

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 2022. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts, with the exception of the implementation of IFRS 17 in the associated company SpareBank 1 Gruppen, as described below.

IFRS 17 Insurance contracts

IFRS 17 Insurance contracts replace IFRS 4 Insurance Contracts and specify principles for recognition, measurement, presentation and disclosure of insurance contracts. The purpose of the new standard is to eliminate inconsistent practices in accounting for insurance contracts and the core of the new model are as follows:

- An estimate of the present value of future cash flows for a group of insurance contracts. Future cash flows include future premium payments and payments of insurance settlements, claims and other payments to policyholders. The estimate shall take an explicit adjustment for risk into account and the estimates shall be based on the balance sheet date.
- A contractual service margin, which is equal to the one-day gain in the estimate of the present value of future cash flows from a group of insurance contracts. This corresponds to the profit element of the insurance contracts that will be recognised over the period of service, ie over the cover period of the insurance.
- Certain changes in the estimate of the present value of future cash flows are adjusted against the contract margin, and thereby recognised in the result over the remaining period covered by the relevant contracts.
- The effect of change in discount rate shall, as a choice of accounting principle, be presented either in in profit or loss or in other comprehensive income.

IFRS 17 shall, as a starting point, be used retrospectively, but it has been opened for a modified retrospective application or use based on fair value at the time of transition if retrospective use is impracticable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted.

The effect on equity as a result of the associated company SpareBank 1 Gruppen implementing this standard as of 1 January 2022 is NOK 234 million in reduced equity. The result for 2022 from SpareBank 1 Gruppen, after adapting IFRS 17/IFRS 9, has been adjusted by NOK 32 million. As such the effect on equity as of 1 January 2023 is NOK 202 million. The group's result for 2022 and other key figures have not been restated.

IFRS 17 effects for the Group	NOK million
Implementation of IFRS 17/IFRS 9 as of 1 January 2022	-234
Restated results from SpareBank 1 Gruppen for 2022 as a result of implementing IFRS 17/IFRS 9	32
Implementation effect on equity as of 1 January 2023	-202
Restatement of comparable figures	As at 31.12.2022
Group's share of recognised profit from SpareBank 1 Gruppen	175
Effects of implementing IFRS 17/IFRS 9	24
Group's restated results from SpareBank 1 Gruppen	199

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

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

Pensions

Sparebank1 SMN Group has one pension arrangement; defined contribution plan. For a further description of the pension scheme, see note 22 in the 2022 annual report.

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

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

A new calculation of the Group's pension liabilities has been carried out as per 31 December 2023:

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

Demographic assumptions:

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

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

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

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

Investment held for sale

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

From fourth quarter 2022, the subsidiary SpareBank 1 Markets is classified as held for sale. On 22 June 2022, SpareBank 1 SMN announced that SpareBank 1 Markets is strengthening its investment within the capital market and SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge will be its majority owners. SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge will transfer their markets business to SpareBank 1 Markets, and also buy into the company in the form of a cash consideration. After completion of the transaction, SpareBank 1 SMN will own 39.9 per cent and SpareBank 1 Markets will be treated as an associated company. The transaction is approved from the Norwegian Financial Supervisory Authority and the Norwegian Competition Authority, and was completed in December 2023.

Profit from SpareBank 1 Markets has been reclassified as shown:

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

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

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

Losses on loans and guarantees

For a detailed description of the Bank's model for expected credit losses, refer to note 10 in the annual accounts for 2022.

In the second quarter of 2023, an upgraded loss model was used for the first time, which provides proposals for key assumptions when using regression analysis and simulation. Future default level (PD) is predicted based on the expected development in money market interest rates and unemployment. In third quarter model parameters have been re-calibrated due to updated information about defaults from 2022. All other things being equal, this leads to somewhat lower write-downs. The model has been adjusted since previous quarter leading to somewhat higher impairment levels. Future level of loss (LGD) is simulated based on collateral values and expectations of price development for collateral objects i various industries. With SpareBank 1 SMN's assumptions in the upgraded model, write-downs

are to a greater extent than previously allocated to industries with large interest-bearing debt such as property, shipping and fisheries. Norges Bank's Monetary Policy Report has been chosen as the main source for the explanatory variables interest rate and unemployment as well as the expected price development of residential property. Management's estimates and discretionary assessments of the expected development of default and loss levels (PD and LGD) were largely based on macro forecasts from Monetary Policy report (PPR) 4/23.

