 1,300 | 647            | 345   |
| 28             | 34    | 116       | 125   | Interest income from loans to and claims on customers (FVPL)                                       | 125       | 116   | 34             | 28    |
| 80             | 239   | 279       | 599   | Interest income from money market instruments, bonds and other fixed income securities             | 595       | 276   | 238            | 79    |
| -              | -     | -         | -     | Other interest income                                                                              | 22        | 21    | 6              | 5     |
| 935            | 1,850 | 3,462     | 5,463 | Total interest income                                                                              | 5,927     | 3,913 | 1,973          | 1,046 |
|                |       |           |       | Interest expense                                                                                   |           |       |                |       |
| 19             | 108   | 51        | 260   | Interest expenses on liabilities to credit institutions                                            | 260       | 51    | 108            | 19    |
| 175            | 607   | 547       | 1,524 | Interest expenses relating to deposits from and liabilities to customers                           | 1,508     | 534   | 604            | 173   |
| 98             | 247   | 395       | 647   | Interest expenses related to the issuance of securities                                            | 647       | 395   | 247            | 98    |
| 9              | 22    | 33        | 66    | Interest expenses on subordinated debt                                                             | 68        | 35    | 23             | 10    |
| 2              | 2     | 8         | 7     | Other interest expenses                                                                            | 26        | 17    | 10             | 4     |
| 18             | 20    | 75        | 79    | Guarantee fund levy                                                                                | 79        | 75    | 20             | 18    |
| 321            | 1,007 | 1,109     | 2,583 | Total interest expense                                                                             | 2,588     | 1,107 | 1,012          | 321   |
|                |       |           |       |                                                                                                    |           |       |                |       |
| 614            | 843   | 2,353     | 2,880 | Net interest income                                                                                | 3,339     | 2,805 | 961            | 725   |

## Note 11 - Net commission income and other income

| Parent bank    |      |           |       |                                                        | Group     |       |                |      |
|----------------|------|-----------|-------|--------------------------------------------------------|-----------|-------|----------------|------|
| Fourth quarter |      | Jan - Dec |       | (NOKm)                                                 | Jan - Dec |       | Fourth quarter |      |
| 2021           | 2022 | 2021      | 2022  |                                                        | 2022      | 2021  | 2022           | 2021 |
|                |      |           |       | Commission income                                      |           |       |                |      |
| 25             | 27   | 76        | 77    | Guarantee commission                                   | 77        | 76    | 27             | 24   |
| -              | 1    | -         | 2     | Broker commission                                      | 267       | 291   | 62             | 70   |
| 14             | 12   | 63        | 42    | Portfolio commission, savings products                 | 44        | 63    | 12             | 14   |
| 102            | 32   | 450       | 256   | Commission from SpareBank 1 Boligkreditt               | 256       | 450   | 32             | 102  |
| 3              | 4    | 14        | 16    | Commission from SpareBank 1 Næringskreditt             | 16        | 14    | 4              | 3    |
| 119            | 129  | 413       | 475   | Payment transmission services                          | 471       | 409   | 128            | 118  |
| 55             | 60   | 214       | 236   | Commission from insurance services                     | 236       | 214   | 60             | 55   |
| 19             | 18   | 77        | 88    | Other commission income                                | 80        | 69    | 15             | 17   |
| 338            | 282  | 1,306     | 1,192 | Total commission income                                | 1,446     | 1,586 | 340            | 404  |
|                |      |           |       | Commission expenses                                    |           |       |                |      |
| 25             | 22   | 84        | 80    | Payment transmission services                          | 80        | 85    | 22             | 32   |
| 3              | 3    | 13        | 11    | Other commission expenses                              | 105       | 91    | 23             | 22   |
| 28             | 25   | 97        | 90    | Total commission expenses                              | 186       | 177   | 45             | 55   |
|                |      |           |       | Other operating income                                 |           |       |                |      |
| 5              | 8    | 27        | 30    | Operating income real property                         | 32        | 26    | 10             | 6    |
| -              | -    | -         | -     | Property administration and sale of property           | 151       | 150   | 32             | 30   |
| -              | -    | -         | -     | Accountant's fees                                      | 564       | 529   | 127            | 114  |
| 11             | 10   | 21        | 25    | Other operating income                                 | 34        | 26    | 9              | 14   |
| 17             | 19   | 47        | 55    | Total other operating income                           | 781       | 731   | 178            | 163  |
| 326            | 276  | 1,256     | 1,156 | Total net commission income and other operating income | 2,042     | 2,141 | 473            | 521  |

