

First Quarter Report 2024



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Main figures

From the income statement (NOKm)	January - March		
	2024	2023	2023
Net interest	1,306	1,035	4,632
Net commission income and other income	572	541	2,084
Net return on financial investments	281	28	799
Total income	2,159	1,604	7,515
Total operating expenses	782	728	3,017
Results before losses	1,377	875	4,498
Loss on loans, guarantees etc	24	-71	14
Results before tax	1,353	946	4,484
Tax charge	273	206	904
Result investment held for sale, after tax	3	38	108
Net profit	1,084	778	3,688
Interest Tier 1 Capital	48	34	125
Net profit excl. Interest Tier 1 Capital	1,035	744	3,563
Balance sheet figures	31 Mar 2024	31 Mar 2023	31 Dec 2023
Gross loans to customers	169,326	153,181	169,862
Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt	238,270	213,967	236,329
Deposits from customers	134,395	123,529	132,888
Average total assets	234,219	225,759	235,303
Total assets	235,721	228,207	232,717
Key figures	January - March		
	2024	2023	2023
Profitability ¹⁾			
Return on equity	16.0 %	13.0 %	14.4 %
Cost-income ratio ²⁾	42 %	46 %	45 %
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	79 %	81 %	78 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt	56 %	58 %	56 %
Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt)	11.4 %	7.0 %	11.9 %
Growth in deposits last 12 months	8.8 %	8.3 %	8.9 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt ¹⁾			
Impairment losses ratio	0.04 %	-0.13 %	0.01 %
Stage 3 as a percentage of gross loans	0.82 %	0.96 %	0.88 %
Solidity	31 Mar 2024	31 Mar 2023	31 Dec 2023
Capital ratio	23.1 %	22.2 %	23.0 %
Tier 1 capital ratio	20.4 %	20.1 %	20.8 %
Common equity Tier 1 capital ratio	18.5 %	18.2 %	18.8 %
Tier 1 capital	24,073	21,985	23,793
Total eligible capital	27,250	24,298	26,399
Liquidity Coverage Ratio (LCR)	160 %	194 %	175 %
Leverage Ratio	7.1 %	6.9 %	7.2 %
MREL	53.7 %	64.6 %	67.8 %
MREL, substituted	36.7 %	31.0 %	35.9 %
NSFR	130.0 %	126.0 %	127.0 %
Branches and staff	31 Mar 2024	31 Mar 2023	31 Dec 2023
Number of branches	47	40	46
No. Of full-time positions	1,637	1,432	1,545

¹⁾ Defined as alternative performance measures, see attachment to quarterly report

Key figures ECC	31 Mar 24	31 Mar 23	31 Dec 23	31 Dec 22	31 Dec 21	31 Dec 20
ECC ratio	67 %	64 %	67 %	64 %	64 %	64 %
Number of certificates issued, millions ¹⁾	144.13	129.43	144.20	129.29	129.39	129.39
ECC share price at end of period (NOK)	137.80	123.60	141.80	127.40	149.00	97.60
Stock value (NOKM)	19,861	15,997	20,448	16,471	19,279	12,629
Booked equity capital per ECC (including dividend) ¹⁾	113.24	105.63	120.48	109.86	103.48	94.71
Profit per ECC, majority ¹⁾	4.68	3.51	16.88	12.82	13.31	8.87
Dividend per ECC			12.00	6.50	7.50	4.40
Price-Earnings Ratio ¹⁾	7.36	8.79	8.40	9.94	11.19	11.01
Price-Book Value Ratio ¹⁾	1.22	1.17	1.18	1.16	1.44	1.03

¹⁾ Defined as alternative performance measures, see attachment to quarterly report

Report of the Board of Directors

First quarter 2024

(Consolidated figures. Figures for the former SpareBank 1 Søre Sunnmøre are included as from the second quarter of 2023. Figures in parenthesis refer to the same period of 2023 unless otherwise stated. Growth figures adjusted for the merger are referred to under 'loans' and 'deposits')

- Pre-tax profit NOK 1,353m (946m)
- Net profit NOK 1,084m (778m)
- Return on equity 16.0% (13.0%)
- CET1 ratio 18.5% (18.2%)
- Growth in lending 0.8% (1.3%) and in deposits 1.1% (1.2%)
- Lending to the bank's retail customers rose 0.6% in the quarter (0.6%), 0.2 percentage points lower growth than in the fourth quarter. Lending to the bank's corporate clients rose 1.5% (2.7%) which was 0.5 percentage points higher growth than in the fourth quarter
- Deposits from retail customers rose 1.6% (1.9%), 0.5 percentage points higher growth than in the fourth quarter. Deposits from corporate clients climbed 2.5% (1.2%). This is 12.5 percentage points higher growth than in the fourth quarter, which was impacted by a reduction in public sector deposits
- The net result of ownership interests was NOK 194m (125m)
- The net result of financial instruments (incl. dividends) was NOK 87m (minus 97m)
- Losses on loans and guarantees: NOK 24m (minus 71m)
- Earnings per equity certificate (EC): NOK 4.68 (3.51)
- Book value per EC was NOK 113.24 (105.63) and the price of the bank's EC (MING) was NOK 137.80 (123.60)

Events in the quarter

Merger of the insurance arms of Fremtind and Eika approved by the Competition Authority

In January 2024, the transaction agreement to amalgamate the insurance businesses of Fremtind and Eika was signed. The agreement is contingent on approval from the Competition Authority and Finanstilsynet (Norway's Financial Supervisory Authority). The Competition Authority's approval for the merger of Fremtind Forsikring and Eika Forsikring was granted on 1 March 2024. Finanstilsynet's approval is expected in the second quarter of 2024.

SpareBank 1 SMN owns 19.5 per cent of the shares of the SpareBank 1 Group, which upon completion of the transaction will own 51.44 per cent of the shares of Fremtind Holding.

Insurance settlement in the embezzlement affair

In the first quarter SpareBank 1 SMN reached a settlement in the embezzlement affair whereby the insurance company disbursed NOK 30 million to the bank. The embezzlement was first reported on in the first quarter of 2023.

Unchanged base rate and inflation above target

Norges Bank kept the base rate unchanged at 4.50 per cent in March and reiterated its signal that the base rate would stay at its present level for much of 2024.

The 12-month rate of growth in the consumer price index (CPI) was 3.9 per cent at the end of the first quarter of 2024. Underlying inflation in the same period in terms of the consumer price index adjusted for changes in indirect taxes and excluding energy products (CPI-ATE) was 4.5 per cent. The wholly unemployed share of the labour force remains at a very low level, but is expected to rise somewhat through 2024. In Trøndelag and in Møre and Romsdal the wholly unemployed share is 1.5 and 1.7 per cent respectively. For Norway as a whole the share is 2.0 per cent.

Growth in credit to households and non-financial undertakings fell further in the first quarter of 2024. As at March the national twelve-month rate of growth in credit to households and non-financial undertakings was 3.0 and 2.7 per cent respectively.

The regional indicator in Norges Bank's regional network survey for Mid Norway showed a small improvement in the first quarter of 2024, but remains on a slightly negative trend.

