

Notes

Contents

Note 1 - Accounting principles	2
Note 2 - Critical estimates and assessment concerning the use of accounting principles	3
Note 3 - Merger with SpareBank 1 Søre Sunnmøre on 2 May 2023	6
Note 4 - Account by business line	8
Note 5 - Capital adequacy	10
Note 6 - Distribution of loans by sector/industry	12
Note 7 - Losses on loans and guarantees	13
Note 8 - Losses	14
Note 9 - Gross Loans	20
Note 10 - Distribution of customer deposits by sector/industry	22
Note 11 - Net interest income	23
Note 12 - Net commission income and other income	24
Note 13 - Operating expenses	25
Note 14 - Net return on financial investments	26
Note 15 - Other assets	27
Note 16 - Other liabilities	28
Note 17 - Debt created by issue of securities and subordinated debt	29
Note 18 - Measurement of fair value of financial instruments	30
Note 19 - Liquidity risk	33
Note 20 - Earnings per Equity Capital Certificate	34
Note 21 - Proforma results from quarterly accounts	35

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 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 2023	- 202
Restatement of comparable figures	
	First half 2022
Group's share of recognised profit from SpareBank 1 Gruppen	29
Effects of implementing IFRS 17/IFRS 9	45
Group's restated results from SpareBank 1 Gruppen	74

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

Sparebank 1 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 not been carried out as per 30 June 2023.

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.

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 39.4 per cent and SpareBank 1 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 second half of 2023.

Profit from SpareBank 1 Markets has been reclassified as shown:

	Second quarter 2023	Second quarter 2022	First half 2023	First half 2022
Income Statement (NOKm)				
Net interest	-6	2	-14	4
Commission income and other income	-164	-189	-322	-304
Net return on financial investments	-36	-87	-78	-148
Total income	-206	-276	-414	-448
Total operating expenses	-164	-173	-328	-306
Result before losses	-41	-101	-86	-142
Loss on loans, guarantees etc.	-	-	-	-
Result before tax	-41	-101	-86	-142
Tax charge	6	15	13	18
Net profit for investment held for sale	37	87	74	-124

January - June 2023 (NOK Million)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	80	26	8	7	1	100 %
SpareBank 1 Markets	2,404	1,577	414	341	74	67 %
Total Held for sale	2,484	1,604	422	349	74	

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. Future level of loss (LGD) is simulated based on collateral values and expectations of price development for collateral objects in various industries. With SpareBank 1 SMN's assumptions in the new 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) 2/23. In PPR 2/23, rising unemployment and increased interest rates are expected. The bank assessed as of 30 June 2023 that the changes in the macro forecasts, compared to the equivalent as of 31 March 2023, overall called for marginally higher default levels and approximately equal degree of loss in case of default. The scenario weighting is subject to ongoing assessment based on available information. 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 30 June 2023 was calculated as a combination of 75 per cent expected scenario, 15 per cent downside scenario and 10 per cent upside scenario (75/15/10 percent) for the business market including agriculture, and 70 percent expected scenario, 15 percent downside scenario and 15 per cent upside scenario (70/15/15 per cent) for the retail market.

The effect of the revision of assumptions in 2023 is shown in the line "Changes due to changed input assumptions in the credit loss model" in note 8. Write-downs are increasing for both the corporate and retail market portfolios as a result of significantly increased interest rates and inflation expected to increase future levels for PD and LGD. In total, this amounts to NOK 60 million for the bank and NOK 48 million for the group in increased write-downs.

Sensitivity

The first part of the table below show total calculated expected credit loss as of 30 June 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 June 2023, this would have entailed an increase in loss provisions of NOK 192 million for the parent bank and NOK 214 million for the group.

	CM	RM	Agriculture	Total parent	SB 1 Finans MN, CM	SB 1 Finans MN, RM	Total group
ECL base case	752	101	48	901	37	24	963
ECL worst case	16,744	293	212	2,179	94	85	2,359
ECL best case	524	43	25	592	22	15	629
ECL with scenario weights used 75/15/10	867	-	71	938	-	-	987
ECL with scenario weights used 60/25/15	-	-	-	-	49	-	49
ECL with scenario weights used 70/15/15	-	121	-	121	-	32	153
Total ECL used	867	121	71	1,059	49	32	1,190
ECL alternative scenario weights 60/30/10	1,006	-	95	1,101	-	-	1,101
ECL alternative scenario weights 35/50/15	-	-	-	-	64	-	64
ECL alternative scenario weights 55/30/15	-	150	-	150	-	40	190
Total ECL alternative weights	1,006	150	95	1,251	64	40	1,355
Change in ECL if alternative weights were used	138	29	25	192	14	8	214

The table reflects that there are some significant differences in underlying PD and LGD estimates in the different scenarios and that there are differentiated levels and level differences between the portfolios. At group level, the ECL in the upside scenario, which largely reflects the loss and default picture in recent years, is about 70 per cent of the ECL in the expected scenario. The downside scenario gives more than double the ECL than in the expected scenario. Applied scenario weighting gives about 24 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). The purchase price allocation is not final.