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

In 2022, the probability of a low scenario for corporate market excl. offshore increased for several reasons - increased macroeconomic uncertainty as a result of the war in Ukraine, strong increases in energy and raw material prices, challenges in supply chains and prospects for permanently higher inflation and interest rates. Future loss expectations were increased both in 2022 and in the first quarter of 2023 in that PD and LGD pave the way for both the personal market and the corporate market excl. offshore was raised in the base scenario. The bank has focused on the expected long-term effects of a higher interest rate and weaker economic growth. For offshore portfolio, in the course of 2022, as a result of a significant improvement in the market and market prospects, increased earnings assumptions in the simulations and weight for the low scenario were reduced for supply and subsea. From the first quarter of 2023 is the model write-downs for the offshore portfolio calculated with the same assumptions as for the corporate market in general. Expected credit loss (ECL) per 31 December 2023 was calculated as a combination of 80 per cent expected scenario, 10 per cent downside scenario and 10 percent upside scenario (80/10/10 percent). This results in lower impairment levels compared to previous quarter where the weighting was 75/15/10 for corporate market and 70/15/15 for the retail market.

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

Sensitivity

The first part of the table below show total calculated expected credit loss as of 31 December 2023 in each of the three scenarios, distributed in the portfolios Retail Market, Corporate Market and agriculture, which adds up to parent bank. In addition the subsidiary SpareBank 1 Finans Midt-Norge is included. ECL for the parent bank and the subsidiary is summed up in the column "Group".

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

If the downside scenario's probability were doubled at the expense of the baseline scenario at the end of 2023, this would have entailed an increase in loss provisions of NOK 108 million for the parent bank and NOK 126 million for the group.

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

The table reflects that there are some significant differences in underlying PD and LGD estimates in the different scenarios and that there are differentiated levels and level differences between the portfolios. At group level, the ECL in the upside scenario, which largely reflects the loss and default picture in recent years, is about 60 per cent of the ECL in the expected scenario. The downside scenario gives about double the ECL than in the expected scenario. Applied scenario weighting gives about 10 percent higher ECL than in the expected scenario.

Note 3 - Merger with SpareBank 1 Søre Sunnmøre on 2 May 2023

The merger of SpareBank 1 Søre Sunnmøre and SpareBank 1 SMN was carried out on 2 May 2023 with accounting effect from the same date. SpareBank 1 SMN is the acquiring entity and the merger is accounted for using the acquisition method of accounting in accordance with IFRS 3.

On 20 June 2022 the boards of directors of the two banks entered into an agreement of intent on a merger between SpareBank 1 SMN and SpareBank 1 Søre Sunnmøre. The rationale for the merger was the banks' joint desire to create a larger and more dynamic bank, increasingly attractive to customers, investors and shareholders, employees and local communities in the region.

The overarching goal of the merged bank is to take its place as the leading banking player in Sunnmøre and in Fjordane. A merged bank makes for greater competitive power, an enhanced presence and increased attractiveness to customers, employees, investors and shareholders alike.

The merger plan was approved by the boards of both banks on 3 October 2022, and was finally approved by the respective general meetings of the banks on 9 November 2022. The requisite authorisations were received from Finanstilsynet on 17 March 2023 and the merger completion date was set at 2 May 2023.

In the final merger plan the conversion ratio was set at 93.4 per cent for SpareBank 1 SMN and 6.6 per cent for SpareBank 1 Søre Sunnmøre.

Payment for acquisition of the business activity of SpareBank 1 Søre Sunnmøre will be in the form of new equity certificates (ECs) in SpareBank 1 SMN.

In connection with the merger, the equity certificate capital is raised by NOK 288 million through the issuance of 14,379,147 new equity certificates of which 1,407,923 ECs go to previous EC holders in SpareBank 1 Søre Sunnmøre and 12,971,224 ECs go to the foundation Sparebankstiftinga Søre Sunnmøre. This entails the conversion of one SpareBank 1 Søre Sunnmøre EC for every 1.4079 SpareBank 1 SMN ECs.