Såkorn 1 Midt

The board of SpareBank 1 SMN decided in spring 2023 to allocate up to NOK 150 million from the bank's community dividend for sustainable early-stage investments in Mid-Norway. The funds will be allocated to the foundation Såkorn 1 Midt, which will carry out the fund's investments. The bank's contribution was expected to constitute a maximum of 50 percent of committed capital. An additional NOK 100 million in capital has now been raised in addition to the contribution from SpareBank 1 SMN, which means that a total of NOK 200 million has been raised in the first subscription round. There is a goal to raise further capital through a new subscription round towards the end of 2024.

Results for the first quarter

The first quarter of 2024 is marked by good results across the entire group. High net interest income at the bank, good commission income from the subsidiaries and strong profit contributions from ownership interests make for an overall net profit of NOK 1,084m and a return of 16.0 per cent on equity.

The bank made a general interest rate change in the first quarter, with some effect noted in the quarter. After a long period of interest rate hikes by the central bank, all announced rate hikes have now been carried out. Dampened credit growth and growing competition in the retail market impacted lending growth in the quarter, but implemented interest rate changes and stable market rates bring increased net interest income adjusted for the one-time event in the previous quarter.

Seasonal variations and higher market shares at SpareBank 1 Regnskapshuset SMN and EiendomsMegler 1 Midt-Norge provide increased commission income. In the first quarter the bank increased the share of residential mortgages transferred to the captive residential mortgage company, SpareBank 1 Boligkreditt. This, together with stable market interest rates and higher lending rates, brought increased commission income from the mortgage company.

The result from related companies shows a substantial increase compared with the previous quarter. The insurance companies in the SpareBank 1 Group performed well in the first quarter, and BN Bank continues to deliver creditable results. A value increase in SpareBank 1 SMN Invest's portfolio and capital gain on financial instruments also provide positive profit contributions in the quarter.

The group's operating expenses are reduced compared with the fourth quarter. Reduced IT expenses, recovery of operational losses and one-time events in the fourth quarter explain the bulk of the decline in expenses.

Loan losses in the first quarter are at a low level. The loss picture is again marked by recoveries in the offshore segment and higher loss provisioning in other sectors.

The CET1 ratio is 18.5 per cent at quarter-end, which is well above the group's own target and regulatory requirements.

Net interest income

Market interest rates in terms of NIBOR were stable through the first quarter, with three-month NIBOR averaging 4.71 per cent in the quarter. The bank carried out a general interest rate increase for retail customers with effect from 9 March 2024.

Net interest income totalled NOK 1,306m (1,035m) compared with NOK 1,312m in the fourth quarter. When adjusted for a one-time effect of NOK 59m in the fourth quarter of 2023, this corresponds to an increase of 4.2 per cent from the previous quarter. Implemented interest rate changes and stable market rates have brought wider lending margins and narrower deposit margins, thus contributing to higher net interest income.

Volume transferred to SpareBank 1 Boligkreditt was increased by NOK 2.5bn in the first quarter of 2024. Net interest income including commissions from the captive mortgage companies was NOK 33m higher than in the fourth quarter. Adjusted for the one-time effect in the previous quarter, the increase measures NOK 92m, corresponding to 7.3 per cent.

Commission income and other operating income

SpareBank 1 SMN's strategy of exploiting the breadth present in the group and expanding interaction across the respective business lines stands firm. A high proportion of multi-product customers contributes to a capital-efficient, diversified income flow and high customer satisfaction.

Commission income (NOKm)	1Q 24	4Q 23	1Q 23
Payment transfers	77	101	72
Creditcard	18	14	17
Saving products	11	11	10
Insurance	63	61	61
Guarantee commission	15	16	16
Real estate agency	115	98	105
Accountancy services	200	152	188
Other commissions	11	23	11
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	510	475	480
Commissions SB1 Boligkreditt	59	19	57
Commissions SB1 Næringskreditt	4	4	3
Total commissions	572	498	541

Compared with fourth quarter, commissions from payments services are reduced while income from accounting services and estate agency services shows a substantial increase. This is primarily due to

seasonal variations. Commission income excluding mortgage companies rose by NOK 35m from the previous quarter and by NOK 30m from the same quarter of 2023.

Measured against the same quarter of last year, commission income excluding mortgage companies rose 6 per cent. The fine development is driven in particular by income from estate agency and accounting services. EiendomsMegler 1 Midt-Norge has increased its market share from 37.7 per cent in the first quarter 2023 to 38.7 per cent in the first quarter 2024. SpareBank 1 Regnskapshuset SMN has strengthened its advisory capacity and its focus on digitalisation to good effect. This has brought increased organic growth and reinforced customer loyalty. At the same time acquisitions are contributing higher commission income.

In the case of loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, the bank receives a commission corresponding to the loan interest less the funding and operating expenses of those companies. The increased commission income from SpareBank 1 Boligkreditt in the first quarter is mainly down to higher lending rates.

Return on financial investments

Return on financial investments in the first quarter was NOK 84m (minus 99m). Capital gains of NOK 42m are driven by an increase in the value of SpareBank 1 SMN Invest's share portfolio.

Financial instruments, including bonds and CDs, showed a capital gain of NOK 20m (capital loss of 105m) while income from foreign exchange transactions declined by NOK 5m from the preceding quarter to NOK 22m (NOK 23m). The fourth quarter of 2023 included a gain of NOK 414m related to disinvestment from SpareBank 1 Markets. The first quarter of 2023 was marked by wider credit margins and interest rate turbulence which brought losses on financial instruments.

Return on financial investments (NOKm)	1Q 24	4Q 23	1Q 23
Capital gains/losses shares	42	472	-17
Gain/(loss) on financial instruments	20	-8	-105
Foreign exchange gain/(loss)	22	27	23
Net return on financial instruments	84	491	-99

Related companies

SpareBank 1 SMN has a broad and well-diversified income platform. The group offers its customers a broad product range through various product companies, both directly owned companies and companies in the SpareBank 1 Group, which provide commission income along with return on invested capital.

The overall profit share from the product companies and other related companies was NOK 194m (125m) in the quarter. In the fourth quarter of 2023 the corresponding figure was NOK 90m.

Income from investment in associated companies (NOKm)	1Q 24	4Q 23	1Q 23
SpareBank 1 Gruppen (19.5 %)	40	-51	34
SpareBank 1 Boligkreditt (23.7 %)	33	30	33
SpareBank 1 Næringskreditt (14.8 %)	4	1	2
BN Bank (35.0 %)	84	73	62
SpareBank 1 Markets (39.9 %)	25	19	0
SpareBank 1 Kreditt (18.6 %)	-4	-3	-4
SpareBank 1 Betaling (21.9 %)	-12	-8	-8
SpareBank 1 Forvaltning (21.5 %)	10	12	8
Other companies	13	16	-3
Income from investment in associated companies	194	90	125

SpareBank 1 Alliance

The SpareBank 1 Alliance is a collaboration between the SpareBank 1 banks. The collaboration is designed to provide economies of scale and to ensure the owner banks access to competitive financial services and products. The Alliance collaboration is driven through its ownership of the SpareBank 1 Group which owns and manages several of the product companies, and its participation in SpareBank 1 Utvikling which develops and delivers joint products and services.

SpareBank 1 Gruppen

SpareBank 1 Gruppen posted a net profit of NOK 271m (272m) in the first quarter, of which SpareBank 1 SMN's share of the controlling interest's net profit was NOK 40m (34m).