## Note 12 - Operating expenses

| Parent bank    |      |           |      |                                     | Group     |      |                |      |
|----------------|------|-----------|------|-------------------------------------|-----------|------|----------------|------|
| Fourth quarter |      | Jan - Dec |      | (NOKm)                              | Jan - Dec |      | Fourth quarter |      |
| 2021           | 2022 | 2021      | 2022 |                                     | 2022      | 2021 | 2022           | 2021 |
| 73             | 87   | 265       | 304  |                                     | IT costs  | 355  | 320            | 100  |
| 2              | 2    | 10        | 11   | Postage and transport of valuables  | 14        | 14   | 3              | 4    |
| 13             | 18   | 53        | 59   | Marketing                           | 86        | 75   | 24             | 21   |
| 22             | 20   | 95        | 77   | Ordinary depreciation               | 117       | 170  | 33             | 35   |
| 11             | 10   | 44        | 46   | Operating expenses, real properties | 55        | 53   | 9              | 9    |
| 38             | 69   | 143       | 188  | Purchased services                  | 217       | 173  | 75             | 43   |
| 46             | 55   | 134       | 156  | Other operating expense             | 195       | 178  | 71             | 68   |
| 206            | 261  | 745       | 841  | Total other operating expenses      | 1,038     | 981  | 314            | 267  |

## Note 13 - Net return on financial investments

| Parent Bank                 |            |            |            |                                                                                                 | Group      |            |                |            |
|-----------------------------|------------|------------|------------|-------------------------------------------------------------------------------------------------|------------|------------|----------------|------------|
| Fourth quarter              |            | Jan - Dec  |            |                                                                                                 | Jan - Dec  |            | Fourth quarter |            |
| 2021                        | 2022       | 2021       | 2022       | (NOKm)                                                                                          | 2022       | 2021       | 2022           | 2021       |
|                             |            |            |            | <b>Valued at fair value through profit/loss</b>                                                 |            |            |                |            |
| -140                        | 51         | -433       | -428       | Value change in interest rate instruments                                                       | -427       | -433       | 51             | -140       |
|                             |            |            |            | <b>Value change in derivatives/hedging</b>                                                      |            |            |                |            |
| 0                           | -21        | -6         | -10        | Net value change in hedged bonds and derivatives*                                               | -10        | -6         | -21            | 0          |
| 12                          | 28         | 12         | -38        | Net value change in hedged fixed rate loans and derivatives                                     | -38        | 12         | 28             | 12         |
| 68                          | -111       | 301        | 275        | Other derivatives                                                                               | 275        | 301        | -111           | 68         |
|                             |            |            |            | <b>Income from equity instruments</b>                                                           |            |            |                |            |
| -                           | -          | -          | -          | Income from owner interests                                                                     | 442        | 705        | 195            | 186        |
| 18                          | 72         | 726        | 646        | Dividend from owner instruments                                                                 | -          | -          | -              | -          |
| -0                          | -          | 8          | 4          | Value change and gain/loss on owner instruments                                                 | 4          | 13         | -              | 14         |
| 2                           | 21         | 6          | 30         | Dividend from equity instruments                                                                | 33         | 22         | 19             | 1          |
| -5                          | -0         | -4         | -19        | Value change and gain/loss on equity instruments                                                | 9          | 156        | -23            | 1          |
| <b>-45</b>                  | <b>39</b>  | <b>610</b> | <b>461</b> | <b>Total net income from financial assets and liabilities at fair value through profit/loss</b> | <b>287</b> | <b>770</b> | <b>138</b>     | <b>143</b> |
|                             |            |            |            | <b>Valued at amortised cost</b>                                                                 |            |            |                |            |
| -0                          | -0         | -2         | -0         | Value change in interest rate instruments held to maturity                                      | -0         | -2         | -0             | 0          |
| <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>25</b>                   | <b>24</b>  | <b>72</b>  | <b>93</b>  | <b>Total net gain from currency trading</b>                                                     | <b>93</b>  | <b>72</b>  | <b>25</b>      | <b>25</b>  |
| <b>-20</b>                  | <b>63</b>  | <b>680</b> | <b>554</b> | <b>Total net return on financial investments</b>                                                | <b>380</b> | <b>840</b> | <b>163</b>     | <b>168</b> |
| <b>* Fair value hedging</b> |            |            |            |                                                                                                 |            |            |                |            |
| -203                        | -11        | -664       | -2,155     | Changes in fair value on hedging instrument                                                     | -2,155     | -664       | -11            | -203       |
| 204                         | -11        | 657        | 2,145      | Changes in fair value on hedging item                                                           | 2,145      | 657        | -11            | 204        |
| <b>0</b>                    | <b>-21</b> | <b>-6</b>  | <b>-10</b> | <b>Net Gain or Loss from hedge accounting</b>                                                   | <b>-10</b> | <b>-6</b>  | <b>-21</b>     | <b>0</b>   |

