

Notes

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Note 1 - Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS) approved by EU, including IAS 34, Interim Financial Reporting. The quarterly accounts do not include all the information required in a complete set of annual financial statements and should be read in conjunction with the annual accounts for 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 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	
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 2022	- 202
Restatement of comparable figures	
	First quarter 2022
Group's share of recognised profit from SpareBank 1 Gruppen Q1 2022	13
Effects of implementing IFRS 17/IFRS 9	23
Group's restated results from SpareBank 1 Gruppen for Q1 2022	36

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.

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 SpareBank1 Markets is classified as held for sale. On 22 June 2022, SpareBank1 SMN announced that SpareBank1 Markets is strengthening its investment within the capital market and SpareBank1 SR-Bank and SpareBank1 Nord-Norge will be its majority owners. SpareBank1 SR-Bank and SpareBank1 Nord-Norge will transfer their markets business to SpareBank1 Markets, and also buy into the company in the form of a cash consideration. After completion of the transaction, SpareBank1 SMN will own 39.4% and SpareBank1 Markets will be treated as an associated company. The transaction is dependent on approval from the Norwegian Financial Supervisory Authority and the Norwegian Competition Authority, and is planned to be completed in June 2023.

Profit from SpareBank 1 Markets has been reclassified as shown:

Income Statement (NOKm)	First Quarter 2023	First Quarter 2022
Net interest	-7	2
Interest on capital employed	-	-
Total interest income	-7	2
Commission income and other income	-159	-115
Net return on financial investments	-42	-60
Total income	-208	-174
Total operating expenses	-164	-133
Result before losses	-45	-41
Loss on loans, guarantees etc.	-	-
Result before tax	-45	-41
Tax charge	7	4
Net profit for investment held for sale	38	37

January - March 2023 (NOK Million)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	75	30	4	4	-0	100 %
SpareBank 1 Markets	1,434	589	208	171	38	67 %
Total Held for sale	1,509	620	212	174	38	

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 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. In the first quarter of 2023, the write-down models for the offshore portfolio are calculated using the same assumptions as the corporate market with regards to scenario weights, adjustment factors for PD and LGD and repayment assumptions.

The effect of the change in input assumptions in 2023 is shown as "Effect of changed assumptions in the ECL model" in note 7.

The write-downs are reduced for offshore as a result of increased earnings assumptions and a reduced weight for the low scenario. On the other hand, write-downs are increasing for both the business and personal market portfolios as a result of significant increase in interest rates and inflation are expected to increase future levels for PD and LGD lines.

In total, this amounts to NOK 19 million for the Bank and NOK 9 million for the Group in increased write-downs.

Sensitivity

The first part of the table below show total calculated expected credit loss as of 31 March 2023 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 March 2023, this would have entailed an increase in loss provisions of NOK 268 million for the parent bank and NOK 291 million for the group.

	CM (excl offshore and agriculture)	RM	Offshore	Tourism	Agriculture	Total parent	SB 1 Finans MN, CM	SB 1 Finans MN, RM	Group
ECL base case	504	78	152	10	51	796	38	24	857
ECL worst case	1,201	267	262	33	181	1,944	84	82	2,110
ECL best case	348	28	137	5	27	544	25	15	585
ECL with scenario weights used 60 /25/15	655	-	177	15	80	927	44	-	971
ECL with scenario weights used 70 /15/15	-	99	-	-	-	99	-	32	131
Total ECL used	655	99	177	15	80	1,026	44	32	1,102
ECL alternative scenario weights 35 /50/15	829	-	205	21	112	1,167	59	-	1,226
ECL alternative scenario weights 55 /30/15	-	127	-	-	-	127	-	39	167
Total ECL alternative weights	829	127	205	21	112	1,294	59	39	1,393
Change in ECL if alternative weights were used	174	28	27	6	33	268	15	8	291

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 joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

Group 31 March 23

Profit and loss account (NOKm)	RM	CM	EM 1	SB 1	SB 1	Other	Uncollated	Total
				Finans MN	Regnskaps- huset SMN			
Net interest	433	406	1	123	1	-	70	1,035
Interest from allocated capital	91	68	-	-	-	-	-158	-
Total interest income	524	474	1	123	1	-	-88	1,035
Comission income and other income	181	63	105	-27	201	-	17	541
Net return on financial investments ^{**})	1	4	-	-7	-	131	-101	28
Total income	706	541	107	90	202	131	-172	1,604
Total operating expenses	325	127	89	30	158	-	-0	728
Ordinary operating profit	381	413	18	59	44	131	-172	875
Loss on loans, guarantees etc.	9	-86	-	7	-	-	-0	-71
Result before tax	372	500	18	53	44	131	-172	946
Equity return ^{*)}	15.8%	28.4%						13.0%