The most important companies in SpareBank 1 Gruppen (SpareBank 1 Gruppen's holding):

- **Fremtind Forsikring (65 per cent)** offers non-life and personal insurance coverage and is headquartered in Oslo. The company posted a profit of NOK 206m (274m) after tax in the first quarter.
- **SpareBank 1 Forsikring (100 per cent)** is a pension company headquartered in Oslo. The company mainly offers contribution-based occupational pensions, collective disability insurance and private pension saving. SpareBank 1 Forsikring reported a profit of NOK 112m (44m) after tax in the first quarter.
- **SpareBank 1 Factoring (100 per cent)** offers financial and administrative factoring services. The company is headquartered in Ålesund. The company posted a profit of NOK 19m (18m) after tax in the first quarter.
- **Related companies** in SpareBank 1 Gruppen posted a contribution of NOK 7m (0m) to SpareBank 1 Gruppen's profit. **Kredinor (50 per cent)** is Norway's largest debt collection company, and is a related company in SpareBank 1 Gruppen. As from 25 April 2024, SpareBank 1 Gruppen has the controlling interest in Kredinor with a holding of 68.64 per cent.

SpareBank 1 Forvaltning delivers products and services to a broad range of clients in the field of capital management and securities services. SpareBank 1 SMN's profit share in the quarter was NOK 10m (8m).

SpareBank 1 Boligkreditt is a mortgage company that issues covered bonds secured by residential mortgages with a view to achieving stable financing and low financing costs. SpareBank 1 SMN's profit share was NOK 33m (33m) in the first quarter.

SpareBank 1 Næringskreditt is a mortgage company that issues covered bonds secured by commercial mortgages with a view to achieving stable financing and low financing costs. SpareBank 1 SMN's profit share was NOK 4m (2m) in the quarter.

SpareBank 1 Kreditt offers unsecured finance to retail customers. SpareBank 1 SMN's profit share in the fourth quarter was minus NOK 4m (minus 4m).

BN Bank offers residential mortgages and loans to commercial property and its main market is south-eastern Norway. SpareBank 1 SMN's share of BN Bank's profit was NOK 84m (62m) in the quarter.

SpareBank 1 Markets is a leading Norwegian investment firm. The company offers services in the fields of equity and credit analysis, equity and bond trading and services in the corporate finance area. SpareBank 1 SMN's share of SpareBank 1 Markets' profit in the first quarter was NOK 25m.

SpareBank 1 Betaling is the SpareBank 1 banks' parent company in Vipps AS. SpareBank 1 SMN's profit share was minus NOK 12m (minus 8m) in the first quarter.

Other companies

The net profit of NOK 13m in the quarter was driven in all essentials by the profit share from Grilstad Marina.

Operating expenses

The group aims for a cost-income ratio below 40 per cent at the bank and below 85 per cent at EiendomsMegler 1 Midt-Norge and SpareBank 1 Regnskapshuset SMN. The cost-income ratio is defined as the ratio of operating expenses to net interest income and commission and other income.

The bank's cost-income ratio was 33.9 per cent in the quarter (40.0 per cent). The corresponding figures for EiendomsMegler 1 and Regnskapshuset were 83.0 (83.2) and 83.9 (78.1) per cent respectively.

NOKm	1Q 24	4Q 23	1Q 23
Staff costs	482	476	398
IT costs	110	132	106
Marketing	26	21	23
Ordinary depreciation	41	47	29
Operating expenses, real properties	13	11	16
Purchased services	74	71	31
Merger expenses	-	18	22
Other operating expense	36	90	104
Total operating expenses	782	866	728

Compared with the fourth quarter of 2023, expenses are reduced by NOK 84m. The reduction is mainly due to the expensing of capital tax in the fourth quarter and recovery of operational losses along with lower IT expenses in the first quarter of 2024.

Overall group expenses rose by NOK 54m from the first quarter of 2023, of which NOK 33m of the increase refers to the subsidiaries. Price and wage growth along with acquisitions made by SpareBank 1 Regnskapshuset SMN are the chief driver behind the subsidiaries' expense growth.

The bank's expenses have risen by NOK 21m compared with the first quarter of 2023. The first quarter of 2023 featured expensing of the embezzlement affair and merger costs of NOK 15m. Expenses in the first quarter of 2024 are reduced as a result of the insurance settlement in connection with the embezzlement, while the quarter also contains the former SpareBank 1 Søre Sunnmøre's cost base.

Investments in technology development, competence and growth initiatives in selected geographical locations through 2023 are reflected in the bank's growth in costs.

Losses on loans and guarantees

The group's losses on loans and guarantees in the fourth quarter of 2023 came to NOK 24m (recovery of a loss of NOK 71m) in the first quarter of 2024.

Impairment losses (NOKm)	1Q 24	4Q 23	1Q 23
RM	8	-8	11
CM	16	28	-82
Total impairment losses	24	20	-71

Losses in the quarter break down to minus NOK 13m in Stage 1 and 2 and NOK 37m in Stage 3. Losses in the period measured 0.04 per cent of total outstanding loans (minus 0.13 per cent).

Overall impairment write-downs on loans and guarantees as at 31 March amount to NOK 1,011m (1,101m).

The group's loan portfolio is of good credit quality. The portfolio comprises NOK 167,362m (151.116m) in Stages 1 and 2 respectively, corresponding to 99.18 per cent. Problem loans (Stage 3) total NOK 1,964m (2,065m), corresponding to 0.82 per cent (0.96 per cent) of gross outstanding loans, including loans sold to the captive mortgage companies.

Recoveries are noted in the quarter in the offshore segment due continued improvement in that segment. However, increased loss provisioning is seen in other industries, related in particular to fishery.

Business lines

In SpareBank 1 SMN the business lines are Retail Banking and Corporate Banking along with significant subsidiaries.

SpareBank 1 SMN's strategy of exploiting the breadth present in the group and expanding interaction across the respective business lines stands firm.

The **Retail Banking Division** achieved a pre-tax profit of NOK 499m in the first quarter of 2024 (372m). Return on capital employed was 17.7 per cent (16.3 per cent). The retail banking portfolio consists of wage earners, agricultural customers and sole proprietorships.

Profit and loss account (NOKm)	1Q 24	4Q 23	1Q 23
Net interest	628	626	524
Commission income and other income	187	167	181
Total income	814	794	706
Total operating expenses	304	373	325
Ordinary operating profit	510	421	381
Loss on loans, guarantees etc.	11	-2	9
Result before tax including held for sale	499	423	372
Balance			
Loans and advances to customers	167,736	166,713	148,294
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-67,418	-64,892	-59,306
Deposits to customers	65,640	64,601	55,948
Key figures			
Return on equity per quarter *)	22.4 %	16.3 %	15.8 %
Lending margin	0.91 %	0.68 %	0.93 %
Deposit margin	1.88 %	2.14 %	1.82 %

*) Regulatory capital with reference to the capital target underlies the calculation of capital employed in Retail Banking and Corporate Banking.

Lending growth in the quarter was 0.6 per cent and deposit growth 1.6 per cent. The corresponding figures for the first quarter of 2023 were 0.6 and 1.9 per cent respectively.