## Note 14 - Other assets

| Parent Bank  |              |                                 | Group        |              |
|--------------|--------------|---------------------------------|--------------|--------------|
| 31 Dec 2021  | 31 Dec 2022  | (NOKm)                          | 31 Dec 2022  | 31 Dec 2021  |
| 3            | -            | Deferred tax asset              | 5            | 90           |
| 84           | 117          | Fixed assets                    | 232          | 210          |
| 253          | 223          | Right to use assets             | 325          | 460          |
| 152          | 87           | Earned income not yet received  | 104          | 186          |
| 20           | 262          | Accounts receivable, securities | 262          | 300          |
| 62           | 240          | Pension assets                  | 240          | 62           |
| 508          | 1,164        | Other assets                    | 1,387        | 752          |
| <b>1,082</b> | <b>2,092</b> | <b>Total other assets</b>       | <b>2,555</b> | <b>2,062</b> |

## Note 15 - Other liabilities

| Parent Bank  |              |                                                   | Group        |              |
|--------------|--------------|---------------------------------------------------|--------------|--------------|
| 31 Dec 2021  | 31 Dec 2022  | (NOKm)                                            | 31 Dec 2022  | 31 Dec 2021  |
| -            | 72           | Deferred tax                                      | 127          | 56           |
| 513          | 611          | Payable tax                                       | 705          | 583          |
| 12           | 13           | Capital tax                                       | 13           | 12           |
| 118          | 97           | Accrued expenses and received, non-accrued income | 388          | 774          |
| 347          | 427          | Provision for accrued expenses and commitments    | 427          | 347          |
| 78           | 66           | Losses on guarantees and unutilised credits       | 66           | 78           |
| 8            | 6            | Pension liabilities                               | 6            | 8            |
| 262          | 233          | Lease liabilities                                 | 339          | 476          |
| 84           | 97           | Drawing debt                                      | 97           | 84           |
| 92           | 73           | Creditors                                         | 116          | 150          |
| 157          | 176          | Debt from securities                              | 176          | 351          |
| -            | -            | Equity Instruments                                | -            | 31           |
| 185          | 196          | Other liabilities                                 | 265          | 266          |
| <b>1,855</b> | <b>2,067</b> | <b>Total other liabilities</b>                    | <b>2,725</b> | <b>3,215</b> |

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

## Group

|                                         | 31 Dec<br>2021 | Issued        | Fallen<br>due/<br>Redeemed | Other<br>changes | 31 Dec<br>2022 |
|-----------------------------------------|----------------|---------------|----------------------------|------------------|----------------|
| <b>Change in securities debt (NOKm)</b> |                |               |                            |                  |                |
| Bond debt, nominal value                | 36,805         | 12,594        | 6,613                      | -254             | 42,532         |
| Senior non preferred, nominal value     | 3,500          | 3,600         | -                          | -                | 7,100          |
| Value adjustments                       | -152           | -             | -                          | -2,286           | -2,438         |
| Accrued interest                        | 178            | -             | -                          | 102              | 280            |
| <b>Total</b>                            | <b>40,332</b>  | <b>16,194</b> | <b>6,613</b>               | <b>-2,438</b>    | <b>47,474</b>  |