Group 31 March 22

Profit and loss account (NOKm)	RM	CM	EM 1	SB 1	SB 1	Other	Uncollated	Total
				Finans MN	Regnskaps- huset SMN			
Net interest	287	309	1	111	0	-	52	759
Interest from allocated capital	25	22	-	-	-	-	-47	-
Total interest income	313	330	1	111	0	-	5	759
Comission income and other income	203	72	94	-25	166	-	12	522
Net return on financial investments ^{**})	-0	2	-	-6	-	68	112	175
Total income	515	404	95	80	166	62	129	1,456
Total operating expenses	248	124	81	28	143	-	4	629
Ordinary operating profit	266	280	14	51	23	62	124	827
Loss on loans, guarantees etc.	-7	3	-	4	-	-	-0	-0
Result before tax	274	277	14	47	23	62	125	827
Equity return ^{*)}	13.4%	11.5%						12.6%

Group 31 December 22

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	-
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
Equity return *)	13.6%	20.8%						12.3%

*) Regulatory capital is used as a basis for calculating capital used in retail market (RM) and corporate market (CM). This capital has been grossed up to 17.2 per cent to be in line with the Bank's capital target.

***) Specification of other (NOKm)	31 Mar 23	31 Mar 22	31 Dec 22
SpareBank 1 Gruppen	34	13	175
SpareBank 1 Boligkreditt	33	-5	1
SpareBank 1 Næringskreditt	2	-0	3
BN Bank	62	49	203
SpareBank 1 Kreditt	-4	3	9
SpareBank 1 Betaling	-8	-5	13
SpareBank 1 Forvaltning	8	8	33
Other companies	4	5	29
Income from investment in associates and joint ventures	131	68	466
SpareBank 1 Mobilitet Holding	-7	-6	-23
Net income from investment in associates and joint ventures	125	62	442

Note 4 - Capital adequacy

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

As of 31 March 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 of 1.9 per cent for SpareBank 1 SMN, however not below NOK 1,794 million in monetary terms. From 30 April 2022, SpareBank 1 SMN has received a new Pillar 2 requirement. The rate of 1.9 per cent is unchanged, but in addition the bank must have an additional 0.7 per cent in Pillar 2 requirements until the application for adjusting IRB-models has been processed.

Under the CRR/CRDIV regulations the average risk weighting of exposures secured on residential property in Norway cannot be lower than 20 per cent. As of 31 March 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 March 2023 the effective rate for the parent bank and for the group is accordingly 4.45 per cent.

The countercyclical buffer is calculated using differentiated rates. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. For the first quarter of 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 Mar 2022	31 Mar 2023	(NOKm)	31 Mar 2023	31 Mar 2022	31 Dec 2022
20,887	18,275	20,021	Total book equity	24,092	22,439	24,807
-1,726	-1,230	-1,617	Additional Tier 1 capital instruments included in total equity	-1,659	-1,271	-1,769
-467	-457	-467	Deferred taxes, goodwill and other intangible assets	-951	-957	-947
-1,314	-	-	Deduction for allocated dividends and gifts	-	-	-1,314
-	-	-	Non-controlling interests recognised in other equity capital	-1,031	-1,005	-997
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	834	579	784
-	-459	-552	Net profit	-778	-698	-
-	100	147	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	372	338	-
-72	-46	-78	Value adjustments due to requirements for prudent valuation	-95	-62	-89
-194	-469	-258	Positive value of adjusted expected loss under IRB Approach	-363	-529	-279
-	-	-	Cash flow hedge reserve	-4	-2	-4
-281	-202	-281	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-460	-603	-417
16,833	15,513	16,915	Common equity Tier 1 capital	19,959	18,229	19,776
1,726	1,250	1,650	Additional Tier 1 capital instruments	2,073	1,616	2,106
-47	-47	-46	Deduction for significant investments in financial institutions	-46	-47	-47
18,512	16,715	18,519	Tier 1 capital	21,985	19,797	21,835
-	-	-	Supplementary capital in excess of core capital			
2,000	1,750	2,000	Subordinated capital	2,522	2,258	2,523
-210	-217	-209	Deduction for significant investments in financial institutions	-209	-217	-210
1,790	1,533	1,791	Additional Tier 2 capital instruments	2,313	2,041	2,312
20,301	18,249	20,309	Total eligible capital	24,298	21,839	24,147