A general interest rate increase on loans and deposits was implemented in the course of the first quarter. Income from the payments area is reduced compared with the fourth quarter owing to seasonal variations. A higher transfer share and increased margins on loans sold to SpareBank 1 Boligkreditt provide higher net commission and other income measured against the previous quarter and the same period last year.

The loan portfolio is largely secured by residential property. Lending to personal customers consistently carries low risk, as reflected in continued low losses.

The Retail Banking Division prioritises balanced growth. A focus on deposits and savings in advisory services to customers enables the bank to deliver robust earnings and heightens customers' financial security in the form of increased buffer capital. The net subscription in SpareBank 1 Forvaltning has increased significantly compared to last year.

The distribution model is enhanced by the introduction of co-location in finance centres and a transition from personal advisers to customer teams. Increased use of data and insights enables a closer interplay between the physical and digital advisory channels, providing customers with improved and more efficient advice.

EiendomsMegler 1 Midt-Norge is the market leader in Trøndelag and in Møre and Romsdal. The pre-tax profit was NOK 20m (18m) in the first quarter.

EiendomsMegler 1 Midt-Norge (92.4%)	1Q 24	4Q 23	1Q 23
Total income	117	98	107
Total operating expenses	97	106	89
Result before tax (NOKm)	20	-7	18
Operating margin	17 %	-7 %	17 %

Higher mortgage rates dampened activity in the housing market through autumn 2023. Fewer properties remain unsold at the start of 2024, and prospects that the base rate peak has been reached and low building activity could lead to increased sales volume and higher prices. EiendomsMegler 1 Midt-Norge continues to gain market shares, at the same time as income per sale shows a positive development.

1,648 properties were sold in the first quarter (1,587), and new assignments totalled 2,090 (2,046). The company's market share at 31 March was 38.7 per cent, up from 37.7 per cent in the same period of last year.

The **Corporate Banking Division** achieved a pre-tax profit of NOK 483m (NOK 500m). Return on capital employed was 26.3 per cent.

CM, Profit and loss account (NOKm)	1Q 24	4Q 23	1Q 23
Net interest	570	659	474
Comission income and other income	72	90	63
Total income	642	749	541
Total operating expenses	148	168	127
Ordinary operating profit	494	581	413
Loss on loans, guarantees etc.	10	-25	-86
Result before tax including held for sale	484	606	500
Balance			
Loans and advances to customers	58,071	57,191	53,245
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-1,526	-1,576	-1,481
Deposits to customers	64,532	62,988	63,644
Key figures			
Return on equity per quarter ^{*)}	34.9 %	33.1 %	28.6 %
Lending margin	2.69 %	2.90 %	2.64 %
Deposit margin	0.47 %	0.63 %	0.27 %

^{*)} Regulatory capital with reference to the capital target underlies the calculation of capital employed in Retail Banking and Corporate Banking.

The Corporate Banking Division's loan volume increased by 1.5 per cent in the quarter (2.7 per cent) while the deposit volume rose by 2.5 per cent (1.2 per cent).

For customers with loan and deposit products not tied to interbank rates, a general interest rate increase was implemented in the first quarter. When adjusted for the one-time effect in the fourth quarter of 2023, the lending margin widened compared with the previous quarter.

The credit quality of the loan portfolio is good. The bankruptcy rate in the region has risen, but so far with limited impact on the loan portfolio.

A strengthened input of resources in Trondheim and increased coordination with SpareBank 1 Regnskapshuset contribute to Corporate Banking's acquisition of market shares in Mid Norway. The establishment of a presence in Oslo is expected to stimulate lending growth in selected segments where SpareBank 1 SMN offers competencies and experience.

SpareBank 1 Regnskapshuset SMN is the market leader in Trøndelag and in Møre and Romsdal. The company posted a pre-tax profit of NOK 35m (44m).

SpareBank 1 Regnskapshuset SMN (93.3%)	1Q 24	4Q 23	1Q 23
Total income	217	167	202
Total operating expenses	182	159	158
Result before tax (NOKm)	35	8	44
Operating margin	16 %	5 %	22 %

Operating income climbed NOK 15m from the first quarter of 2023, driven by increased incomes from advisory and accounting services. There were three fewer working days in the first quarter of 2024 than in the same quarter of last year. The cost increase is in all essentials driven by higher personnel costs due to staff additions, wage growth and acquisitions.

Substantial sums have been invested in developing the company's competitive power. This is producing results ranging from strengthened advisory competencies and capacity to a greater focus on digitalisation and new income flows. Cloud-based solutions that simplify matters for the company, along with enhanced insights and improvements in the customer process, are at centre stage. This has spurred organic customer growth and reinforced the loyalty of existing customers.

SpareBank 1 Finans Midt-Norge's focal areas are leasing, vendor's liens, inventory financing and invoice purchasing services to businesses and vendor's liens to personal customers. SpareBank 1 Finans Midt-Norge recorded a pre-tax profit of NOK 66m (53m).

SpareBank 1 Finans Midt-Norge (56.5%)	1Q 24	4Q 23	1Q 23
Total income	108	85	90
Total operating expenses	39	26	30
Loss on loans, guarantees etc.	3	47	7
Result before tax (NOKm)	66	12	53

The company has in recent years developed new distribution channels with a special focus on the car dealer channel. More than 25 per cent of vendor's liens to personal customers came directly from car dealers in the first quarter of 2024. SpareBank 1 Finans Midt-Norge has a market share of about 10 per cent in vendor's liens in the counties where parent banks are represented.

SpareBank 1 SMN Invest owns shares and units in regional growth companies and funds. The portfolio is managed together with other long-term shareholdings of the bank and will be scaled down over time. The company's securities portfolio is worth NOK 561m (487m) as at 31 March 2024.

The company's pre-tax profit in the first quarter of 2024 was NOK 33m (minus 30m). The quarter's result is ascribable to an increase in the value of the securities portfolio.

Balance sheet, financing and liquidity

Total assets of NOK 236bn

The bank's total assets as at the first quarter of 2024 were NOK 236bn (228bn), having risen by NOK 8bn, or 3.3 per cent, over the last 12 months. Total assets have grown as a result of the merger with the former SpareBank 1 Søre Sunnmøre along with lending growth.

As at 31 March 2024 loans totalling NOK 69bn (61bn) had been sold from SpareBank 1 SMN to the captive mortgage companies SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. These loans do not figure as loans in the bank's balance sheet. The comments covering lending growth take into account loans sold to the two mortgage companies.

Loans

Total outstanding loans rose in the last 12 months by NOK 24.3bn (14.0bn), corresponding to 11.4 per cent (7.0 per cent), and stood at NOK 238.3bn (214.0bn) at the end of the first quarter. Lending growth in the quarter was 0.8 per cent (1.3 per cent).

Lending to the bank's retail customers increased by NOK 1.0bn in the quarter (0.9bn). This corresponds to a lending growth of 0.6 per cent (0.6 per cent). Lending growth in the last 12 months was 13.1 per cent (6.1 per cent), of which the merger with the former SpareBank 1 Søre Sunnmøre accounts for 9.0 percentage point. Total lending to the bank's retail customers came to NOK 167.7bn (148.3bn) at the end of the first quarter of 2024.