These equity certificates are issued at a nominal value of NOK 20 per EC and a subscription price of NOK 103.36 per EC, corresponding to the latest calculated book value per EC on 30 April 2023. After the issuance of new equity certificates the total issued EC capital will amount to 2,884,311,800 distributed on 144,215,590 ECs with a nominal value of NOK 20 per EC.

The fair value of the 14,379,147 ECs issued as payment to EC holders in SpareBank 1 Søre Sunnmøre and the foundation Sparebankstiftinga Søre Sunnmøre is NOK 137.10 per EC, corresponding to the latest market price quoted on 2 May 2023 for SpareBank 1 SMN's EC. The difference between the fair value of the payment made to SpareBank 1 Søre Sunnmøre's EC holders prior to the merger and their share of net equity capital for the purposes of the acquisition analysis constitutes goodwill, and is recognised in the balance sheet on the completion date in accordance with IFRS 3.

The table below shows the merger payment, the fair value of assets and liabilities from SpareBank 1 Søre Sunnmøre and the calculation of goodwill as at 2 May 2023 (merger completion date).

Merger payment	Number	Price (NOK)	Payment (NOKm)
Issued EC capital - SpareBank 1 Søre Sunnmøre	1,407,923	103	146
Issued EC capital - Sparebankstiftinga Søre Sunnmøre	12,971,224	103	1,341
Total payment	14,379,147		1,486

Fair value of identifiable assets and liabilities	Book value 30 April 2023	Excess Values	Fair value 2 May 2023
(NOKm)			
Cash and receivables from central banks	35	-	35
Deposits with and loans to credit institutions	1,602	-	1,602
Net loans to and receivables from customers	10,345	20	10,365
Fixed-income CDs and bonds	206	-	206
Shares, units and other equity interests	566	23	589
Investment in related companies	163	107	270
Deferred tax asset	2	-	2
Fixed assets	48	15	63
Other assets	43	-	43
Intangible assets (customer relationship)	-	133	133
Total assets	13,009	299	13,307
Deposits from credit institutions	9	-	9
Deposits from and debt to customers	9,994	-	9,994
Debt created by issue of securities	1,240	-	1,240
Deferred tax	-	42	42
Other liabilities	52	-	52
Provision for accrued expenses and commitments	19	-	19
Subordinated loan capital	150	-	150
Total liabilities	11,463	42	11,505
Additional Tier 1 Capital	50		50
Net assets	1,496		1,753
Goodwill			219
Calculated equity capital based on the latest market price quoted on 2 May 2023 NOK 137.10, and a conversion ratio set at 93.4 per cent for SpareBank 1 SMN and 6.6 per cent for SpareBank 1 Søre sunnmøre			1,971

Note 4 - Account by business line

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

Group 31 December 2023

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

Group 31 December 2022

Profit and loss account (NOKm)	Sunnmøre og Fjordane				SB 1	SB 1	Other	Uncollated	Total
	RM	CM	EM 1	Finans MN	Regnskaps- huset SMN				
Net interest	1,328	1,380	3	459	2	-	167	3,339	
Interest from allocated capital	163	125	-	-	-	-	-288	-	
Total interest income	1,491	1,505	3	459	2	-	-121	3,339	
Comission income and other income	796	290	418	-106	605	-	39	2,042	
Net return on financial investments **)	-4	9	8	-23	-	466	-76	380	
Total income	2,283	1,804	429	329	607	466	-158	5,760	
Total operating expenses	958	467	371	108	511	-	28	2,443	
Ordinary operating profit	1,325	1,337	58	221	96	466	-186	3,317	
Loss on loans, guarantees etc.	29	-66	-	30	-	-	-0	-7	
Result before tax	1,296	1,403	58	191	96	466	-186	3,324	
Return on equity *)	13.6%	20.8%						12.3%	

*) Regulatory capital in line with the bank's capital target have been used as basis for calculating capital used in the Retail and Corporate market.