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	-	75	75
Other liabilities	52	-	52
Provision for accrued expenses and commitments	19	-	19
Subordinated loan capital	150	-	150
Total liabilities	11,463	-	11,537
Additional Tier 1 Capital	50	-	50
Net assets	1,496	224	1,720
Goodwill			251
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 joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

Group First half 2023

Profit and loss account (NOKm)	Sunnmøre og Fjordane			EM 1	SB 1	SB 1	Other	Uncollated	Total
	RM	CM	Fjordane		Finans MN	Regnskaps- huset SMN			
Net interest	863	622	246	1	252	2	-	142	2,129
Interest from allocated capital	143	84	44	-	-	-	-	-271	-
Total interest income	1,006	706	290	1	252	2	-	-128	2,129
Comission income and other income	348	120	45	224	-53	398	-	20	1,102
Net return on financial investments **)	3	-3	10	1	-13	-	223	-90	131
Total income	1,356	823	345	226	186	400	223	-198	3,361
Total operating expenses	510	185	106	178	59	312	-	61	1,411
Ordinary operating profit	846	638	239	48	127	89	223	-259	1,950
Loss on loans, guarantees etc.	-5	23	-91	-	32	-	-	-0	-42
Result before tax	851	615	329	48	95	89	223	-259	1,991
Return on equity *)	18.4 %	23.2 %	17.6 %						13.9 %

Group First half 2022

Profit and loss account (NOKm)	RM	CM	EM 1	SB 1	SB 1	Other	Uncollated	Total
				Finans MN	Regnskaps- huset SMN			
Net interest	597	644	2	222	0	-	97	1,563
Interest from allocated capital	51	42	-	-	-	-	-93	-
Total interest income	648	686	2	222	0	-	4	1,563
Comission income and other income	411	134	219	-49	343	-	19	1,077
Net return on financial investments **)	-3	4	8	-13	-	152	-16	132
Total income	1,056	824	229	160	343	152	7	2,772
Total operating expenses	464	234	177	54	289	-	-4	1,214
Ordinary operating profit	593	590	52	106	54	152	11	1,558
Loss on loans, guarantees etc.	-10	-48	-	9	-	-	-0	-48
Result before tax	602	638	52	97	54	152	11	1,606
Return on equity *)		13.5 %	18.4 %					12.6 %

Group 2022

Profit and loss account (NOKm)	RM	CM	EM 1	SB 1	SB 1	Other	Uncollated	Total
				Finans	Regnskaps-			
				MN	huset SMN			
Net interest	1,328	1,380	3	459	2	-	167	3,339
Interest from allocated capital	163	125	-	-	-	-	-288	-
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 is used as a basis for calculating capital used in the Private market and Business. 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)

	First half 2023	First half 2022	2022
SpareBank 1 Gruppen	30	29	175
SpareBank 1 Boligkreditt	63	-8	1
SpareBank 1 Næringskreditt	5	2	3
BN Bank	119	96	203
SpareBank 1 Kreditt	-6	6	9
SpareBank 1 Betaling	-20	-6	13
SpareBank 1 Forvaltning	16	18	33
Other companies	16	14	29
Income from investment in associates and joint ventures	223	152	466
SpareBank 1 Mobilitet Holding	-13	-13	-23
Net income from investment in associates and joint ventures	209	139	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 30 June 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 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 30 June 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 30 June 2023 the effective rate for the parent bank is 4.45 per cent and for the group is 4.43 per cent.

The countercyclical buffer is calculated using differentiated rates. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. As of 30 June 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	30 Jun 2022	30 Jun 2023	(NOKm)	30 Jun 2023	30 Jun 2022	31 Dec 2022
20,887	19,245	23,367	Total book equity	26,975	22,993	24,807
-1,726	-1,218	-1,708	Additional Tier 1 capital instruments included in total equity	-1,744	-1,259	-1,769
-467	-456	-850	Deferred taxes, goodwill and other intangible assets	-1,414	-954	-947
-1,314	-	0	Deduction for allocated dividends and gifts	0	-	-1,314
-	-	-	Non-controlling interests recognised in other equity capital	-906	-894	-997
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	769	637	784
-	-1,443	-1,843	Net profit	-1,701	-1,400	-
-	727	964	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	821	684	-
-72	-51	-79	Value adjustments due to requirements for prudent valuation	-95	-71	-89
-194	-196	-291	Positive value of adjusted expected loss under IRB Approach	-398	-258	-279
-	-	-	Cash flow hedge reserve	-5	-4	-4
-281	-219	-305	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-257	-496	-417
16,833	16,390	19,256	Common equity Tier 1 capital	22,044	18,977	19,776
1,726	1,250	1,766	Additional Tier 1 capital instruments	2,195	1,616	2,106
-47	-46	-47	Deduction for significant investments in financial institutions	-47	-46	-47
18,512	17,594	20,975	Tier 1 capital	24,192	20,547	21,835
-	-	-	Supplementary capital in excess of core capital			
2,000	2,067	2,587	Subordinated capital	3,124	2,571	2,523
-210	-209	-210	Deduction for significant investments in financial institutions	-210	-209	-210
1,790	1,858	2,377	Additional Tier 2 capital instruments	2,913	2,362	2,312
20,301	19,452	23,351	Total eligible capital	27,106	22,910	24,147