|                                                             | 31 Dec<br>2021 | Issued       | Fallen<br>due/<br>Redeemed | Other<br>changes | 31 Dec<br>2022 |
|-------------------------------------------------------------|----------------|--------------|----------------------------|------------------|----------------|
| <b>Change in subordinated debt and hybrid equity (NOKm)</b> |                |              |                            |                  |                |
| Ordinary subordinated loan capital, nominal value           | 1,793          | 1,000        | 750                        | -                | 2,043          |
| Hybrid equity, nominal value                                | -              | -            | -                          | -                | -              |
| Value adjustments                                           | -              | -            | -                          | -                | -              |
| Accrued interest                                            | 3              | -            | -                          | 13               | 16             |
| <b>Total</b>                                                | <b>1,796</b>   | <b>1,000</b> | <b>750</b>                 | <b>13</b>        | <b>2,058</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 31 December 22:

| Assets (NOKm)                                            | Level 1      | Level 2       | Level 3       | Total          |
|----------------------------------------------------------|--------------|---------------|---------------|----------------|
| Financial assets at fair value through profit/loss       |              |               |               |                |
| - Derivatives                                            | -            | 6,804         | -             | 6,804          |
| - Bonds and money market certificates                    | 3,721        | 34,352        | -             | 38,073         |
| - Equity instruments                                     | 140          | 130           | 570           | 840            |
| - Fixed interest loans                                   | -            | 78            | 4,630         | 4,708          |
| Financial assets through other comprehensive income      |              |               |               |                |
| - Loans at fair value through other comprehensive income | -            | -             | 81,901        | 81,901         |
| <b>Total assets</b>                                      | <b>3,861</b> | <b>41,363</b> | <b>87,101</b> | <b>132,325</b> |
| Liabilities                                              | Level 1      | Level 2       | Level 3       | Total          |
| Financial liabilities through profit/loss                |              |               |               |                |
| - Derivatives                                            | -            | 8,307         | -             | 8,307          |
| - Equity instruments                                     | -            | -             | -             | -              |
| <b>Total liabilities</b>                                 | <b>-</b>     | <b>8,307</b>  | <b>-</b>      | <b>8,307</b>   |

The following table presents the Group's assets and liabilities measured at fair value at 31 December 21:

| 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         |
| <b>Total assets</b>                                      | <b>4,364</b> | <b>31,712</b> | <b>87,817</b> | <b>123,893</b> |
| Liabilities                                              | Level 1      | Level 2       | Level 3       | Total          |
| 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 31 December 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                          | 87,817        |
| Investment in the period              | 17                                     | 1,355                | 36,461                          | 37,834        |
| Disposals in the period               | -2                                     | -752                 | -37,604                         | -38,358       |
| Expected credit loss                  | -                                      | -                    | -20                             | -20           |
| Gain or loss on financial instruments | -8                                     | -171                 | 9                               | -171          |
| <b>Closing balance 31 December 22</b> | <b>570</b>                             | <b>4,630</b>         | <b>81,901</b>                   | <b>87,101</b> |

The following table presents the changes in the instruments classified in level 3 as at 31 December 21:

| (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              | 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 21</b> | <b>563</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 6 million.

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

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

#### *Equity instruments (level 3)*

Shares that are classified to level 3 include essentially investments in unquoted shares. Among other a total of NOK 501 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank SMN 1 Invest. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions.

*Financial derivatives (level 2)*

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

**Sensitivity analyses, level 3 as at 31 December 22:**

| (NOKm)                                                 | Book value | Effect from<br>change in<br>reasonable<br>possible<br>alternative<br>assumptions |
|--------------------------------------------------------|------------|----------------------------------------------------------------------------------|
| Fixed interest loans                                   | 4,630      | -13                                                                              |
| Equity instruments through profit/loss*                | 570        | -                                                                                |
| Loans at fair value through other comprehensive income | 81,901     | -6                                                                               |