**) Specification of other (NOKm)

	31 Dec 23	31 Dec 22
SpareBank 1 Gruppen	-34	175
SpareBank 1 Boligkreditt	98	1
SpareBank 1 Næringskreditt	10	3
BN Bank	257	203
SpareBank 1 Markets	19	-
SpareBank 1 Kreditt	-13	9
SpareBank 1 Betaling	-37	13
SpareBank 1 Forvaltning	35	33
Other companies	46	29
Income from investment in associates and joint ventures	379	466
SpareBank 1 Mobilitet Holding	-82	-23
Net income from investment in associates and joint ventures	297	442

Note 5 - Capital adequacy

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

As of 31 December 2023 the overall minimum requirement on CET1 capital is 14.0 per cent. The capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement for Norwegian IRB-banks is 4.5 per cent and the Norwegian countercyclical buffer is 2.5 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital. In addition the financial supervisory authority has set a Pillar 2 requirement for SpareBank 1 SMN. From 31 December 2023 the requirement is 1,7 per cent, and must be met with a minimum of 56.25 per cent CET1 capital. In addition the bank must have an additional 0.7 per cent in Pillar 2 requirements until the application for modeling has been processed.

Under the CRR/CRDIV regulations the average risk weighting of exposures secured on residential property in Norway cannot be lower than 20 per cent. As of 31 December 2023 an adjustment was made in both the parent bank and the group to bring the average risk weight up to 20 per cent. This is presented in the note together with 'mass market exposure, property' under 'credit risk IRB'.

The systemic risk buffer stands at 4.5 per cent for the Norwegian exposures. For exposures in other countries, the particular country's systemic buffer rate shall be employed. As of 31 December 2023 the effective rate is 4.3 per cent for the group.

The countercyclical buffer is calculated using differentiated rates. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. As of 31 December 2023 both the parent bank and the group is below the capital deduction threshold such that the Norwegian rate is applied to all relevant exposures.

Parent Bank			Group	
31 Dec 2022	31 Dec 2023	(NOKm)	31 Dec 2023	31 Dec 2022
20,887	25,150	Total book equity	28,597	25,009
-1,726	-1,800	Additional Tier 1 capital instruments included in total equity	-1,903	-1,769
-467	-812	Deferred taxes, goodwill and other intangible assets	-1,625	-947
-1,314	-2,591	Deduction for allocated dividends and gifts	-2,591	-1,314
-	-	Non-controlling interests recognised in other equity capital	-666	-997
-	-	Non-controlling interests eligible for inclusion in CET1 capital	679	784
-	-	Net profit	-	-
-	-	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	-	-
-72	-53	Value adjustments due to requirements for prudent valuation	-72	-89
-194	-412	Positive value of adjusted expected loss under IRB Approach	-546	-279
-	-	Cash flow hedge reserve	-4	-4
-281	-350	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-278	-619
16,833	19,131	Common equity Tier 1 capital	21,589	19,776
1,726	1,800	Additional Tier 1 capital instruments	2,252	2,106
-47	-48	Deduction for significant investments in financial institutions	-48	-47
18,512	20,883	Tier 1 capital	23,793	21,835
		Supplementary capital in excess of core capital		
2,000	2,150	Subordinated capital	2,822	2,523
-210	-216	Deduction for significant investments in financial institutions	-216	-210
1,790	1,934	Additional Tier 2 capital instruments	2,606	2,312
20,301	22,817	Total eligible capital	26,399	24,147

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

Note 6 - Distribution of loans by sector/industry

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

Note 7 - Losses on loans and guarantees

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

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

Note 8 - Losses

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

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

Group (NOKm)	1 Jan 23	Merge Søre Sunnmøre	Change in provision	Net write-offs /recoveries	31 Dec 23
Loans as amortised cost- CM	976	32	-44	-181	777
Loans as amortised cost- RM	63	11	-1	-5	68
Loans at fair value over OCI- RM	147	-	-10	-	137
Loans at fair value over OCI- CM	2	-	11	-	13
Provision for expected credit losses on loans and guarantees	1,188	43	-44	-186	995
Presented as					
Provision for loan losses	1,081	41	-23	-186	907
Other debt- provisons	67	2	-16	-	53
Other comprehensive income - fair value adjustment	40	-	-5	-	36

Group (NOKm)	1 Jan 22	Change in provision	Net write-offs /recoveries	31 Dec 22
Loans as amortised cost- CM	1,343	-88	-280	976
Loans as amortised cost- RM	49	19	-5	63
Loans at fair value over OCI- RM	128	19	-	147
Loans at fair value over OCI- CM	1	1	-	2
Provision for expected credit losses on loans and guarantees	1,520	-48	-285	1,188
Presented as				
Provision for loan losses	1,410	-45	-285	1,081
Other debt- provisons	79	-12	-	67
Other comprehensive income - fair value adjustment	31	9	-	40