Minimum requirements subordinated capital						
1,148	1,068	1,297	Specialised enterprises	1,542	1,269	1,351
901	1,003	1,006	Corporate	1,031	1,026	923
1,379	1,347	1,532	Mass market exposure, property	2,828	2,396	2,559
98	122	116	Other mass market	119	125	100
1,249	1,201	1,357	Equity positions IRB	-	-	-
4,774	4,741	5,308	Total credit risk IRB	5,520	4,816	4,933
6	3	3	Central government	6	4	6
82	113	99	Covered bonds	134	156	139
403	398	434	Institutions	346	292	276
187	128	147	Local and regional authorities, state-owned enterprises	164	148	207
143	153	213	Corporate	448	361	385
7	10	26	Mass market	722	568	662
27	34	48	Exposures secured on real property	141	108	109
90	90	95	Equity positions	475	495	504
97	70	69	Other assets	150	143	162
1,042	999	1,136	Total credit risk standardised approach	2,586	2,274	2,450
27	45	34	Debt risk	36	47	29
-	-	-	Equity risk	15	23	10
-	-	-	Currency risk and risk exposure for settlement/delivery	4	4	1
458	433	496	Operational risk	910	810	853
30	28	35	Credit value adjustment risk (CVA)	147	98	101
6,331	6,245	7,009	Minimum requirements subordinated capital	9,217	8,073	8,377
79,140	78,064	87,611	Risk weighted assets (RWA)	115,215	100,910	104,716
3,561	3,513	3,942	Minimum requirement on CET1 capital, 4.5 per cent	5,185	4,541	4,712
			Capital Buffers			
1,978	1,952	2,190	Capital conservation buffer, 2.5 per cent	2,880	2,523	2,618
3,561	3,513	3,899	Systemic risk buffer, 4.5 per cent	5,104	4,541	4,712
1,583	1,171	2,190	Countercyclical buffer, 1.0 per cent	2,880	1,514	2,094
7,123	6,635	8,279	Total buffer requirements on CET1 capital	10,865	8,577	9,424
6,149	6,242	7,034	Available CET1 capital after buffer requirements	5,995	5,859	5,639
			Capital adequacy			
21.3 %	21.0 %	22.0 %	Common equity Tier 1 capital ratio	19.1 %	18.8 %	18.9 %
23.4 %	22.5 %	23.9 %	Tier 1 capital ratio	21.0 %	20.4 %	20.9 %
25.7 %	24.9 %	26.7 %	Capital ratio	23.5 %	22.7 %	23.1 %
			Leverage ratio			
209,285	203,200	225,766	Balance sheet items	325,004	287,881	300,772
6,234	9,136	8,427	Off-balance sheet items	9,525	9,744	7,744
-313	-292	-369	Regulatory adjustments	-540	-376	-419
215,205	212,044	233,823	Calculation basis for leverage ratio	333,990	297,249	308,097
18,512	17,594	20,975	Core capital	24,192	20,547	21,835
8.6 %	8.3 %	9.0 %	Leverage Ratio	7.2 %	6.9 %	7.1 %

Note 6 - Distribution of loans by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2022	30 Jun 2022	30 Jun 2023		30 Jun 2023	30 Jun 2022	31 Dec 2022
10,707	9,709	11,339	Agriculture and forestry	11,791	10,104	11,140
7,047	6,892	6,367	Fisheries and hunting	6,397	6,914	7,075
2,324	2,705	2,039	Sea farming industries	2,315	2,969	2,656
2,563	2,068	3,092	Manufacturing	3,683	2,653	3,150
4,370	3,719	6,396	Construction, power and water supply	7,534	4,817	5,526
2,976	2,776	3,044	Retail trade, hotels and restaurants	3,786	3,285	3,632
5,382	5,064	5,944	Maritime sector	5,944	5,064	5,382
18,722	17,543	20,618	Property management	20,738	17,647	18,840
3,561	4,742	4,316	Business services	5,134	5,151	4,312
5,327	5,854	5,632	Transport and other services provision	6,712	6,811	6,375
1	1	1	Public administration	33	32	35
1,343	1,456	1,450	Other sectors	1,395	1,401	1,288
64,322	62,531	70,239	Gross loans in Corporate market	75,463	66,848	69,411
134,841	132,120	149,407	Wage earners	156,637	138,657	141,833
199,163	194,650	219,647	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	232,100	205,504	211,244
56,876	55,218	63,527	of which SpareBank 1 Boligkreditt	63,527	55,218	56,876
1,739	1,605	1,754	of which SpareBank 1 Næringskreditt	1,754	1,605	1,739
140,549	137,827	154,366	Total Gross loans to and receivables from customers	166,819	148,681	152,629
890	929	843	- Loan loss allowance on amortised cost loans	936	993	972
109	86	115	- Loan loss allowance on loans at FVOCI	115	86	109
139,550	136,812	153,407	Net loans to and receivables from customers	165,767	147,602	151,549