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

## Note 18 - Liquidity risk

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

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

The average residual maturity on debt created by issue of securities at the end of the fourth quarter 2022 was 3.4 years. The overall LCR at the same point was 239 per cent and the average overall LCR in the fourth quarter was 183 per cent. The LCR in Norwegian kroner and euro at quarter-end was 192 and 216 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 - Dec    |              |
|--------------------------------------------------------------------------------|--------------|--------------|
|                                                                                | 2022         | 2021         |
| Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1) | 2,592        | 2,692        |
| Allocated to ECC Owners 2)                                                     | 1,658        | 1,722        |
| Issues Equity Capital Certificates adjusted for own certificates               | 129,316,131  | 129,339,665  |
| <b>Earnings per Equity Capital Certificate</b>                                 | <b>12.82</b> | <b>13.31</b> |

| 1) Adjusted Net Profit                                     | Jan - Dec    |              |
|------------------------------------------------------------|--------------|--------------|
|                                                            | 2022         | 2021         |
| Net Profit for the group                                   | 2,785        | 2,902        |
| adjusted for non-controlling interests share of net profit | -130         | -160         |
| Adjusted for Tier 1 capital holders share of net profit    | -63          | -50          |
| <b>Adjusted Net Profit</b>                                 | <b>2,592</b> | <b>2,692</b> |

| 2) Equity capital certificate ratio (parent bank) (NOKm) | 31 Dec 2022   | 31 Dec 2021   |
|----------------------------------------------------------|---------------|---------------|
|                                                          |               |               |
| ECC capital                                              | 2,597         | 2,597         |
| Dividend equalisation reserve                            | 7,877         | 7,007         |
| Premium reserve                                          | 895           | 895           |
| Unrealised gains reserve                                 | 45            | 109           |
| Other equity capital                                     | -             | -             |
| <b>A. The equity capital certificate owners' capital</b> | <b>11,413</b> | <b>10,609</b> |
| Ownerless capital                                        | 6,408         | 5,918         |
| Unrealised gains reserve                                 | 25            | 62            |
| Other equity capital                                     | -             | -             |
| <b>B. The saving bank reserve</b>                        | <b>6,433</b>  | <b>5,980</b>  |
| To be disbursed from gift fund                           | 474           | 547           |
| Dividend declared                                        | 840           | 970           |
| <b>Equity ex. profit</b>                                 | <b>19,161</b> | <b>18,106</b> |
| <b>Equity capital certificate ratio A/(A+B)</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> |

## Note 20 - Events after the balance sheet date

SpareBank 1 SMN reported to the police on Thursday 19 January a hired replacement employee for gross embezzlement. The relationship was uncovered through the bank's own control functions. The police's investigation, which corresponds to the bank's own investigations, shows that the embezzlement totals just under NOK 75 million. Because the accused returned part of the amount to SpareBank 1 SMN before the arrest, the net amount withdrawn from the bank is in excess of NOK 66 million. The police have secured just over NOK 15 million in Sweden. Based on the information that is now known, more than NOK 50 million of the embezzled amount has been lost.

SpareBank 1 SMN has insurance that covers financial crime, including embezzlement. The insurance has a deductible of NOK 5 million. Most of the embezzlement occurred within a short time before it was discovered and reported to the police. The funds have been transferred to bank accounts in other banks in Norway, and further out of the country. There, they have mainly been invested in securities and financial instruments with a very high risk.