Minimum requirements subordinated capital						
1,148	1,157	1,234	Specialised enterprises	1,469	1,376	1,351
901	1,052	920	Corporate	947	1,072	923
1,379	1,356	1,368	Mass market exposure, property	2,587	2,374	2,559
98	101	108	Other mass market	111	104	100
1,249	1,008	1,253	Equity positions IRB	-	1	-
4,774	4,674	4,884	Total credit risk IRB	5,113	4,927	4,933
6	3	3	Central government	3	4	6
82	97	109	Covered bonds	156	144	139
403	421	383	Institutions	285	301	276
187	1	217	Local and regional authorities, state-owned enterprises	242	20	207
143	139	174	Corporate	421	401	385
7	4	7	Mass market	679	485	662
27	33	36	Exposures secured on real property	111	123	109
90	279	90	Equity positions	501	495	504
97	65	102	Other assets	180	125	162
1,042	1,041	1,121	Total credit risk standardised approach	2,578	2,098	2,450
27	52	42	Debt risk	43	54	29
-	-	-	Equity risk	10	30	10
-	-	-	Currency risk and risk exposure for settlement/delivery	4	2	1
458	433	458	Operational risk	852	809	853
30	28	40	Credit value adjustment risk (CVA)	149	67	101
6,331	6,228	6,544	Minimum requirements subordinated capital	8,749	7,988	8,377
79,140	77,846	81,801	Risk weighted assets (RWA)	109,366	99,847	104,716
3,561	3,503	3,681	Minimum requirement on CET1 capital, 4.5 per cent	4,921	4,493	4,712
			Capital Buffers			
1,978	1,946	2,045	Capital conservation buffer, 2.5 per cent	2,734	2,496	2,618
3,561	3,503	3,640	Systemic risk buffer, 4.5 per cent	4,867	4,493	4,712
1,583	778	2,045	Countercyclical buffer, 1.0 per cent	2,734	998	2,094
7,123	6,228	7,730	Total buffer requirements on CET1 capital	10,335	7,988	9,424
6,149	5,782	5,504	Available CET1 capital after buffer requirements	4,702	5,748	5,639
			Capital adequacy			
21.3 %	19.9 %	20.7 %	Common equity Tier 1 capital ratio	18.2 %	18.3 %	18.9 %
23.4 %	21.5 %	22.6 %	Tier 1 capital ratio	20.1 %	19.8 %	20.9 %
25.7 %	23.4 %	24.8 %	Capital ratio	22.2 %	21.9 %	23.1 %
			Leverage ratio			
209,285	193,702	216,517	Balance sheet items	311,331	275,296	300,772
6,234	9,942	6,724	Off-balance sheet items	8,046	11,167	7,744
-313	-563	-382	Regulatory adjustments	-504	-641	-419
215,205	203,081	222,858	Calculation basis for leverage ratio	318,873	285,823	308,097
18,512	16,715	18,519	Core capital	21,985	19,797	21,835
8.6 %	8.2 %	8.3 %	Leverage Ratio	6.9 %	6.9 %	7.1 %

Note 5 - Distribution of loans by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2022	31 Mar 2022	31 Mar 2023		31 Mar 2023	31 Mar 2022	31 Dec 2022
10,707	9,446	10,773	Agriculture and forestry	11,214	9,807	11,140
7,047	7,069	7,095	Fisheries and hunting	7,123	7,086	7,075
2,324	1,949	1,864	Sea farming industries	2,179	2,194	2,656
2,563	2,259	2,736	Manufacturing	3,321	2,856	3,150
4,370	3,287	4,923	Construction, power and water supply	6,086	4,266	5,526
2,976	2,783	3,129	Retail trade, hotels and restaurants	3,872	3,212	3,632
5,382	5,067	5,700	Maritime sector	5,700	5,067	5,382
18,722	17,468	19,587	Property management	19,703	17,570	18,840
3,561	4,649	3,817	Business services	4,635	5,207	4,312
5,327	5,500	5,102	Transport and other services provision	6,182	6,448	6,375
1	2	3	Public administration	37	32	35
1,343	1,280	1,142	Other sectors	1,094	1,223	1,288
64,322	60,759	65,872	Gross loans in Corporate market	71,146	64,966	69,411
134,841	128,673	135,646	Wage earners	142,822	134,998	141,833
199,163	189,432	201,518	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	213,967	199,965	211,244
56,876	51,233	59,054	of which SpareBank 1 Boligkreditt	59,054	51,233	56,876
1,739	1,709	1,732	of which SpareBank 1 Næringskreditt	1,732	1,709	1,739
140,549	136,490	140,731	Total Gross loans to and receivables from customers	153,181	147,023	152,629
890	1,098	784	- Loan loss allowance on amortised cost loans	870	1,162	972
109	87	102	- Loan loss allowance on loans at FVOCI	102	87	109
139,550	135,306	139,845	Net loans to and receivables from customers	152,208	145,773	151,549

Note 6 - Losses on loans and guarantees

	Jan - Mar								
	2023			2022			2022		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Parent Bank (NOKm)									
Change in provision for expected credit losses	6	-93	-87	-6	-13	-18	29	-97	-68
Actual loan losses on commitments exceeding provisions made	5	7	11	1	18	19	7	38	45
Recoveries on commitments previously written-off	-2	-1	-2	-2	-3	-5	-7	-7	-14
Losses for the period on loans and guarantees	9	-86	-77	-7	3	-4	29	-66	-37
	Jan - Mar								
	2023			2022			2022		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Group (NOKm)									
Change in provision for expected credit losses	8	-91	-83	-5	-12	-16	38	-86	-48
Actual loan losses on commitments exceeding provisions made	5	9	14	2	20	22	13	45	58
Recoveries on commitments previously written-off	-2	-1	-2	-2	-3	-5	-7	-10	-17
Losses for the period on loans and guarantees	11	-82	-71	-5	5	-0	44	-51	-7

Note 7 - Losses

Parent Bank (NOKm)	1 Jan 23	Change in provision	Net write-offs /recoveries	31 Mar 23
Loans as amortised cost- CM	921	-93	-	828
Loans as amortised cost- RM	35	7	-3	39
Loans at fair value over OCI- RM	147	-1	-	146
Loans at fair value over OCI- CM	2	0	-	2
Provision for expected credit losses on loans and guarantees	1,106	-87	-3	1,015
Presented as				
Provision for loan losses	999	-109	-3	887
Other debt- provisons	67	17	-	83
Other comprehensive income - fair value adjustment	40	5	-	45