Note 7 - Losses on loans and guarantees

Parent Bank (NOKm)	First half						Second Quarter						2022		
	2023			2022			2023			2022			RM	CM	Total
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total			
Change in provision for expected credit losses	12	-51	-39	-7	-75	-82	7	41	48	-1	-62	-64	29	-97	-68
Actual loan losses on commitments exceeding provisions made	8	7	15	1	32	33	3	0	4	0	14	14	7	38	45
Recoveries on commitments previously written-off	-26	-24	-50	-4	-5	-8	-24	-23	-48	-1	-2	-3	-7	-7	-14
Losses for the period on loans and guarantees	-5	-68	-73	-10	-48	-57	-14	18	4	-2	-51	-53	29	-66	-37

Group (NOKm)	First half						Second Quarter						2022		
	2023			2022			2023			2022			RM	CM	Total
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total			
Change in provision for expected credit losses	15	-43	-27	-4	-77	-81	7	48	56	0	-65	-64	38	-86	-48
Actual loan losses on commitments exceeding provisions made	42	15	56	4	37	41	37	6	42	2	18	20	13	45	58
Recoveries on commitments previously written-off	-45	-26	-71	-4	-5	-8	-43	-25	-69	-1	-2	-3	-7	-10	-17
Losses for the period on loans and guarantees	12	-54	-42	-4	-44	-48	1	28	29	1	-49	-48	44	-51	-7

Note 8 - Losses

Parent Bank (NOKm)	1 Jan 23	Merge Søre Sunnmøre	Change in provision	Net write- offs /recoveries	30 Jun 23
Loans as amortised cost- CM	921	32	-92	-1	861
Loans as amortised cost- RM	35	11	7	-6	47
Loans at fair value over OCI- RM	147	-	-6	-	141
Loans at fair value over OCI- CM	2	-	8	-	11
Provision for expected credit losses on loans and guarantees	1,106	43	-82	-7	1,060
Presented as					
Provision for loan losses	999	41	-75	-7	958
Other debt- provisons	67	2	-6	-	63
Other comprehensive income - fair value adjustment	40	-	-1	-	39

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

Parent Bank (NOKm)	1 Jan 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	30 Jun 23
Loans as amortised cost- CM	976	32	-92	-1	924
Loans as amortised cost- RM	63	11	7	-6	78
Loans at fair value over OCI- RM	147	-	-6	-	141
Loans at fair value over OCI- CM	2	-	8	-	11
Provision for expected credit losses on loans and guarantees	1,188	43	-82	-7	1,154
Presented as					
Provision for loan losses	1,081	41	-75	-7	1,052
Other debt- provisons	67	2	-6	-	63
Other comprehensive income - fair value adjustment	40	-	-1	-	39

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

Group (NOKm)	1 Jan 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)	30 Jun 2023				30 Jun 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	21	-20	-0	-	19	-19	-0	-	18	-18	-0	-
Transfer to (from) stage 2	-3	3	-0	-	-2	2	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-6	6	-	-0	-5	5	-	-0	-6	6	-
Net remeasurement of loss allowances	-17	-13	-4	-34	-24	12	2	-10	-24	20	7	4
Originations or purchases	0	5	6	12	12	5	0	18	17	24	4	45
Derecognitions	-9	-17	-4	-30	-7	-14	-2	-23	-12	-24	-3	-39
Changes due to changed input assumptions	4	48	12	64	2	8	-2	8	9	13	-2	20
Actual loan losses	0	0	-6	-6	-	-	-4	-4	0	0	-5	-5
Closing balance	42	93	52	187	39	72	34	144	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	42	-39	-3	-	27	-26	-0	-	75	-74	-1	-
Transfer to (from) stage 2	-14	21	-7	-	-4	95	-91	-	-5	97	-92	-
Transfer to (from) stage 3	-0	-3	3	-	-1	-2	3	-	-1	-3	4	-
Net remeasurement of loss allowances	15	-22	11	4	29	-0	-44	-15	-67	-35	-66	-168
Originations or purchases	6	6	18	30	33	11	5	49	49	34	4	87
Derecognitions	-27	-33	-6	-66	-10	-17	-24	-50	-33	-31	-24	-88
Changes due to changed input assumptions	17	-3	-29	-14	-52	-3	4	-50	37	41	4	83
Actual loan losses	-	-	-1	-1	-	-	-254	-254	-	-	-278	-278
Closing balance	177	225	408	810	106	326	470	902	138	298	421	858
Total accrual for loan losses	219	318	460	997	145	398	504	1,046	184	391	463	1,039