## Results from quarterly accounts

| Group (NOKm)                                | 4Q<br>2022   | 3Q<br>2022   | 2Q<br>2022   | 1Q<br>2022   | 4Q<br>2021   | 3Q<br>2021   | 2Q<br>2021   | 1Q<br>2021   | 4Q<br>2020   |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interest income effective interest method   | 1,973        | 1,518        | 1,279        | 1,156        | 1,046        | 972          | 957          | 938          | 945          |
| Interest expenses                           | 1,012        | 704          | 476          | 397          | 321          | 263          | 256          | 267          | 258          |
| <b>Net interest</b>                         | <b>961</b>   | <b>814</b>   | <b>803</b>   | <b>759</b>   | <b>725</b>   | <b>709</b>   | <b>701</b>   | <b>671</b>   | <b>688</b>   |
| Commission income                           | 340          | 370          | 378          | 358          | 405          | 407          | 401          | 374          | 393          |
| Commission expenses                         | 45           | 52           | 46           | 42           | 47           | 47           | 41           | 41           | 54           |
| Other operating income                      | 178          | 173          | 223          | 206          | 163          | 162          | 213          | 193          | 399          |
| <b>Commission income and other income</b>   | <b>473</b>   | <b>491</b>   | <b>555</b>   | <b>522</b>   | <b>521</b>   | <b>521</b>   | <b>572</b>   | <b>526</b>   | <b>738</b>   |
| Dividends                                   | 19           | 8            | 4            | 2            | 1            | 1            | 17           | 4            | 27           |
| Income from investment in related companies | 195          | 108          | 77           | 62           | 186          | 179          | 212          | 128          | 117          |
| Net return on financial investments         | -52          | -30          | -123         | 111          | -19          | 37           | 1            | 93           | 53           |
| <b>Net return on financial investments</b>  | <b>163</b>   | <b>86</b>    | <b>-43</b>   | <b>175</b>   | <b>168</b>   | <b>217</b>   | <b>230</b>   | <b>224</b>   | <b>197</b>   |
| <b>Total income</b>                         | <b>1,597</b> | <b>1,391</b> | <b>1,316</b> | <b>1,456</b> | <b>1,414</b> | <b>1,447</b> | <b>1,503</b> | <b>1,422</b> | <b>1,622</b> |
| Staff costs                                 | 333          | 348          | 350          | 375          | 342          | 341          | 343          | 352          | 553          |
| Other operating expenses                    | 314          | 235          | 235          | 255          | 267          | 246          | 235          | 234          | 271          |
| <b>Total operating expenses</b>             | <b>646</b>   | <b>583</b>   | <b>585</b>   | <b>629</b>   | <b>609</b>   | <b>586</b>   | <b>579</b>   | <b>586</b>   | <b>824</b>   |
| <b>Result before losses</b>                 | <b>951</b>   | <b>808</b>   | <b>731</b>   | <b>827</b>   | <b>805</b>   | <b>861</b>   | <b>924</b>   | <b>836</b>   | <b>798</b>   |
| Loss on loans, guarantees etc.              | 19           | 22           | -48          | -0           | 32           | 31           | 39           | 59           | 242          |
| <b>Result before tax</b>                    | <b>932</b>   | <b>785</b>   | <b>779</b>   | <b>827</b>   | <b>773</b>   | <b>830</b>   | <b>885</b>   | <b>777</b>   | <b>556</b>   |
| Tax charge                                  | 210          | 179          | 164          | 166          | 103          | 174          | 156          | 131          | 105          |
| Result investment held for sale, after tax  | 46           | 10           | 87           | 37           | 33           | 19           | 26           | 122          | -0           |
| <b>Net profit</b>                           | <b>768</b>   | <b>617</b>   | <b>702</b>   | <b>698</b>   | <b>703</b>   | <b>675</b>   | <b>755</b>   | <b>768</b>   | <b>450</b>   |