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

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	Change in provision	Net write-offs /recoveries	31 Mar 23
Loans as amortised cost- CM	976	-91	-	885
Loans as amortised cost- RM	63	9	-3	69
Loans at fair value over OCI- RM	147	-1	-	146
Loans at fair value over OCI- CM	2	0	-	2
Provision for expected credit losses on loans and guarantees	1,188	-83	-3	1,101
Presented as				
Provision for loan losses	1,081	-105	-3	973
Other debt- provisons	67	17	-	83
Other comprehensive income - fair value adjustment	40	5	-	

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

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 Mar 2023				31 Mar 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market												
Opening balance	46	93	42	181	39	82	36	156	39	82	36	156
Transfer to (from) stage 1	20	-20	-0	-	15	-15	-0	-	18	-18	-0	-
Transfer to (from) stage 2	-3	3	-0	-	-2	2	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-5	5	-	-0	-6	6	-
Net remeasurement of loss allowances	-21	18	5	2	-16	12	0	-4	-24	20	7	4
Originations or purchases	8	2	1	11	5	4	1	10	17	24	4	45
Derecognitions	-6	-9	-3	-18	-3	-8	-2	-13	-12	-24	-3	-39
Changes due to changed input assumptions	6	7	-4	9	-0	2	-2	0	9	13	-2	20
Actual loan losses	0	0	-3	-3	-	-	-4	-4	0	0	-5	-5
Closing balance	51	89	43	182	38	74	34	146	46	93	42	181
Corporate Market												
Opening balance	138	298	421	858	84	268	871	1,223	84	268	871	1,223
Transfer to (from) stage 1	28	-27	-0	-	20	-20	-0	-	75	-74	-1	-
Transfer to (from) stage 2	-4	14	-10	-	-2	2	-	-	-5	97	-92	-
Transfer to (from) stage 3	-1	-2	3	-	-1	-3	4	-	-1	-3	4	-
Net remeasurement of loss allowances	-31	-56	-20	-107	38	19	-12	45	-67	-35	-66	-168
Originations or purchases	18	1	-	19	25	8	2	35	49	34	4	87
Derecognitions	-13	-15	-3	-32	-6	-10	-15	-31	-33	-31	-24	-88
Changes due to changed input assumptions	7	5	-	12	-55	-6	6	-54	37	41	4	83
Actual loan losses	-	-	-	-	-	-	-149	-149	-	-	-278	-278
Closing balance	141	218	391	750	104	258	708	1,069	138	298	421	858
Total accrual for loan losses	192	306	434	932	142	332	741	1,215	184	391	463	1,039

Group (NOKm)	31 Mar 2023				31 Mar 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail market												
Opening balance	55	107	47	209	45	89	40	174	45	89	40	174
Transfer to (from) stage 1	21	-21	-0	-	16	-16	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-3	3	-0	-	-2	2	-0	-	-3	3	-1	-
Transfer to (from) stage 3	-0	-6	6	-	-0	-5	5	-	-0	-7	7	-
Net remeasurement of loss allowances	-21	-21	-6	7	-16	15	1	-1	-24	25	8	9
Originations or purchases	10	2	1	13	7	5	1	12	22	30	4	56
Derecognitions	-6	-10	-3	-19	-4	-8	-2	-14	-13	-26	-4	-43
Changes due to changed input assumptions	5	5	-4	6	-1	2	-3	-2	8	13	-3	18
Actual loan losses	-	-	-3	-3	-	-	-4	-4	-	-	-5	-5
Closing balance	60	103	49	212	45	82	38	165	55	107	47	209
Corporate Market												
Opening balance	151	311	450	912	94	278	896	1,268	94	278	896	1,268
Transfer to (from) stage 1	29	-28	-0	-	21	-21	-0	-	77	-76	-1	-
Transfer to (from) stage 2	-5	15	-10	-	-2	2	-0	-	-7	99	-92	-
Transfer to (from) stage 3	-1	-3	4	-	-1	-3	4	-	-2	-3	4	-
Net remeasurement of loss allowances	-29	-53	-19	-101	39	20	-11	48	-68	-30	-47	-145
Originations or purchases	2	0	1	3	27	8	2	37	55	35	5	95
Derecognitions	-14	-16	-3	-33	-6	-11	-16	-33	-34	-33	-26	-93
Changes due to changed input assumptions	7	4	-6	5	-55	-7	6	-56	35	40	-8	67
Actual loan losses	-	-	-	-	-	-	-149	-149	-	-	-280	-280
Closing balance	158	231	417	806	115	268	732	1,115	151	311	450	912
Total accrual for loan losses	219	334	465	1,018	160	350	770	1,279	206	418	497	1,121