Group (NOKm)	30 Jun 2023				30 Jun 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	22	-22	-0	-	20	-20	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-4	4	-0	-	-2	2	-0	-	-3	3	-1	-
Transfer to (from) stage 3	-0	-7	8	-	-0	-5	5	-	-0	-7	7	-
Net remeasurement of loss allowances	-18	-8	-1	-26	-25	15	3	-6	-24	25	8	9
Originations or purchases	3	7	6	16	14	6	0	21	22	30	4	56
Derecognitions	-10	-19	-7	-36	-7	-15	-3	-25	-13	-26	-4	-43
Changes due to changed input assumptions	3	46	12	60	1	7	-3	6	8	13	-3	18
Actual loan losses	-	-	-6	-6	-	-	-4	-4	-	-	-5	-5
Closing balance	51	108	58	218	46	80	39	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	44	-41	-3	-	28	-28	-0	-	77	-76	-1	-
Transfer to (from) stage 2	-15	22	-7	-	-4	96	-91	-	-7	99	-92	-
Transfer to (from) stage 3	-1	-3	4	-	-1	-2	3	-	-2	-3	4	-
Net remeasurement of loss allowances	16	-16	13	13	29	2	-37	-6	-68	-30	-47	-145
Originations or purchases	13	7	19	39	35	12	5	52	55	35	5	95
Derecognitions	-27	-34	-7	-68	-10	-17	-25	-53	-34	-33	-26	-93
Changes due to changed input assumptions	16	-3	-35	-23	-53	-3	-4	-61	35	40	-8	67
Actual loan losses	-	-	-1	-1	-	-	-254	-254	-	-	-280	-280
Closing balance	197	243	433	873	116	337	492	945	151	311	450	912
Total accrual for loan losses	249	351	491	1,091	163	416	531	1,110	206	418	497	1,121

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	30 Jun 2023				30 Jun 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	3	-3	-0	-	2	-1	-0	-	16	-16	-0	-
Transfer to (from) stage 2	-2	2	-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	-0	-5	-2	-7	-6	-5	1	-9	-16	-3	3	-15
Originations or purchases	2	1	-	2	7	3	0	10	12	6	0	18
Derecognitions	-3	-6	-0	-9	-1	-6	-0	-7	-4	-12	-0	-16
Changes due to changed input assumptions	0	7	3	10	-1	0	0	-1	-3	3	0	1
Actual loan losses	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	23	30	10	63	18	46	7	71	24	34	9	67
Of which												
Retail market				2				3				1
Corporate Market				61				68				66

Provision for credit losses specified by industry

Parent Bank (NOKm)	30 Jun 2023				30 Jun 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	55	2	29	7	39	4	38	18	60
Fisheries and hunting	11	26	0	38	9	12	0	21	11	12	0	23
Sea farming industries	6	2	0	9	2	0	1	3	3	1	1	5
Manufacturing	15	27	2	43	5	31	6	42	9	47	2	58
Construction, power and water supply	49	10	9	68	14	15	7	36	26	22	11	59
Retail trade, hotels and restaurants	8	23	15	46	9	27	3	40	16	14	1	32
Maritime sector	7	8	0	15	19	175	200	394	19	117	184	320
Property management	0	2	10	13	25	46	29	101	34	55	28	117
Business services	65	81	202	349	16	16	209	241	13	24	177	214
Transport and other services	14	48	170	232	8	6	16	30	9	11	16	36
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	1	0	0	1	0	0	-	0	0	0	0	0
Wage earners	1	56	34	91	3	40	26	68	1	50	25	75
Total provision for losses on loans	180	318	460	958	113	398	504	1,015	144	391	463	999
loan loss allowance on loans at FVOCI	39			39	31			31	40			40
Total loan loss allowance	219	318	460	997	145	398	504	1,046	184	391	463	1,039

Group (NOKm)	30 Jun 2023				30 Jun 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	5	35	19	59	4	30	8	42	5	40	19	64
Fisheries and hunting	12	27	0	38	9	12	0	21	11	12	0	23
Sea farming industries	7	2	0	10	3	0	4	7	4	1	4	9
Manufacturing	18	31	2	51	7	33	10	50	11	50	8	70
Construction, power and water supply	53	14	21	88	18	18	12	48	30	25	16	71
Retail trade, hotels and restaurants	11	27	16	53	10	28	6	44	17	15	2	34
Maritime sector	7	8	0	15	19	175	200	394	19	117	184	320
Property management	1	2	11	14	26	46	29	101	35	55	29	118
Business services	69	83	210	362	17	18	212	247	15	25	184	224
Transport and other services	18	52	174	244	10	8	20	38	12	16	21	49
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	1	0	0	1	0	0	-	0	0	0	0	0
Wage earners	9	69	39	117	9	47	30	86	8	61	29	99
Total provision for losses on loans	210	351	491	1,052	131	416	531	1,079	166	418	497	1,081
loan loss allowance on loans at FVOCI	39			39	31			31	40			40
Total loan loss allowance	249	351	491	1,091	163	416	531	1,110	206	418	497	1,121