Accrual for losses on loans

Parent Bank (NOKm)	31 Dec 2023				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market								
Opening balance	46	93	42	181	39	82	36	156
Transfer to (from) stage 1	18	-18	-0	-	18	-18	-0	-
Transfer to (from) stage 2	-3	3	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-8	9	-	-0	-6	6	-
Net remeasurement of loss allowances	-26	19	-5	-12	-24	20	7	4
Originations or purchases	15	20	3	37	17	24	4	45
Derecognitions	-14	-31	-4	-49	-12	-24	-3	-39
Changes due to changed input assumptions	3	16	8	27	9	13	-2	20
Actual loan losses	0	0	-5	-5	-	-	-5	-5
Closing balance	38	95	45	179	46	93	42	181
Corporate Market								
Opening balance	138	298	421	858	84	268	871	1,223
Transfer to (from) stage 1	59	-59	-0	-	75	-74	-1	-
Transfer to (from) stage 2	-14	24	-10	-	-5	97	-92	-
Transfer to (from) stage 3	-1	-5	6	-	-1	-3	4	-
Net remeasurement of loss allowances	-58	11	9	-38	-67	-35	-66	-168
Originations or purchases	90	35	37	163	49	34	4	87
Derecognitions	-52	-68	-15	-136	-33	-31	-24	-88
Changes due to changed input assumptions	-2	31	-62	-33	37	41	4	83
Actual loan losses	-	-	-181	-181	-	-	-278	-278
Closing balance	160	267	205	633	138	298	421	858
Total accrual for loan losses	198	363	251	812	184	391	463	1,039

Group (NOKm)	31 Dec 2023				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market								
Opening balance	55	107	47	209	45	89	40	174
Transfer to (from) stage 1	21	-20	-1	-	20	-20	-0	-
Transfer to (from) stage 2	-4	5	-1	-	-3	3	-1	-
Transfer to (from) stage 3	-1	-10	11	-	-0	-7	7	-
Net remeasurement of loss allowances	-28	25	-6	-9	-24	25	8	9
Originations or purchases	19	25	3	47	22	30	4	56
Derecognitions	-17	-34	-7	-58	-13	-26	-4	-43
Changes due to changed input assumptions	-0	14	7	21	8	13	-3	18
Actual loan losses	-	-	-5	-5	-	-	-5	-5
Closing balance	46	111	46	204	55	107	47	209
Corporate Market								
Opening balance	151	311	450	912	94	278	896	1,268
Transfer to (from) stage 1	63	-63	-0	-	77	-76	-1	-
Transfer to (from) stage 2	-18	28	-10	-	-7	99	-92	-
Transfer to (from) stage 3	-1	-6	7	-	-2	-3	4	-
Net remeasurement of loss allowances	-59	22	60	23	-68	-30	-47	-145
Originations or purchases	96	46	38	181	55	35	5	95
Derecognitions	-54	-70	-16	-140	-34	-33	-26	-93
Changes due to changed input assumptions	-5	29	-75	-51	35	40	-8	67
Actual loan losses	-	-	-186	-186	-	-	-280	-280
Closing balance	172	299	268	739	151	311	450	912
Total accrual for loan losses	218	410	314	943	206	418	497	1,121