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	31 Mar 2023				31 Mar 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	24	34	9	67	19	55	5	79	19	55	5	79
Transfer to (from) stage 1	1	-1	-0	-	1	-1	-0	-	16	-16	-0	-
Transfer to (from) stage 2	-0	0	-0	-	-0	0	-0	-	-1	1	-0	-
Transfer to (from) stage 3	-0	-0	0	-	-0	-0	0	-	-0	-0	1	-
Net remeasurement of loss allowances	-4	11	4	12	2	-5	0	-2	-16	-3	3	-15
Originations or purchases	-	-	-	-	5	1	0	6	12	6	0	18
Derecognitions	-1	-3	-0	-4	-1	-5	-0	-6	-4	-12	-0	-16
Changes due to changed input assumptions	2	-4	-	-2	-5	-1	0	-5	-3	3	0	1
Actual loan losses	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	31	39	13	83	21	45	5	71	24	34	9	67
Of which												
Retail market				3				3				1
Corporate Market				81				68				66

Provision for credit losses specified by industry

Parent Bank (NOKm)	31 Mar 2023				31 Mar 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	3	33	18	54	2	31	8	41	4	38	18	60
Fisheries and hunting	13	8	-	21	9	10	0	19	11	12	0	23
Sea farming industries	2	1	1	4	1	0	1	2	3	1	1	5
Manufacturing	9	39	5	53	5	31	11	47	9	47	2	58
Construction, power and water supply	39	12	6	57	13	14	8	35	26	22	11	59
Retail trade, hotels and restaurants	9	20	14	42	10	28	11	49	16	14	1	32
Maritime sector	12	20	0	32	22	109	409	539	19	117	184	320
Property management	1	3	12	16	24	45	30	99	34	55	28	117
Business services	44	86	195	324	14	14	221	249	13	24	177	214
Transport and other services	15	37	158	210	7	8	18	33	9	11	16	36
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	0	0	-	0	0	0	-	0	0	0	0	0
Wage earners	0	49	25	74	3	42	25	70	1	50	25	75
Total provision for losses on loans	146	306	434	887	111	332	741	1,185	144	391	463	999
loan loss allowance on loans at FVOCI	45			45	30			30	40			40
Total loan loss allowance	192	306	434	932	142	332	741	1,215	184	391	463	1,039

Group (NOKm)	31 Mar 2023				31 Mar 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	4	35	19	58	3	32	9	44	5	40	19	64
Fisheries and hunting	13	8	0	21	9	10	0	19	11	12	0	23
Sea farming industries	4	1	1	6	2	1	1	4	4	1	4	9
Manufacturing	13	43	11	67	8	34	16	57	11	50	8	70
Construction, power and water supply	43	15	12	69	16	16	11	44	30	25	16	71
Retail trade, hotels and restaurants	10	21	15	46	12	28	19	59	17	15	2	34
Maritime sector	12	20	0	32	22	109	409	539	19	117	184	320
Property management	1	3	13	17	25	45	30	100	35	55	29	118
Business services	46	87	203	336	15	16	225	256	15	25	184	224
Transport and other services	18	42	162	222	10	10	21	41	12	16	21	49
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	0	0	0	0	0	0	-	0	0	0	0	0
Wage earners	8	61	30	99	8	49	29	86	8	61	29	99
Total provision for losses on loans	173	334	465	973	130	350	770	1,249	166	418	497	1,081
loan loss allowance on loans at FVOCI	45			45	30			30	40			40
Total loan loss allowance	219	334	465	1,018	160	350	770	1,279	206	418	497	1,121

Note 8 - Gross Loans

Parent Bank (NOKm)	31 Mar 2023				31 Mar 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market												
Opening balance	80,994	3,962	527	85,484	82,299	3,892	444	86,636	82,299	3,892	444	86,636
Transfer to stage 1	1,061	-1,048	-14	-	1,034	-1,022	-12	-	1,075	-1,060	-15	-
Transfer to stage 2	-1,003	1,010	-7	-	-968	968	-0	-	-1,403	1,411	-8	-
Transfer to stage 3	-2	-95	97	-	-19	-115	133	-	-32	-119	150	-
Net increase/decrease amount existing loans	-973	-33	-2	-1,007	-1,224	-50	-32	-1,306	-2,501	-106	-15	-2,623
New loans	11,257	205	49	11,511	12,643	234	30	12,906	38,691	1,418	120	40,229
Derecognitions	-11,250	-489	-59	-11,798	-13,820	-502	-33	-14,355	-37,136	-1,473	-137	-38,746
Financial assets with actual loan losses	0	0	-8	-8	-	-	-6	-6	-0	-1	-11	-12
Closing balance	80,085	3,514	583	84,181	79,946	3,406	523	83,875	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	38,359	5,186	2,656	46,201
Transfer to stage 1	791	-787	-4	-	201	-198	-3	-	1,839	-1,820	-19	-
Transfer to stage 2	-625	700	-76	-	-555	555	-0	-	-1,699	2,606	-908	-
Transfer to stage 3	-11	-16	27	-	-66	-73	139	-	-67	-72	139	-
Net increase/decrease amount existing loans	106	-66	2	42	390	-83	-13	294	-731	-257	-3	-990
New loans	4,732	30	47	4,810	5,932	261	78	6,271	17,124	1,661	86	18,872
Derecognitions	-3,147	-162	-50	-3,360	-3,805	-404	-283	-4,492	-11,697	-1,415	-514	-13,625
Financial assets with actual loan losses	0	0	-5	-5	0	0	-31	-31	-3	-8	-91	-102
Closing balance	44,972	5,582	1,288	51,843	40,455	5,244	2,543	48,242	43,127	5,883	1,346	50,356
Fixed interest loans at FV	4,707			4,707	4,373			4,373	4,709	-	-	4,709
Total gross loans at the end of the period	129,764	9,096	1,872	140,731	124,774	8,651	3,066	136,490	128,830	9,845	1,874	140,549