## Key figures from quarterly accounts

| Group (NOKm)                                                                               | 4Q<br>2022 | 3Q<br>2022 | 2Q<br>2022 | 1Q<br>2022 | 4Q<br>2021 | 3Q<br>2021 | 2Q<br>2021 | 1Q<br>2021 | 4Q<br>2020 |
|--------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Profitability</b>                                                                       |            |            |            |            |            |            |            |            |            |
| Return on equity per quarter <sup>1)</sup>                                                 | 13.1%      | 10.9%      | 12.9%      | 12.5%      | 12.7%      | 12.4%      | 14.3%      | 14.8%      | 8.9%       |
| Cost-income ratio <sup>1)</sup>                                                            | 40 %       | 42 %       | 44 %       | 43 %       | 43 %       | 41 %       | 39 %       | 41 %       | 51 %       |
| <b>Balance sheet figures</b>                                                               |            |            |            |            |            |            |            |            |            |
| Gross loans to customers                                                                   | 152,629    | 150,247    | 148,681    | 147,023    | 147,301    | 143,972    | 141,935    | 137,471    | 134,648    |
| Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt                                  | 211,244    | 208,900    | 205,504    | 199,965    | 195,353    | 191,976    | 189,015    | 185,342    | 182,801    |
| Deposit from customers                                                                     | 122,010    | 120,558    | 123,812    | 114,053    | 111,286    | 109,691    | 110,133    | 102,390    | 97,529     |
| Total assets                                                                               | 223,312    | 218,918    | 217,458    | 207,027    | 198,845    | 200,124    | 200,426    | 193,822    | 187,912    |
| Quarterly average total assets                                                             | 221,115    | 218,188    | 212,243    | 202,936    | 199,492    | 200,275    | 197,124    | 190,867    | 187,406    |
| Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months <sup>1)</sup> | 1.1 %      | 1.7 %      | 2.8 %      | 2.4 %      | 1.8 %      | 1.6 %      | 2.0 %      | 1.4 %      | 1.9 %      |
| Growth in deposits last 12 months                                                          | 1.2 %      | -2.6 %     | 8.6 %      | 2.5 %      | 1.5 %      | -0.4 %     | 7.6 %      | 5.0 %      | 2.2 %      |
| <b>Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt</b>            |            |            |            |            |            |            |            |            |            |
| Impairment losses ratio <sup>1)</sup>                                                      | 0.04 %     | 0.04 %     | -0.09 %    | 0.00 %     | 0.07 %     | 0.07 %     | 0.08 %     | 0.13 %     | 0.54 %     |
| Stage 3 as a percentage of gross loans <sup>1)</sup>                                       | 0.97 %     | 1.02 %     | 1.08 %     | 1.62 %     | 1.68 %     | 1.80 %     | 1.87 %     | 1.66 %     | 1.23 %     |
| <b>Solidity</b>                                                                            |            |            |            |            |            |            |            |            |            |
| Common equity Tier 1 capital ratio                                                         | 18.9 %     | 19.2 %     | 18.8 %     | 18.3 %     | 18.0 %     | 18.1 %     | 18.3 %     | 18.0 %     | 18.3 %     |
| Tier 1 capital ratio                                                                       | 20.9 %     | 20.8 %     | 20.4 %     | 19.8 %     | 19.6 %     | 19.7 %     | 20.0 %     | 19.7 %     | 20.0 %     |
| Capital ratio                                                                              | 23.1 %     | 23.0 %     | 22.7 %     | 21.9 %     | 21.6 %     | 21.8 %     | 22.2 %     | 21.9 %     | 22.3 %     |
| Tier 1 capital                                                                             | 21,835     | 21,252     | 20,547     | 19,797     | 19,322     | 19,265     | 19,011     | 18,636     | 18,636     |
| Total eligible capital                                                                     | 24,147     | 23,546     | 22,910     | 21,839     | 21,333     | 21,338     | 21,105     | 20,741     | 20,759     |
| Liquidity Coverage Ratio (LCR)                                                             | 239 %      | 180 %      | 204 %      | 155 %      | 138 %      | 163 %      | 184 %      | 190 %      | 171 %      |
| Leverage Ratio                                                                             | 7.1 %      | 7.3 %      | 6.9 %      | 7.0 %      | 6.9 %      | 6.9 %      | 7.0 %      | 7.0 %      | 7.1 %      |
| <b>Key figures ECC</b>                                                                     |            |            |            |            |            |            |            |            |            |
| ECC share price at end of period (NOK)                                                     | 127.40     | 111.40     | 115.80     | 141.20     | 149.00     | 129.80     | 119.20     | 107.40     | 97.60      |
| Number of certificates issued, millions <sup>1)</sup>                                      | 129.29     | 129.29     | 129.31     | 129.39     | 129.39     | 129.39     | 129.36     | 129.22     | 129.39     |
| Booked equity capital per ECC (NOK) <sup>1)</sup>                                          | 109.86     | 107.19     | 102.91     | 99.55      | 103.48     | 103.57     | 100.18     | 96.70      | 94.71      |
| Profit per ECC, majority (NOK) <sup>1)</sup>                                               | 3.53       | 2.89       | 3.20       | 3.20       | 3.20       | 3.22       | 3.51       | 3.40       | 1.99       |
| Price-Earnings Ratio (annualised) <sup>1)</sup>                                            | 9.02       | 9.62       | 9.06       | 11.05      | 11.65      | 10.09      | 8.50       | 7.91       | 12.28      |
| Price-Book Value Ratio <sup>1)</sup>                                                       | 1.16       | 1.04       | 1.13       | 1.42       | 1.44       | 1.25       | 1.19       | 1.11       | 1.03       |