Accrual for losses on guarantees and unused credit lines

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

Provision for credit losses specified by industry

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

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

Note 9 - Gross loans

Parent Bank (NOKm)	31 Dec 2023				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market								
Opening balance	80,994	3,962	527	85,484	82,299	3,892	444	86,636
Transfer to stage 1	895	-868	-27	-	1,075	-1,060	-15	-
Transfer to stage 2	-1,538	1,557	-18	-	-1,403	1,411	-8	-
Transfer to stage 3	-38	-156	194	-	-32	-119	150	-
Net increase/decrease amount existing loans	-2,305	-95	-6	-2,406	-2,501	-106	-15	-2,623
New loans	42,690	1,549	222	44,460	38,691	1,418	120	40,229
Derecognitions	-29,797	-1,395	-149	-31,342	-37,136	-1,473	-137	-38,746
Financial assets with actual loan losses	0	0	-18	-18	-0	-1	-11	-12
Closing balance	90,901	4,553	725	96,178	80,994	3,962	527	85,484
Corporate Market								
Opening balance	43,127	5,883	1,346	50,356	38,359	5,186	2,656	46,201
Transfer to stage 1	1,026	-1,021	-5	-	1,839	-1,820	-19	-
Transfer to stage 2	-2,669	2,670	-1	-	-1,699	2,606	-908	-
Transfer to stage 3	-72	-44	116	-	-67	-72	139	-
Net increase/decrease amount existing loans	-1,099	-485	-10	-1,594	-731	-257	-3	-990
New loans	17,922	816	351	19,089	17,124	1,661	86	18,872
Derecognitions	-10,901	-828	-335	-12,064	-11,697	-1,415	-514	-13,625
Financial assets with actual loan losses	-7	-2	-298	-307	-3	-8	-91	-102
Closing balance	47,327	6,988	1,165	55,480	43,127	5,883	1,346	50,356
Fixed interest loans at FV	5,582			5,582	4,709			4,709
Total gross loans at the end of the period	143,809	11,541	1,890	157,240	128,830	9,845	1,874	140,549

Group (NOKm)	31 Dec 2023				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market								
Opening balance	86,972	4,901	635	92,508	87,577	4,612	531	92,721
Transfer to stage 1	1,138	-1,108	-30	-	1,278	-1,261	-17	-
Transfer to stage 2	-1,955	1,978	-23	-	-1,771	1,784	-13	-
Transfer to stage 3	-59	-219	277	-	-40	-151	190	-
Net increase/decrease amount existing loans	-2,272	-165	-20	-2,457	-2,177	-170	-25	-2,372
New loans	45,658	1,781	231	47,670	41,570	1,801	129	43,500
Derecognitions	-32,519	-1,694	-227	-34,440	-39,465	-1,714	-150	-41,329
Financial assets with actual loan losses	-0	-0	-18	-18	-0	-1	-11	-12
Closing balance	96,963	5,474	825	103,263	86,972	4,901	635	92,508
Corporate Market								
Opening balance	47,621	6,460	1,410	55,491	41,855	5,768	2,759	50,382
Transfer to stage 1	1,207	-1,199	-8	-	2,090	-2,045	-45	-
Transfer to stage 2	-3,639	3,655	-17	-	-2,042	2,959	-917	-
Transfer to stage 3	-101	-80	180	-	-97	-88	185	-
Net increase/decrease amount existing loans	-1,103	-692	-23	-1,818	-761	-329	-13	-1,104
New loans	19,159	1,339	368	20,866	19,085	1,751	109	20,945
Derecognitions	-11,811	-949	-354	-13,114	-12,507	-1,546	-577	-14,629
Financial assets with actual loan losses	-7	-2	-297	-306	-3	-8	-91	-102
Closing balance	51,327	8,533	1,259	61,119	47,621	6,460	1,410	55,491
Fixed interest loans at FV	5,480			5,480	4,631			4,631
Total gross loans at the end of the period	153,770	14,007	2,085	169,862	139,224	11,361	2,044	152,629

Note 10 - Distribution of customer deposits by sector/industry

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

Note 11 - Net interest income

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

Note 12 - Net commission income and other income

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

Note 13 - Operating expenses

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

Note 14 - Net return on financial investments

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

Note 15 - Other assets

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

Note 16 - Other liabilities

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

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

Group

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

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

Note 18 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

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

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

Level 2: Valuation based on observable market data

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

Level 3: Valuation based on other than observable data

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

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2023:

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

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2022:

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

The following table presents the changes in the instruments classified in level 3 as at 31 December 2023:

(NOKm)	Equity instruments through profit /loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	570	4,630	81,901	87,101
Investment in the period	38	1,814	40,578	42,430
Disposals in the period	-25	-977	-30,210	-31,212
Expected credit loss	-	-	2	2
Gain or loss on financial instruments	38	14	-7	45
Closing balance 31 December 23	622	5,480	92,263	98,366

The following table presents the changes in the instruments classified in level 3 as at 31 December 2022:

(NOKm)	Equity instruments through profit /loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	564	4,198	83,055	87,817
Investment in the period	17	1,355	36,461	37,834
Disposals in the period	-2	-752	-37,604	-38,358
Expected credit loss	-	-	-20	-20
Gain or loss on financial instruments	-8	-171	9	-171
Closing balance 31 December 22	570	4,630	81,901	87,101