Group (NOKm)	31 Mar 2023				31 Mar 2022				31 Dec 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Market												
Opening balance	86,972	4,901	635	92,508	87,577	4,612	531	92,721	87,577	4,612	531	92,721
Transfer to stage 1	1,180	-1,167	-14	-	1,141	-1,128	-12	-	1,278	-1,261	-17	-
Transfer to stage 2	-1,219	1,229	-10	-	-1,147	1,150	-2	-	-1,771	1,784	-13	-
Transfer to stage 3	-5	-120	124	-	-21	-129	149	-	-40	-151	190	-
Net increase/decrease amount existing loans	-902	-40	-3	-944	-1,067	-59	-32	-1,158	-2,177	-170	-25	-2,372
New loans	12,195	229	50	12,474	13,427	248	40	13,715	41,570	1,801	129	43,500
Derecognitions	-11,990	-581	-69	-12,640	-14,473	-582	-61	-15,117	-39,465	-1,714	-150	-41,329
Financial assets with actual loan losses	-0	-	-8	-8	-	-	-6	-6	-0	-1	-11	-12
Closing balance	86,232	4,451	705	91,389	85,436	4,113	606	90,155	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	41,855	5,768	2,759	50,382
Transfer to stage 1	846	-834	-12	-	250	-235	-15	-	2,090	-2,045	-45	-
Transfer to stage 2	-684	760	-76	-	-618	620	-2	-	-2,042	2,959	-917	-
Transfer to stage 3	-16	-41	57	-	-70	-80	149	-	-97	-88	185	-
Net increase/decrease amount existing loans	119	-68	1	52	419	-86	-14	319	-761	-329	-13	-1,104
New loans	5,242	41	50	5,333	6,390	268	94	6,752	19,085	1,751	109	20,945
Derecognitions	-3,431	-211	-66	-3,708	-4,078	-467	-304	-4,849	-12,507	-1,546	-577	-14,629
Financial assets with actual loan losses	0	0	-4	-4	0	0	-31	-31	-3	-8	-91	-102
Balance at 31 December	49,696	6,108	1,359	57,163	44,148	5,788	2,636	52,573	47,621	6,460	1,410	55,491
Closing balance												
Fixed interest loans at FV	4,629			4,629	4,295			4,295	4,631			4,631
Total gross loans at the end of the period	140,557	10,559	2,065	153,181	133,879	9,901	3,243	147,023	139,224	11,361	2,044	152,629

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2022	31 Mar 2022	31 Mar 2023		31 Mar 2023	31 Mar 2022	31 Dec 2022
2,159	2,453	2,747	Agriculture and forestry	2,747	2,453	2,159
1,366	1,487	1,464	Fisheries and hunting	1,464	1,487	1,366
644	789	774	Sea farming industries	774	789	644
2,881	2,255	2,880	Manufacturing	2,880	2,255	2,881
5,534	4,552	4,952	Construction, power and water supply	4,952	4,552	5,534
6,065	5,452	4,976	Retail trade, hotels and restaurants	4,976	5,452	6,065
1,198	1,006	1,265	Maritime sector	1,265	1,006	1,198
5,645	5,913	5,810	Property management	5,738	5,855	5,577
13,036	12,452	13,225	Business services	13,225	12,452	13,036
9,364	9,598	9,912	Transport and other services provision	9,417	9,158	8,856
21,690	19,242	23,301	Public administration	23,301	19,242	21,690
4,800	3,929	3,952	Other sectors	3,846	3,762	4,687
74,383	69,127	75,259	Total	74,586	68,463	73,693
48,316	45,590	48,943	Wage earners	48,943	45,590	48,316
122,699	114,717	124,202	Total deposits	123,529	114,053	122,010

Note 10 - Net interest income

Parent bank			(NOKm)	Group		
2022	2022	2023		2023	2022	2022
			Interest income			
435	59	183	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	77	24	212
2,814	565	981	Interest income from loans to and claims on customers (amortised cost)	1,207	707	3,483
1,879	368	725	Interest income from loans to and claims on customers (FVOCI)	725	368	1,879
125	28	33	Interest income from loans to and claims on customers (FVPL)	33	28	125
599	96	320	Interest income from money market instruments, bonds and other fixed income securities	319	95	595
-	-	-	Other interest income	6	5	22
5,852	1,115	2,243	Total interest income	2,367	1,227	6,315
			Interest expense			
260	30	126	Interest expenses on liabilities to credit institutions	126	30	260
1,524	225	696	Interest expenses relating to deposits from and liabilities to customers	689	223	1,508
1,035	179	462	Interest expenses related to the issuance of securities	462	179	1,035
66	11	24	Interest expenses on subordinated debt	25	11	68
7	2	2	Other interest expenses	9	4	26
79	20	21	Guarantee fund levy	21	20	79
2,972	467	1,331	Total interest expense	1,332	468	2,977
2,880	648	911	Net interest income	1,035	759	3,339