Note 9 - Gross Loans

Parent Bank (NOKm)	30 Jun 2023				30 Jun 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	1,128	-1,113	-15	-	1,149	-1,132	-17	-	1,075	-1,060	-15	-
Transfer to stage 2	-1,142	1,150	-9	-	-1,083	1,090	-7	-	-1,403	1,411	1	-
Transfer to stage 3	-33	-123	156	-	-25	-88	113	-	-32	-119	150	-
Net increase/decrease amount existing loans	-1,578	-46	-11	-1,636	-1,794	-73	-15	-1,881	-2,501	-106	-15	-2,623
New loans	28,123	778	174	29,075	23,988	403	49	24,439	38,691	1,418	120	40,229
Derecognitions	-18,713	-814	-116	-19,643	-24,746	-943	-86	-25,774	-37,136	-1,473	-137	-38,746
Financial assets with actual loan losses	0	0	-14	-14	-	-	-6	-6	-0	-1	-11	-12
Closing balance	88,779	3,794	693	93,266	79,789	3,150	474	83,413	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	952	-930	-21	-	574	-572	-3	-	1,839	-1,820	-19	-
Transfer to stage 2	-2,226	2,284	-58	-	-1,082	1,953	-871	-	-1,699	2,606	-908	-
Transfer to stage 3	-7	-58	65	-	-64	-72	136	-	-67	-72	139	-
Net increase/decrease amount existing loans	-132	156	15	39	929	-188	88	829	-731	-257	-3	-990
New loans	10,729	425	139	11,294	9,329	766	132	10,227	17,124	1,661	86	18,872
Derecognitions	-5,713	-352	-68	-6,134	-5,986	-849	-503	-7,337	-11,697	-1,415	-514	-13,625
Financial assets with actual loan losses	0	0	-6	-6	-2	-4	-59	-66	-3	-8	-91	-102
Closing balance	46,729	7,407	1,413	55,549	42,057	6,221	1,577	49,855	43,127	5,883	1,346	50,356
Fixed interest loans at FV	5,550			5,550	4,559			4,559	4,709	-	-	4,709
Total gross loans at the end of the period	141,059	11,201	2,106	154,366	126,405	9,371	2,051	137,827	128,830	9,845	1,874	140,549

Group (NOKm)	30 Jun 2023				30 Jun 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	1,305	-1,289	-15	-	1,321	-1,303	-18	-	1,278	-1,261	-17	-
Transfer to stage 2	-1,520	1,533	-12	-	-1,348	1,358	-11	-	-1,771	1,784	-13	-
Transfer to stage 3	-40	-173	213	-	-29	-112	141	-	-40	-151	190	-
Net increase/decrease amount existing loans	-1,459	-77	-17	-1,552	-1,541	-99	-18	-1,658	-2,177	-170	-25	-2,372
New loans	29,980	886	176	31,042	25,877	501	61	26,439	41,570	1,801	129	43,500
Derecognitions	-20,292	-994	-181	-21,467	-26,335	-1,083	-93	-27,512	-39,465	-1,714	-150	-41,329
Financial assets with actual loan losses	-0	-0	-14	-14	-	-	-6	-6	-0	-1	-11	-12
Closing balance	94,946	4,786	785	100,517	85,522	3,875	587	89,984	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	1,041	-1,013	-28	-	722	-714	-7	-	2,090	-2,045	-45	-
Transfer to stage 2	-2,458	2,523	-64	-	-1,233	2,115	-882	-	-2,042	2,959	-917	-
Transfer to stage 3	-17	-92	109	-	-70	-85	155	-	-97	-88	185	-
Net increase/decrease amount existing loans	-145	129	11	-5	760	-208	86	638	-761	-329	-13	-1,104
New loans	11,490	489	147	12,126	9,961	805	144	10,910	19,085	1,751	109	20,945
Derecognitions	-6,267	-436	-73	-6,777	-6,157	-938	-553	-7,647	-12,507	-1,546	-577	-14,629
Financial assets with actual loan losses	0	0	-5	-5	-2	-4	-59	-66	-3	-8	-91	-102
Balance at 31 December	51,264	8,059	1,506	60,829	45,834	6,740	1,643	54,216	47,621	6,460	1,410	55,491
Closing balance												
Fixed interest loans at FV	5,473			5,473	4,481			4,481	4,631			4,631
Total gross loans at the end of the period	151,682	12,846	2,291	166,819	135,837	10,615	2,229	148,681	139,224	11,361	2,044	152,629

Note 10 - Distribution of customer deposits by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2022	30 Jun 2022	30 Jun 2023		30 Jun 2023	30 Jun 2022	31 Dec 2022
2,159	2,329	2,658	Agriculture and forestry	2,658	2,329	2,159
1,366	1,337	1,403	Fisheries and hunting	1,403	1,337	1,366
644	1,219	1,375	Sea farming industries	1,375	1,219	644
2,881	2,431	2,985	Manufacturing	2,985	2,431	2,881
5,534	3,508	3,922	Construction, power and water supply	3,922	3,508	5,534
6,065	5,411	4,964	Retail trade, hotels and restaurants	4,964	5,411	6,065
1,198	916	1,145	Maritime sector	1,145	916	1,198
5,645	6,152	6,597	Property management	6,523	6,092	5,577
13,036	12,825	12,544	Business services	12,544	12,825	13,036
9,364	9,572	11,553	Transport and other services provision	11,165	9,123	8,856
21,690	24,614	28,373	Public administration	28,373	24,614	21,690
4,800	5,464	5,768	Other sectors	5,744	5,419	4,687
74,383	75,778	83,287	Total	82,802	75,224	73,693
48,316	48,588	57,362	Wage earners	57,362	48,588	48,316
122,699	124,366	140,649	Total deposits	140,164	123,812	122,010