Lending to the bank's corporate segment rose by NOK 0.9bn in the quarter (1.4bn), corresponding to 1.5 per cent (2.7 per cent). Growth in lending in the last 12 months was 9.1 per cent (7.0 per cent), of which the merger accounts for 6.4 percentage points. Overall lending to the bank's corporate customers came to NOK 58.1bn (53.2bn) as at 31 March 2024.

SpareBank 1 Finans' gross loan volume was NOK 12.8bn (12.6bn) at the end of the first quarter 2024. This corresponds to a growth of 2.3 per cent in the last 12 months.

(Distributed by sector – see note 5).

Deposits

Customer deposits rose in the last 12 months by NOK 10.9bn (9,5bn) to NOK 134.4bn (123.5bn), corresponding to a growth of 8.8 per cent (8.3 per cent). Growth in the first quarter was 1.1 per cent (1.2 per cent).

Personal deposits rose NOK 1.0bn in the quarter (1.0bn), corresponding to deposit growth of 1.6 per cent (1.9 per cent). Deposit growth in the last 12 months was 17.3 per cent (6.9 per cent), of which the merger accounts for 12.7 percentage points. Total deposits from personal customers came to NOK 65.6bn (55.9bn) at the end of the first quarter.

Deposits from the bank's corporate segment climbed NOK 1.5bn in the quarter (increase of 0.7bn), corresponding to 2.5 per cent (1.2 per cent). Deposit growth in the last 12 months was 1.4 per cent (6.9 per cent). When adjusted for the merger with SpareBank 1 Søre Sunnmøre, growth in deposits from the bank's corporate segment would have been minus 5.5 per cent. The decline is attributable to growing competition for public sector deposits towards the end of 2023. Total deposits from the bank's corporate segment were NOK 64.5bn (63.6bn) as at 31 March 2024.

(Distributed by sector – see note 9).

Funding and liquidity

SpareBank 1 SMN has ample liquidity and access to funding. The bank follows a conservative liquidity strategy, with liquidity reserves that ensure the bank's survival for 12 months of ordinary operation without need of fresh external funding.

The bank is required to maintain sufficient liquidity buffers to withstand periods of limited access to market funding. The liquidity coverage ratio (LCR) measures the size of banks' liquid assets relative to net liquidity outflow 30 days ahead given a stressed situation. The LCR was calculated at 160 per cent as at 31 March 2024 (194 per cent). The Net Stable Funding Ratio (NSFR) at the end of the first quarter of 2024 was 130 per cent (126 per cent).

The group's deposit-to-loan ratio at 31 March 2024, including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, was 56 per cent (57 per cent).

The bank's funding sources and products are amply diversified. The share of the bank's overall money market funding with a maturity above one year was 96 per cent (76 per cent) at 31 March 2024.

SpareBank 1 Boligkreditt and Næringskreditt are important funding sources for the bank, and loans totalling NOK 69bn (61bn) had been sold to these captive mortgage companies as at 31 March 2024.

Senior non-preferred (SNP) debt denominated in Japanese yen worth the equivalent of NOK 0.4 bn was issued in the first quarter. At the end of the quarter SpareBank 1 SMN held NOK 12.7bn in SNP debt instruments. MREL debt measured 36.7 per cent as at 31 March 2024, and SpareBank 1 SMN meets the MREL requirements by an ample margin.

The bank has a rating of Aa3 (stable outlook) with Moody's.

Financial soundness

The CET1 ratio at 31 March 2024 was 18.5 per cent (18.2 per cent) compared with 18.8 per cent as at 31 December 2023.

SpareBank 1 SMN received a new Pillar 2 requirement in the fourth quarter. The requirement was reduced to 1.7 percentage point and must be met with a minimum of 56.25 per cent CET1 capital. In view of this change the group's long-term CET1 target is revised to 16.3 per cent, including Pillar 2 guidance. The bank

is subject to a provisional add-on of 0.7 per cent to its Pillar 2 requirement until its application for adjustment of IRB models has been processed. The provisional add-on of 0.7 per cent is not included in the bank's long-term capital target.

A leverage ratio of 7.1 per cent (6.9 per cent) shows the bank to be very solid. See note 4 for details.

The bank's equity certificate (MING)

The book value per equity certificate (EC) at 31 March 2024 was NOK 113.24 (105.63) and earnings per equity certificate in the first quarter of 2024 were NOK 4.68 (3.51).

The Price / Income ratio was 7.36 (8.79) and the Price / Book ratio was 1.22 (1.17).

At the end of the first quarter of 2024, owners of the bank's equity certificates total 17,845, of whom 38.3 per cent are domiciled in Mid Norway. 22.6 per cent of the bank's equity certificates are held by foreign investors.

Sustainability

SpareBank 1 SMN has over the course of the quarter engaged in a broad-based stakeholder dialogue with a view to updating the group's dual materiality analysis. Key sustainability factors have been mapped and priorities assigned in line with the requirements of the Corporate Sustainability Reporting Directive (CSRD).

Corporate Banking has focused on the transition plan for shipping to be published in the second quarter. Retail Banking has established a collaboration with other regional banks in the Alliance to develop net-zero transition plans for households. Adviser tools are being developed to strengthen advisory power in this process. Regnskapshus has in the course of the quarter piloted a new service, *Klimasjekken*, which is a tool for companies and local authorities to identify climate challenges in their work with sustainable development.

The effort to develop science-based climate targets, both for the group's and the bank's own operations and financed emissions, is following the planned path. As part of this process, SMN will draw up the group's climate transition plan as a superstructure for all work involved in achieving our climate goals. Part of the solution concerns circular transition. A circular economy framework has accordingly been established, and SMN is currently piloting bounded projects within its own operations in order to learn and to create awareness among its own employees.

The group's focus is on contributing to sustainable development through credible targets and action plans while at the same time realising growth, competitive margins and necessary cost reductions.

Outlook

SpareBank 1 SMN delivered a good performance in the first quarter featuring strong profitability and financial soundness. Operating profit was satisfactory, at the same time as the result from ownership interests increased return on equity. Uncertainty still attends the economy in terms of reduced household purchasing power and slowing credit growth. SpareBank 1 SMN's ambition to expand market shares stands firm, and will be realised through initiatives taken in selected geographical locations and industries.

Norges Bank kept the base rate unchanged at 4.50 per cent in March and concurrently signalled an initial base rate reduction towards the end of 2024. In view of international developments featuring continued high price growth, along with a weakened krone exchange rate, market expectations of a base rate reduction have now been deferred. The central bank reiterated its signal that the current base rate level would apply

for much of 2024. SpareBank 1 SMN has raised mortgage and deposit rates in step with Norges Bank's rate changes in recent years, and has from March 2024 effectuated the latest interest rate hike by the central bank, which will gain full effect in the second quarter of 2024.

The group saw strong cost growth through 2023 due to investments in technology development, growth initiatives and competencies. In 2024 the cost trend in the group will be in particular focus, and the group's cost growth is expected to normalise.

The risk picture in SpareBank 1 SMN's loan portfolio is satisfactory, although higher interest rates and lower activity levels in the economy have prompted increased uncertainty. However, there are few indications of any deterioration of the portfolio's credit quality, as reflected in continued low losses.

The group's liquidity and capital position is robust. At the end of the first quarter the group had a CET1 ratio of 18.5 per cent and is thus well positioned to fulfil its growth aspirations.