Note 11 - Net commission income and other income

Parent bank			Group			
Jan - Mar			Jan - Mar			
2022	2022	2023 (NOKm)	2023	2022	2022	
						Commission income
77	20	18	18	20	77	Guarantee commission
-	-	-	64	61	267	Broker commission
44	10	11	11	10	44	Portfolio commission, savings products
256	84	57	57	84	256	Commission from SpareBank 1 Boligkreditt
16	4	3	3	4	16	Commission from SpareBank 1 Næringskreditt
475	103	113	112	102	471	Payment transmission services
236	57	61	61	57	236	Commission from insurance services
88	21	18	16	19	80	Other commission income
1,192	299	281	341	358	1,446	Total commission income
						Commission expenses
80	18	23	24	18	80	Payment transmission services
11	2	3	26	24	105	Other commission expenses
90	20	26	50	42	186	Total commission expenses
						Other operating income
30	13	9	10	13	32	Operating income real property
-	-	-	42	33	151	Property administration and sale of property
-	-	-	188	156	564	Accountant's fees
25	3	7	10	5	34	Other operating income
55	17	16	249	206	781	Total other operating income
1,156	296	271	541	522	2,042	Total net commission income and other operating income

Note 12 - Operating expenses

Parent bank				Group		
Jan - Mar				Jan - Mar		
2022	2022	2023	(NOKm)	2023	2022	2022
304	76	92	IT costs	106	89	355
11	3	3	Postage and transport of valuables	4	4	14
59	14	17	Marketing	23	19	86
77	19	23	Ordinary depreciation	29	29	117
46	21	13	Operating expenses, real properties	16	22	55
188	42	43	Purchased services	53	52	217
156	33	90	Other operating expense *)	99	40	195
841	208	280	Total other operating expenses	330	255	1,038

*) In the first quarter of 2023, an operational loss under other operating expenses of NOK 51 million has been expensed in connection with the embezzlement case.

On 19 January SpareBank 1 SMN reported a hired replacement employee to the police for gross embezzlement. The matter was brought to light by the bank's own control systems. 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. NOK 15m was returned to the bank from the police after being placed in safekeeping. SpareBank 1 SMN has insurance cover against economic crime, including embezzlement. The claim against the insurer is a contingent asset under IAS 37 which is not recognised as income since the standard requires an absence of all uncertainty as to the claim settlement before recognition can take place. The insurance policy carries a deductible of NOK 5m.

Note 13 - Net return on financial investments

Parent Bank				Group		
Jan - Mar				Jan - Mar		
2022	2022	2023	(NOKm)	2023	2022	2022
			Valued at fair value through profit/loss			
-433	-203	-33	Value change in interest rate instruments	-33	-203	-283
			Value change in derivatives/hedging			
-6	-0	9	Net value change in hedged bonds and derivatives*	9	-0	-6
12	-3	-24	Net value change in hedged fixed rate loans and derivatives	-24	-3	12
301	171	-57	Other derivatives	-57	171	332
			Income from equity instruments			
			Income from owner interests	125	62	705
726	60	-	Dividend from owner instruments			
8	4	5	Value change and gain/loss on owner instruments	2	4	13
6	3	4	Dividend from equity instruments	2	2	22
-4	3	11	Value change and gain/loss on equity instruments	-18	133	163
610	34	-85	Total net income from financial assets and liabilities at fair value through profit/(loss)	5	166	959
			Valued at amortised cost			
-2	-0	-1	Value change in interest rate instruments held to maturity	-1	-0	-2
-2	-0	-1	Total net income from financial assets and liabilities at amortised cost	-1	-0	-2
72	10	24	Total net gain from currency trading	24	10	70
680	43	-62	Total net return on financial investments	28	175	1,026
* Fair value hedging						
-664	-824	185	Changes in fair value on hedging instrument	185	-824	-664
657	824	-176	Changes in fair value on hedging item	-176	824	657
-6	-0	9	Net Gain or Loss from hedge accounting	9	-0	-6

Note 14 - Other assets

Parent Bank			(NOKm)	Group		
31 Dec 2022	31 Mar 2022	31 Mar 2023		31 Mar 2023	31 Mar 2022	31 Dec 2022
-	3	-	Deferred tax asset	5	87	5
117	99	114	Fixed assets	227	223	232
223	255	275	Right to use assets	410	477	325
87	119	143	Earned income not yet received	192	183	104
262	974	1,780	Accounts receivable, securities	1,780	1,752	262
240	62	240	Pension assets	240	62	240
1,164	338	694	Other assets	953	600	1,387
2,092	1,851	3,246	Total other assets	3,808	3,384	2,555