## Equity capital certificates

### Stock price compared with OSEBX and OSEEX

1 Jan 2021 to 31 Dec 2022

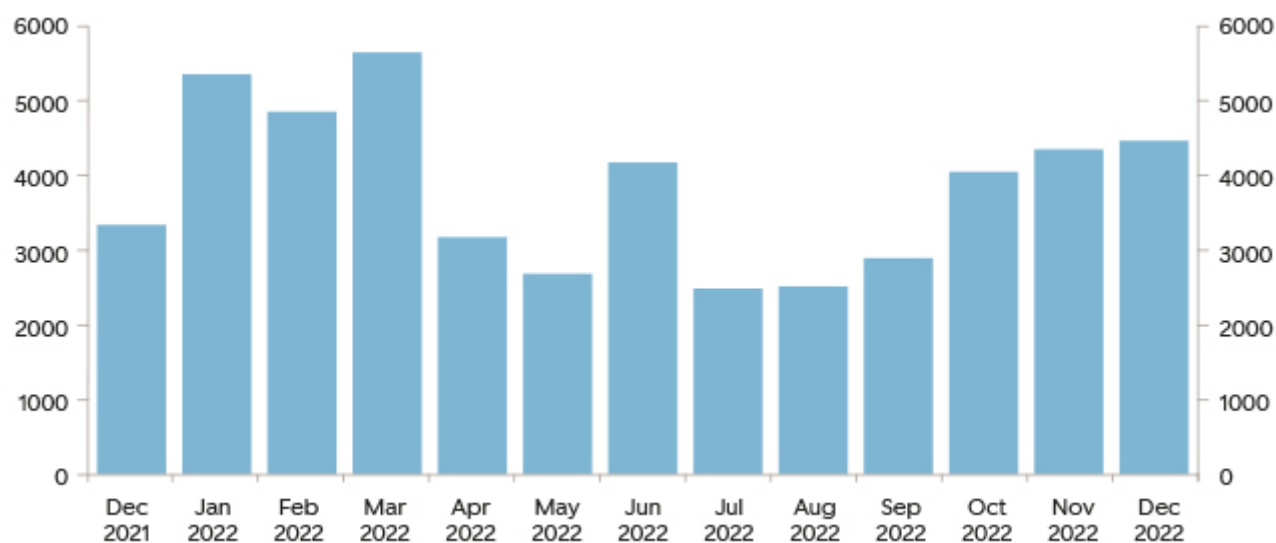


OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

OSEEX = Oslo Stock Exchange ECC Index (rebased)

### Trading statistics

1 Dec 2021 to 31 Dec 2022



### Total number of ECCs traded (1000)

| 20 largest ECC holders                      | No. Of ECCs        | Holding         |
|---------------------------------------------|--------------------|-----------------|
| Sparebankstiftelsen SMN                     | 3,965,391          | 3.05 %          |
| State Street Bank and Trust Comp            | 3,188,662          | 2.46 %          |
| VPF Odin Norge                              | 2,987,707          | 2.30 %          |
| Pareto Aksje Norge VPF                      | 2,903,393          | 2.24 %          |
| Pareto Invest Norge AS                      | 2,761,418          | 2.13 %          |
| KLP                                         | 2,738,645          | 2.11 %          |
| J. P. Morgan Chase Bank, N.A., London       | 2,555,343          | 1.97 %          |
| VPF Eika Egenkapitalbevis                   | 2,540,860          | 1.96 %          |
| State Street Bank and Trust Comp            | 2,335,792          | 1.80 %          |
| Danske Invest Norske Aksjer Institusjon II. | 2,310,642          | 1.78 %          |
| VPF Alfred Berg Gamba                       | 2,124,217          | 1.64 %          |
| VPF Nordea Norge                            | 2,025,266          | 1.56 %          |
| Forsvarets personellservice                 | 2,014,446          | 1.55 %          |
| J. P. Morgan SE                             | 1,802,526          | 1.39 %          |
| Spesialfondet Borea Utbytte                 | 1,789,621          | 1.38 %          |
| RBC Investor Services Trust                 | 1,527,586          | 1.18 %          |
| MP Pensjon PK                               | 1,352,771          | 1.04 %          |
| J. P. Morgan SE                             | 1,262,576          | 0.97 %          |
| VPF Nordea Avkastning                       | 1,185,237          | 0.91 %          |
| VPF Holberg Norge                           | 1,166,605          | 0.90 %          |
| <b>The 20 largest ECC holders in total</b>  | <b>44,538,704</b>  | <b>34.30 %</b>  |
| Others                                      | 85,297,739         | 65.70 %         |
| <b>Total issued ECCs</b>                    | <b>129,836,443</b> | <b>100.00 %</b> |

### Dividend policy

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

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

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