SpareBank 1 SMN aspires to be among the best-performing financial institutions in the Nordic region, and the group's overriding financial goal is to deliver a return on equity of at least 13 per cent over time. The board of directors is pleased with results achieved in the year's first quarter and expects 2024 to be a good year for the group.

Trondheim, 7. May 2024
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal
(chair)

Christian Stav
(deputy chair)

Mette Kamsvåg

Freddy Aursø

Nina Olufsen

Ingrid Finboe Svendsen

Kristian Sætre

Christina Straub
(employee rep.)

Inge Lindseth
(employee rep.)

Jan-Frode Janson
(Group CEO)

Income statement

Parent bank				Group			
Jan - Mar			(NOKm)	Note	Jan - Mar		
2023	2023	2024			2024	2023	2023
9,219	1,889	2,693	Interest income effective interest method		2,831	2,014	9,721
1,548	346	417	Other interest income		422	353	1,542
6,622	1,331	1,943	Interest expenses		1,947	1,332	6,631
4,144	903	1,168	Net interest	10	1,306	1,035	4,632
1,117	281	298	Commission income		367	341	1,370
114	26	32	Commission expenses		51	50	199
73	16	12	Other operating income		257	249	913
1,076	271	279	Commission income and other income	11	572	541	2,084
711	4	115	Dividends		3	2	26
-	-	-	Income from investment in related companies	3	194	125	297
464	-57	60	Net return on financial investments	13	84	-99	476
1,176	-54	175	Net return on financial investments		281	28	799
6,396	1,120	1,622	Total income		2,159	1,604	7,515
849	189	252	Staff costs		482	398	1,691
1,121	280	237	Other operating expenses	12	299	330	1,326
1,969	469	490	Total operating expenses		782	728	3,017
4,426	651	1,132	Result before losses		1,377	875	4,498
-72	-77	21	Loss on loans, guarantees etc.	6, 7	24	-71	14
4,498	728	1,111	Result before tax	3	1,353	946	4,484
820	176	242	Tax charge		273	206	904
-	-	-	Result investment held for sale, after tax	2, 3	3	38	108
3,678	552	869	Net profit		1,084	778	3,688
122	39	39	Attributable to additional Tier 1 Capital holders		48	34	125
2,376	328	554	Attributable to Equity capital certificate holders		675	455	2,331
1,181	185	276	Attributable to the saving bank reserve		336	256	1,159
			Attributable to non-controlling interests		25	33	74
3,678	552	869	Net profit		1,084	778	3,688
			Profit/diluted profit per ECC	19	4.68	3.51	16.88

Other comprehensive income

Parent bank				Group		
Jan - Mar				Jan - Mar		
2023	2023	2024	(NOKm)	2024	2023	2023
3,678	552	869	Net profit	1,084	778	3,688
			Items that will not be reclassified to profit/loss			
-27	-	-	Actuarial gains and losses pensions	-	-	-27
7	-	-	Tax	-	-	7
-	-	-	Share of other comprehensive income of associates and joint venture	1	1	6
-20	-	-	Total	1	1	-14
			Items that will be reclassified to profit/loss			
-5	5	0	Value changes on loans measured at fair value	0	5	-5
-	-	-	Share of other comprehensive income of associates and joint venture	-33	-16	-140
-5	5	0	Total	-33	-11	-145
-25	5	0	Net other comprehensive income	-32	-10	-158
3,653	558	869	Total comprehensive income	1,051	768	3,530
122	33	39	Attributable to additional Tier 1 Capital holders	48	34	125
2,359	336	554	Attributable to Equity capital certificate holders	653	448	2,225
1,173	189	276	Attributable to the saving bank reserve	325	253	1,106
			Attributable to non-controlling interests	25	33	74
3,653	558	869	Total comprehensive Income	1,051	768	3,530

Balance sheet

Parent bank			Note	Group		
31 Dec 23	31 Mar 23	31 Mar 24 (NOKm)		31 Mar 24	31 Mar 23	31 Dec 23
1,172	1,241	2,021		2,021	1,241	1,172
19,241	19,259	18,721		8,140	8,630	8,746
156,464	139,845	155,824	5	168,407	152,208	168,955
34,163	44,329	36,080	17	36,080	44,330	34,163
6,659	7,073	7,260	17	7,260	7,073	6,659
731	429	715	17	1,156	826	1,137
6,270	5,069	6,547		9,024	7,913	8,695
2,090	1,924	2,090		-	-	-
98	554	98	2	104	1,509	112
812	467	808		1,234	670	1,228
1,321	3,246	1,682	14	2,295	3,808	1,849
229,020	223,434	231,846	Total assets	235,721	228,207	232,717
13,160	15,875	14,941		14,941	15,875	13,160
133,462	124,202	134,986	9	134,395	123,529	132,888
45,830	49,363	43,772	16	43,770	49,361	45,830
6,989	7,792	7,084	17	7,084	7,792	6,989
2,262	4,168	5,013	15	5,773	4,880	3,005
-	-	-	2	2	620	1
2,169	2,015	2,672	16	2,752	2,058	2,247
203,871	203,414	208,468	Total liabilities	208,716	204,115	204,120
2,884	2,597	2,884		2,884	2,597	2,884
-	-0	-2		-2	-8	-
2,422	895	2,422		2,422	895	2,409
8,482	7,877	8,472		8,472	7,838	8,482
1,730	-	-		-	-	1,730
860	-	-		-	-	860
6,865	6,408	6,865		6,865	6,408	6,865
106	70	106		106	70	106
-	5	0		2,620	2,825	2,690
1,800	1,617	1,761		1,862	1,659	1,903
-	552	869		1,084	778	-
-	-	-		691	1,031	666
25,150	20,021	23,378	Total equity capital	27,004	24,092	28,597
229,020	223,434	231,846	Total liabilities and equity	235,721	228,207	232,717