Note 11 - Net interest income

Parent bank					Group				
Second Quarter		First half			First half		Second Quarter		
2022	2023	2022	2023	(NOKm)	2023	2022	2023	2022	2022
Interest income									
435	76	197	134	380	158	55	81	31	212
2,814	619	1,091	1,184	2,072	2,540	1,478	1,333	771	3,483
1,879	395	828	763	1,554	1,554	763	828	395	1,879
125	31	39	59	72	72	59	39	31	125
599	114	351	210	672	669	209	350	113	595
-	-	-	-	-	12	11	6	5	22
5,852	1,234	2,507	2,350	4,750	5,005	2,574	2,638	1,346	6,315
Interest expense									
260	45	131	75	256	256	75	131	45	260
1,524	269	874	494	1,570	1,556	488	867	265	1,508
1,035	191	483	371	945	946	371	483	191	1,035
66	16	28	27	52	54	28	29	17	68
7	2	2	4	4	20	29	10	6	26
79	19	23	39	44	44	20	23	19	79
2,972	542	1,540	1,010	2,872	2,875	1,011	1,543	543	2,977
2,880	692	967	1,340	1,878	2,130	1,563	1,095	803	3,339

Note 13 - Operating expenses

Parent bank					(NOKm)	Group				
Second Quarter			First half			First half		Second Quarter		
2022	2022	2023	2022	2023		2023	2022	2023	2022	2022
304	70	93	146	184	IT costs	211	171	105	82	355
11	3	3	6	6	Postage and transport of valuables	8	7	4	3	14
59	16	20	29	37	Marketing	48	44	25	26	86
77	19	25	38	47	Ordinary depreciation	63	58	35	29	117
46	4	12	25	24	Operating expenses, real properties	30	29	14	7	55
188	37	55	80	98	Purchased services	115	94	62	42	217
156	34	43	67	133	Other operating expense	155	86	55	45	195
841	183	250	391	529	Total other operating expenses	630	489	300	235	1,038

Note 14 - Net return on financial investments

Parent Bank					(NOKm)	Group				
Second Quarter			First half			First half		Second Quarter		
2022	2022	2023	2022	2023		2023	2022	2023	2022	2022
Valued at fair value through profit/loss										
-428	-176	-198	-379	-231	Value change in interest rate instruments	-231	-379	-198	-176	-427
-10	-1	-0	-1	9	Value change in derivatives/hedging Net value change in hedged bonds and derivatives*	9	-1	-0	-1	-10
-38	-33	14	-36	-10	Net value change in hedged fixed rate loans and derivatives	-10	-36	14	-33	-38
275	94	156	265	99	Other derivatives	99	265	156	94	275
646	514	580	574	580	Income from equity instruments Income from owner interests	209	139	85	77	442
4	1	3	4	8	Dividend from owner instruments Value change and gain/loss on owner instruments	1	4	-0	1	4
30	4	5	7	9	Dividend from equity instruments	20	5	18	4	33
-19	-14	10	-11	21	Value change and gain/loss on equity instruments	-25	97	-7	-36	9
461	388	570	422	484	Total net income from financial assets and liabilities at fair value through profit/(loss)	72	93	67	-72	287
Valued at amortised cost										
-0	-0	-0	-0	-1	Value change in interest rate instruments held to maturity	-1	-0	-0	0	-0
-0	-0	-0	-0	-1	Total net income from financial assets and liabilities at amortised cost	-1	-0	-0	0	-0
93	29	35	38	59	Total net gain from currency trading	59	38	36	29	93
554	416	605	459	543	Total net return on financial investments	131	132	103	-43	380
* Fair value hedging										
-664	-538	-282	-1,363	-97	Changes in fair value on hedging instrument	-97	-1,363	-282	-538	-664
657	537	282	1,362	106	Changes in fair value on hedging item	106	1,362	282	537	657
-6	-1	-0	-1	9	Net Gain or Loss from hedge accounting	9	-1	-0	-1	-6

Note 15 - Other assets

Parent Bank			(NOKm)	Group		
31 Dec 2022	30 Jun 2022	30 Jun 2023		30 Jun 2023	30 Jun 2022	31 Dec 2022
-	3	2	Deferred tax asset	8	72	5
117	100	167	Fixed assets	280	224	232
223	243	266	Right to use assets	395	470	325
87	77	95	Earned income not yet received	122	124	104
262	978	479	Accounts receivable, securities	479	1,479	262
240	62	240	Pension assets	240	62	240
1,164	271	133	Other assets	463	671	1,387
2,092	1,735	1,382	Total other assets	1,987	3,103	2,555