Valuation method

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

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

Fixed interest loans to customers (level 3)

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

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

Property Loans at floating interest classified at fair value over other comprehensive income is valued based on nominal amount reduced by expected credit loss. Loans with no significant credit risk deterioration since first recognition is assessed at nominal amount. For loans with a significant increase in credit risk since first recognition or objective evidence of loss, the calculation of expected credit losses over the life of the asset is in line with loan losses for loans at amortised cost. Estimated fair value is the nominal amount reduced by expected lifetime credit loss. If the likelihood of the worst case scenario in the model is doubled, fair value is reduced by NOK 2 million.

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

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

Equity instruments (level 3)

Shares that are classified to level 3 include essentially investments in unquoted shares. Among other a total of NOK 531 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank SMN 1 Invest. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions.

Financial derivatives (level 2)

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

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

Sensitivity analyses, level 3 as at 31 December 2023:

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

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

Note 19 - Liquidity risk

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

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

The average residual maturity on debt created by issue of securities at the end of the fourth quarter 2023 was 3.3 years. The overall LCR at the same point was 175 per cent and the average overall LCR in the fourth quarter was 180 per cent. The LCR in Norwegian kroner and euro at quarter-end was 160 and 572 per cent respectively.

Note 20 - Earnings per EC

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

(NOKm)	Jan - Dec	
	2023	2022
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve ¹⁾	3,489	2,592
Allocated to ECC Owners ²⁾	2,331	1,658
Issues Equity Capital Certificates adjusted for own certificates	138,106,331	129,316,131
Earnings per Equity Capital Certificate	16.88	12.82

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

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

Note 21 - Proforma results from quarterly accounts

The pro forma results for the quarters is the sum of the quarterly accounts of SpareBank 1 SMN and Sparebank 1 Søre Sunnmøre. For the second quarter 2023, the pro forma figures are as they would have been if the merger had been completed before 2 May 2023.

Group (NOKm)	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Interest income effective interest method	2,683	2,496	2,255	1,696	1,421	1,293
Interest expenses	1,570	1,404	1,236	834	575	496
Net interest	1,113	1,092	1,018	862	846	797
Commission income	374	361	360	391	401	378
Commission expenses	52	51	47	54	47	44
Other operating income	245	250	178	175	223	207
Commission income and other income	567	560	492	512	577	542
Dividends	21	4	24	8	14	6
Income from investment in related companies	85	128	205	108	79	63
Net return on financial investments	1	-98	-41	-33	-116	115
Net return on financial investments	106	34	188	83	-23	184
Total income	1,786	1,687	1,698	1,457	1,400	1,522
Staff costs	389	418	354	368	367	392
Other operating expenses	307	352	334	253	252	270
Total operating expenses	697	769	688	621	619	662
Result before losses	1,090	917	1,010	836	781	860
Loss on loans, guarantees etc.	30	-68	29	16	-59	10
Result before tax	1,060	986	982	820	840	849
Tax charge	162	214	218	187	176	169
Result investment held for sale, after tax	37	38	46	10	87	37
Net profit	935	809	810	642	750	717

Group (NOKm)	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Profitability						
Return on equity per quarter	15.2%	12.7%	13.4%	10.4%	12.0%	11.8%
Cost-income ratio	39 %	46 %	41 %	43 %	44 %	44 %
Impairment losses ratio	0.05 %	-0.12%	0.05%	0.03 %	-0.11 %	0.02%
Balance sheet figures						
Gross loans to customers	166,819	163,591	163,069	160,691	158,853	156,922
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	232,100	228,242	225,553	222,999	219,352	213,539
Deposit from customers	140,164	133,309	131,135	129,439	132,877	122,973
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	84 %	81 %	80 %	81 %	84 %	78 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt	60 %	58 %	58 %	58 %	61 %	58 %
Total assets	248,806	241,058	235,497	231,110	229,780	219,306
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 3 months	1.7 %	1.2 %	1.1 %	1.7 %	2.7 %	2.3 %
Growth in deposits last 3 months	5.1 %	1.7 %	1.3 %	-2.6 %	8.1 %	2.7 %