Cash flow statement

Parent bank			(mill. kr)	Group		
31 Dec 23	31 Mar 23	31 Mar 24		31 Mar 24	31 Mar 23	31 Dec 23
-6,270	-179	655	Decrease/(increase) of loans to customers	562	-549	-6,838
8,263	1,707	2,472	Interest receipts from loans to customers	2,625	1,832	8,805
4,331	2,713	523	Decrease/(increase) of loans to credit institutions	609	3,034	4,517
856	166	228	Interest receipts from loans to credit institutions	205	159	783
622	1,228	1,076	Increase/(decrease) of deposits from customers	1,059	1,245	738
-3,632	-422	-719	Interest payments on deposits from customers	-711	-415	-3,600
-1,480	1,240	1,774	Increase/(decrease) of debt to credit institutions	1,774	1,240	-1,472
-514	-111	-149	Interest payments on debt to credit institutions	-149	-111	-514
5,879	-4,355	-1,341	Increase/(decrease) in short term investments	-1,325	-4,355	5,881
1,288	281	347	Interest receipts from short term investments	345	280	1,282
221	-404	-510	Increase/(decrease) in derivatives	-510	-404	221
-802	-268	-315	Interest receipts from derivatives	-315	-268	-802
2,084	-808	139	Increase/(decrease) in other claims	382	-576	2,946
-2,822	113	-598	Increase/(decrease) in other debts	-931	-155	-3,936
8,025	903	3,582	A) Net change in liquidity from operations	3,619	959	8,016
35	-	-	Increase of cash by merging	-	-	35
-125	-70	-104	Gross investment buildings/operating assets	-128	-107	-207
-	-	-	Sale of buildings/operating assets	-	-	-
302	-	-	Dividends from subsidiaries	-	-	-0
-	-	-	Paid in capital due to reduction of shareholding in subsidiaries	-	-	-
-69	-	-	Payment of capital due to increase in shareholding in subsidiaries	-	-	-
391	-	-	Dividends from associated companies and joint ventures	-	-	391
123	35	43	Proceeds from sale of shares of associated companies and joint ventures	43	30	142
-190	-36	-319	Payment for purchase of shares of associated companies and joint ventures	-319	-36	-198
-	-	-	Proceeds from shares held for sale	12	-	163
18	4	6	Dividends from other businesses	3	2	26
1,590	-	0	Reduction/sale of shares and ownership interests	23	0	1,638
-1,487	-1	42	Increase/purchase of shares and ownership interests	-	-4	-1,509
589	-68	-332	B) Net change in liquidity from investments	-366	-114	482
5,280	827	357	Debt raised by issuance of covered bonds	357	827	5,280
-11,204	-1,241	-2,899	Repayment of issued covered bonds	-2,899	-1,241	-11,204
-1,207	-218	-273	Interest payment on covered bonds issued	-273	-218	-1,207
750	-	500	Debt raised by issuance of subordinated debt	502	-	826
-750	-	-	Payments of issued subordinated debt	-	-	-793
-125	-24	-37	Interest payment on subordinated debt	-39	-25	-128
2	-0	-11	Proceeds from sale or issue of treasury shares	-11	0	153
-840	-	-	Dividends cleared	-	-	-840
-	-	-	Dividends paid to non-controlling interests	-	-	-121
-474	-	-	Disbursed from gift fund	-	-	-474
416	-	-	Additional Tier 1 Capital issued	-	-	519
-342	-76	-	Repayment of Additional Tier 1 Capital	-	-76	-385
-122	-33	-39	Interest payments on additional Tier 1 capital	-41	-42	-125
-8,615	-765	-2,401	C) Net change in liquidity from financial activities	-2,403	-774	-8,498
1	70	849	A) + B) + C) Net changes in cash and cash equivalents	849	70	1
1,171	1,171	1,172	Cash and cash equivalents at 1.1	1,172	1,171	1,171
1,172	1,241	2,021	Cash and cash equivalents at end of the period	2,021	1,241	1,172
1	70	849	Net changes in cash and cash equivalents	849	70	1

Change in equity

Parent Bank (NOKm)	Issued equity		Earned equity						
	EC capital	Premium fund	Owner-less capital	Equali-sation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	Total equity
Equity at 1 January 2023	2,597	895	6,408	7,877	1,314	70	0	1,726	20,887
Net profit	-	-	299	602	2,591	37	27	122	3,678
Other comprehensive income									
Financial assets through OCI	-	-	-	-	-	-	-5	-	-5
Actuarial gains (losses), pensions	-	-	-	-	-	-	-20	-	-20
Other comprehensive income	-	-	-	-	-	-	-25	-	-25
Total comprehensive income	-	-	299	602	2,591	37	3	122	3,653
Transactions with owners									
Dividend declared for 2022	-	-	-	-	-840	-	-	-	-840
To be disbursed from gift fund	-	-	-	-	-474	-	-	-	-474
Additional Tier 1 Capital	-	-	-	-	-	-	-	416	416
Buyback additional Tier 1 Capital issued	-	-	-	-	-	-	-	-342	-342
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-122	-122
Purchase and sale of own ECCs	-0	-	-	3	-	-	-	-	2
Merging with SpareBank 1 Søre Sunnmøre	288	1,526	158	-	-	-	-	-	1,972
Direct recognitions in equity	-	-	-	-	-	-	-3	-	-3
Total transactions with owners	287	1,526	158	3	-1,314	-	-3	-48	610
Equity at 31 December 2023	2,884	2,422	6,865	8,482	2,591	106	0	1,800	25,150
Equity at 1 January 2024	2,884	2,422	6,865	8,482	2,591	106	0	1,800	25,150
Net profit	-	-	-	-	-	-	869	-	869
Other comprehensive income									
Value changes on loans measured at fair value	-	-	-	-	-	-	0	-	0
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	0	-	0
Total comprehensive income	-	-	-	-	-	-	869	-	869
Transactions with owners									
Dividend declared for 2023	-	-	-	-	-1,730	-	-	-	-1,730
To be disbursed from gift fund	-	-	-	-	-860	-	-	-	-860
Additional Tier 1 Capital	-	-	-	-	-	-	-	-	-
Buyback Additional Tier 1 Capital issued	-	-	-	-	-	-	-	-	-
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-39	-39
Purchase and sale of own ECCs	-1	-	-	-9	-	-	-	-	-11
Direct recognitions in equity	-	-	-	-	-	-	-	-	-
Total transactions with owners	-1	-	-	-9	-2,591	-	-	-39	-2,641
Equity at 31 March 2024	2,883	2,422	6,865	8,472	-	106	869	1,761	23,378

Group	Attributable to parent company equity holders									
	Issued equity		Earned equity							
(NOKm)	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	NCI	Total equity
Equity at 1 January 2023	2,586	895	6,408	7,828	1,314	70	2,940	1,769	997	24,807
Implementation effect of IFRS 17 in SpareBank 1 Gruppen 2)	-	-	299	602	2,591	37	-40	125	74	3,688
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-133	-	-	-133
Value changes on loans measured at fair value	-	-	-	-	-	-	-5	-	-	-5
Actuarial gains (losses), pensions	-	-	-	-	-	-	-20	-	-	-20
Other comprehensive income	-	-	-	-	-	-	-158	-	-	-158
Total comprehensive income	-	-	299	602	2,591	37	-198	125	74	3,530
Transactions with owners										
Dividend declared for 2022	-	-	-	-	-840	-	-	-	-	-840
To be disbursed from gift fund	-	-	-	-	-474	-	-	-	-	-474
Additional Tier 1 Capital issued	-	-	-	-	-	-	-	519	-	519
Buyback Additional Tier 1 Capital issued	-	-	-	-	-	-	-	-385	-	-385
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-125	-	-125
Purchase and sale of own ECCs	-0	-	-	3	-	-	-	-	-	2
Own ECC held by SB1 Markets 1)	11	-	-	49	-	-	10	-	-	70
Merging with SpareBank 1 Søre Sunnmøre	288	1,526	158	-	-	-	-	-	-93	1,879
SB1 Markets from subsidiary to associated company	-	-	-	-	-	-	110	-	-	110
Direct recognitions in equity	-	-	-	-	-	-	-16	-	-	-16
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-169	-	-	-169
Change in non-controlling interests	-	-	-	-	-	-	-	-	-312	-312
Total transactions with owners	298	1,526	158	52	-1,314	-	-65	10	-405	260
Equity at 31 December 2023	2,884	2,422	6,865	8,482	2,591	106	2,677	1,903	666	28,597

