

## 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 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.

| <b>IFRS 17 effects for the Group</b>  |                           |
|---|---------------------------|
| <b>Implementation of IFRS 17/IFRS 9 as of 1 January 2022</b>                                  | <b>- 234</b>              |
| Restated results from SpareBank 1 Gruppen for 2022 as a result of implementing IFRS 17/IFRS 9 | 32                        |
| <b>Implementation effect on equity as of 1 January 2022</b>                                   | <b>- 202</b>              |
| <b>Restatement of comparable figures</b>  |                           |
|   | <b>First quarter 2022</b> |
| Group's share of recognised profit from SpareBank 1 Gruppen Q1 2022                           | 13                        |
| Effects of implementing IFRS 17/IFRS 9  | 23                        |
| <b>Group's restated results from SpareBank 1 Gruppen for Q1 2022</b>                          | <b>36</b>                 |