Note 15 - Other liabilities

Parent Bank					Group		
31 Dec 2022	31 Mar 2022	31 Mar 2023	(NOKm)		31 Mar 2023	31 Mar 2022	31 Dec 2022
72	-	72	Deferred tax		127	56	127
611	322	527	Payable tax		602	367	705
13	12	13	Capital tax		13	12	13
97	407	265	Accrued expenses and received, non-accrued income		574	932	388
427	542	619	Provision for accrued expenses and commitments		619	542	427
66	71	83	Losses on guarantees and unutilised credits		83	71	66
6	8	6	Pension liabilities		6	8	6
233	265	285	Lease liabilities		421	492	339
97	57	109	Drawing debt		109	57	97
73	240	81	Creditors		159	377	116
176	1,330	972	Debt from securities		966	1,940	176
-	-	-	Equity Instruments		-	-0	-
196	1,986	1,139	Other liabilities		1,201	2,177	265
2,067	5,239	4,169	Total other liabilities		4,880	7,030	2,725

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

Group

	31 Dec 2022	Issued	Fallen due/ Redeemed	Other changes	31 Mar 2023
Change in securities debt (NOKm)					
Bond debt, nominal value	42,532	72	1,227	2,189	43,567
Senior non preferred, nominal value	7,100	784	-	-10	7,874
Value adjustments	-2,438	-	-	26	-2,412
Accrued interest	280	-	-	52	332
Total	47,474	857	1,227	2,257	49,361

	31 Dec 2022	Issued	Fallen due/ Redeemed	Other changes	31 Mar 2023
Change in subordinated debt and hybrid equity (NOKm)					
Ordinary subordinated loan capital, nominal value	2,043	-	-	-	2,043
Value adjustments	-	-	-	-	-
Accrued interest	16	-	-	-	16
Total	2,058	-	-	-	2,058

Note 17 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

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

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

Level 2: Valuation based on observable market data

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

Level 3: Valuation based on other than observable data

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

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

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	-	7,073	-	7,073
- Bonds and money market certificates	4,576	39,754	-	44,330
- Equity instruments	158	120	548	826
- Fixed interest loans	-	-	4,628	4,628
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	80,843	80,843
Total assets	4,734	46,947	86,019	137,699
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	-	7,792	-	7,792
- Equity instruments	-	-	-	-
Total liabilities	-	7,792	-	7,792

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

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

The following table presents the Group's assets and liabilities measured at fair value at 31 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	-	-	4,630	4,630
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	81,901	81,901
Total assets	3,861	41,285	87,102	132,248
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 March 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	4	211	10,292	10,506
Disposals in the period	-3	-209	-11,356	-11,568
Expected credit loss	-	-	1	1
Gain or loss on financial instruments	-24	-4	5	-22
Closing balance 31 March 2023	548	4,628	80,843	86,019

The following table presents the changes in the instruments classified in level 3 as at 31 March 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	3	460	11,522	11,985
Disposals in the period	-2	-264	-13,944	-14,209
Expected credit loss	-	-	11	11
Gain or loss on financial instruments	120	-100	-1	19
Closing balance 31 March 2022	685	4,294	80,643	85,623

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 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	570	4,630	81,901	87,102

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

Financial derivatives (level 2)

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

Sensitivity analyses, level 3 as at 31 March 2023:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	4,628	-13
Equity instruments through profit/loss*	548	-
Loans at fair value through other comprehensive income	80,843	-6

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

Note 18 - Liquidity risk

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

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

The average residual maturity on debt created by issue of securities at the end of the first quarter 2023 was 3.2 years. The overall LCR at the same point was 194 per cent and the average overall LCR in the first quarter was 205 per cent. The LCR in Norwegian kroner and euro at quarter-end was 196 and 405 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 - Mar		
	2023	2022	2022
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	711	646	2,692
Allocated to ECC Owners 2)	455	413	1,722
Issues Equity Capital Certificates adjusted for own certificates	129,357,116	129,387,872	129,339,665
Earnings per Equity Capital Certificate	3.51	3.20	13.31

1) Adjusted Net Profit	Jan - Mar		
	2023	2022	2022
Net Profit for the group	778	698	2,902
adjusted for non-controlling interests share of net profit	-33	-30	-160
Adjusted for Tier 1 capital holders share of net profit	-34	-21	-50
Adjusted Net Profit	711	646	2,692

2) Equity capital certificate ratio (parent bank) (NOKm)	31 Mar 2023	31 Mar 2022	31 Dec 2022
ECC capital	2,597	2,597	2,597
Dividend equalisation reserve	7,877	7,007	7,007
Premium reserve	895	895	895
Unrealised gains reserve	45	109	109
Other equity capital	3	-	-
A. The equity capital certificate owners' capital	11,417	10,609	10,609
Ownerless capital	6,408	5,918	5,918
Unrealised gains reserve	25	62	62
Other equity capital	2	-	-
B. The saving bank reserve	6,435	5,980	5,980
To be disbursed from gift fund	-	-	547
Dividend declared	-	-	970
Equity ex. profit	17,852	16,588	18,106
Equity capital certificate ratio A/(A+B)	64.0 %	64.0 %	64.0 %
Equity capital certificate ratio for distribution	64.0 %	64.0 %	64.0 %