Note 16 - Other liabilities

Parent Bank			(NOKm)	Group		
31 Dec 2022	30 Jun 2022	30 Jun 2023		30 Jun 2023	30 Jun 2022	31 Dec 2022
72	-	147	Deferred tax	202	56	127
611	456	414	Payable tax	504	503	705
13	12	13	Capital tax	13	12	13
97	83	93	Accrued expenses and received, non-accrued income	405	633	388
427	513	587	Provision for accrued expenses and commitments	587	513	427
66	71	63	Losses on guarantees and unutilised credits	63	71	66
6	8	11	Pension liabilities	11	8	6
233	253	276	Lease liabilities	406	486	339
97	68	90	Drawing debt	90	68	97
73	11	53	Creditors	94	149	116
176	922	343	Debt from securities	343	1,316	176
196	274	252	Other liabilities	345	462	265
2,067	2,672	2,342	Total other liabilities	3,064	4,277	2,725

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

Group

	31 Dec 2022	Issued	Fallen due/ Redeemed	Other changes	30 Jun 2023
Change in securities debt (NOKm)					
Certificate, nominal value	-	-	-	-	-
Bond debt, nominal value	42,532	827	2,051	2,223	43,532
Senior non preferred, nominal value	7,100	1,450	-	-18	8,532
Value adjustments	-2,438	-	-	-310	-2,748
Accrued interest	280	-	-	101	381
Total	47,474	2,277	2,051	1,996	49,697

	31 Dec 2022	Issued	Fallen due/ Redeemed	Other changes	30 Jun 2023
Change in subordinated debt and hybrid equity (NOKm)					
Ordinary subordinated loan capital, nominal value	2,043	750	313	150	2,630
Hybrid equity, nominal value	-	-	-	-	-
Value adjustments	-	-	-	-	-
Accrued interest	16	-	-	3	19
Total	2,058	750	313	153	2,648

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 30 June 2023:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	-	9,255	-	9,255
- Bonds and money market certificates	4,584	33,546	-	38,130
- Equity instruments	352	159	550	1,062
- Fixed interest loans	-	82	5,467	5,549
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	89,311	89,311
Total assets	4,936	43,043	95,328	143,307
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	-	9,953	-	9,953
- Equity instruments	-	-	-	-
Total liabilities	-	9,953	-	9,953

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2022:

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

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 30 June 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	24	1,368	26,333	27,725
Disposals in the period	-4	-397	-18,920	-19,320
Expected credit loss	-	-	-3	-3
Gain or loss on financial instruments	-40	-134	-1	-176
Closing balance 30 June 2023	550	5,468	89,311	95,328

The following table presents the changes in the instruments classified in level 3 as at 30 June 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	6	889	21,714	22,610
Disposals in the period	-2	-430	-25,090	-25,522
Expected credit loss	-	-	11	11
Gain or loss on financial instruments	90	-177	-0	-86
Closing balance 30 June 2022	659	4,481	79,690	84,829

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	87,101

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 6 million.

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

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

Equity instruments (level 3)

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

Financial derivatives (level 2)

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

Sensitivity analyses, level 3 as at 30 June 2023:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	5,468	-13
Equity instruments through profit/loss ^{*)}	550	-
Loans at fair value through other comprehensive income	89,311	-6

*) 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 first half 2023 was 3.2 years. The overall LCR at the same point was 188 per cent and the average overall LCR in the first half was 216 per cent. The LCR in Norwegian kroner and euro at quarter-end was 181 and 244 per cent respectively.

Note 20 - Earnings per Equity Capital Certificate

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

(NOKm)	First half		
	2023	2022	2022
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	1,572	1,293	2,692
Allocated to ECC Owners 2)	1,050	827	1,722
Issues Equity Capital Certificates adjusted for own certificates	134,169,938	129,387,872	129,339,665
Earnings per Equity Capital Certificate	7.82	6.39	13.31

1) Adjusted Net Profit	First half		
	2023	2022	2022
Net Profit for the group	1,701	1,400	2,902
adjusted for non-controlling interests share of net profit	-70	-74	-160
Adjusted for Tier 1 capital holders share of net profit	-60	-33	-50
Adjusted Net Profit	1,572	1,293	2,692

2) Equity capital certificate ratio (parent bank) (NOKm)	30 Jun 2023	30 Jun 2022	31 Dec 2022
ECC capital	2,884	2,597	2,597
Dividend equalisation reserve	7,879	7,007	7,007
Premium reserve	2,422	895	895
Unrealised gains reserve	45	109	109
Other equity capital	-3	-	-
A. The equity capital certificate owners' capital	13,227	10,609	10,609
Ownerless capital	6,566	5,918	5,918
Unrealised gains reserve	25	62	62
Other equity capital	-1	-	-
B. The saving bank reserve	6,589	5,980	5,980
To be disbursed from gift fund	-	-	547
Dividend declared	-0	-	970
Equity ex. profit	19,816	16,588	18,106
Equity capital certificate ratio A/(A+B)	66.8 %	64.0 %	64.0 %
Equity capital certificate ratio for distribution	66.8 %	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 the would have been if the merger had been completed before 2 may 2023.

Group (NOKm)	2Q	1Q	4Q	3Q	2Q	1Q
	2023	2023	2022	2022	2022	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	1Q	4Q	3Q	2Q	1Q
	2023	2023	2022	2022	2022	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 %