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

(NOKm)	Attributable to parent company equity holders									
	Issued equity		Earned equity							
	EC capital	Premium fund	Owner-less capital	Equalisation fund	Dividend and gifts	Un-realised gains reserve	Other equity	Additional Tier 1 Capital	NCI	Total equity
Equity at 1 January 2024	2,884	2,422	6,865	8,482	2,591	106	2,677	1,903	666	28,597
Net profit	-	-	-	-	-	-	1,059	-	25	1,084
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-32	-	-	-32
Value changes on loans measured at fair value	-	-	-	-	-	-	0	-	-	0
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-32	-	-	-32
Total comprehensive income	-	-	-	-	-	-	1,027	-	25	1,051
Transactions with owners										
Dividend declared for 2023	-	-	-	-	-1,730	-	-	-	-	-1,730
To be disbursed from gift fund	-	-	-	-	-860	-	-	-	-	-860
Additional Tier 1 capital issued	-	-	-	-	-	-	-	-	-	-
Buyback additional Tier 1 Capital issued	-	-	-	-	-	-	-	-	-	-
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-41	-	-41
Purchase and sale of own ECCs	-1	-	-	-9	-	-	-	-	-	-11
Direct recognitions in equity	-	-	-	-	-	-	0	-	-	0
Other transactions from associates and joint ventures	-	-	-	-	-	-	-0	-	-	-0
Change in non-controlling interests	-	-	-	-	-	-	-	-	0	0
Total transactions with owners	-1	-	-	-9	-2,591	-	-0	-41	0	-2,643
Equity at 31 March 2024	2,883	2,422	6,865	8,472	-	106	3,704	1,862	691	27,005

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

2) The change in principle as a result of the implementation of IFRS 17 is described in Note 1 Accounting Principles

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®/Accounting Standards 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 2023. 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 statement of cash flows as described below.

Statement of cash flows

With effect from 1 January 2024, SpareBank 1 SMN has presented cash flow from operations according to the direct method in accordance with IAS 7. The change in principle is voluntary and has been implemented because it provides better information to users of the financial statements. The change in principle has been implemented retrospectively and comparative figures have been restated.

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.

	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	104	2	3	-	3	100 %
Total Held for sale	104	2	3	-	3	

Losses on loans and guarantees

For a detailed description of the Bank's model for expected credit losses, refer to note 3 and note 10 in the annual accounts for 2023.

Measurement of expected credit loss for each stage requires both information on events and current conditions and information on expected events and future economic conditions. Estimation and use of forward-looking information requires a high degree of discretionary judgement. Each macroeconomic scenario that is utilised includes a projection for a five-year period. For credits where credit risk is assessed to have increased significantly since loan approval (stage 2), loss estimates for the period after year 5 are based on year 5 as regards level of PD and LGD.

Our estimate of expected credit loss at stage 1 and 2 is a probability-weighted average of three scenarios: Base Case, Best Case and Worst Case. The model that computes model write-downs is based on two macro variables – interest rate level (three-month NIBOR) and unemployment (Statistics Norway's Labour Force Survey, AKU). The assumptions in the baseline scenario are based on the assumptions in Norges Bank's Monetary Policy Report 1/24. The downside scenario features high interest rates and high unemployment, which are largely based on Finanstilsynet's stress test reported in Financial Outlook, June 2023. The upside scenario features low interest rates and low unemployment.

Calculation of the group's overall model write-downs is based on calculations of expected credit loss (ECL) for each of five portfolios below. For each portfolio, separate assumptions are defined with regard to how the macro variables 'interest rate' and 'unemployment' impact PD and LGD. The relationships between the macro variables are developed using of regression analysis and simulation, while the relationships between the macro variables and LGD are based largely on expert assessments and discretionary judgement. The five portfolios are:

- Residential mortgages
- Other retail loans
- Agriculture
- Industries with large balance sheets / high long-term debt ratios (real estate, shipping, offshore, aquaculture, fishery)
- Industries with smaller balance sheets / low long-term debt ratios (other industries)

As in the previous quarter, the building and construction industry is generally considered to have acquired significantly increased credit risk since loan approval and customers in this industry are accordingly classified to stage 2 or 3. Customers in some fishery segments have also been moved to stage 2 for the same reason.

ECL as at 31 March 2024 is calculated as a combination of 80 per cent expected scenario, 10 per cent downside scenario and 10 per cent upside scenario (80/10/10 pct).

The effect of the change of assumptions in 2024 is shown in the line "Effect of changed assumptions in the ECL model" in note 7.

The model write-downs are reduced in the quarter for the retail market due a somewhat lower interest rate path than in the previous quarter in the baseline scenario and an upward adjustment of the expected trend in house prices. The model write-downs in the corporate portfolio have increased, in particular with respect to fishery due to increased credit risk. Overall, this amounts to NOK 32m for the bank and NOK 22m for the group in terms of 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 105 million for the parent bank and NOK 124 million for the group.

	CM	RM	Agriculture	Total parent	SB 1 Finans MN, CM	SB 1 Finans MN, RM	Total group
ECL base case	626	86	72	784	39	16	839
ECL worst case	1,326	259	257	1,842	161	76	2,078
ECL best case	407	51	40	498	20	11	528
ECL with scenario weights used 80/10/10	674	99	88	861	49	22	932
ECL alternative scenario weights 70/20/10	744	117	106	967	61	28	1,056
Total ECL used	70	17	18	105	12	6	124

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

Note 3 - 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 2024

Profit and loss account (NOKm)	Sunnmøre og Fjordane			SB 1 Finans		SB 1 Regnskaps- huset SMN		Other	Uncollated	Total
	RM	CM	EM 1	MN						
Net interest	460	341	149	2	130	1	-	-	224	1,306
Interest from allocated capital	101	58	37	-	-	-	-	-	-197	-
Total interest income	561	399	186	2	130	1	-	-	27	1,306
Comission income and other income	168	56	34	115	-22	216	-	-	5	572
Net return on financial investments **)	-0	1	2	-	-	-	194	-	85	281
Total income	729	456	222	117	108	217	194	-	117	2,159
Total operating expenses	143	49	50	97	39	182	-	-	222	782
Ordinary operating profit	586	406	172	20	69	35	194	-	-105	1,377
Loss on loans, guarantees etc.	11	18	-8	-	3	-	-	-	-0	24
Result before tax	575	389	180	20	66	35	194	-	-105	1,353
Return on equity *)	18.9 %	23.8 %	14.2 %							16.0 %

Group 31 March 2023

Profit and loss account (NOKm)				SB 1 Finans		SB 1 Regnskaps- huset SMN		Other	Uncollated	Total
	RM	CM	EM 1	MN						
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
Return on equity *)	15.8 %	28.4 %								13.0 %

Group 2023

Profit and loss account (NOKm)	RM	CM	Sunnmøre og Fjordane	EM 1	SB 1 Finans MN	SB 1 Regnskaps- huset SMN	Other	Uncollated	Total
Net interest	1,824	1,335	598	2	490	4	-	379	4,632
Interest from allocated capital	328	195	112	-	-	-	-	-634	-
Total interest income	2,151	1,530	709	2	490	4	-	-255	4,632
Comission income and other income	652	234	110	432	-97	716	-	37	2,084
Net return on financial investments **)	1	6	7	1	-82	-	379	488	799
Total income	2,804	1,770	826	435	311	720	379	270	7,515
Total operating expenses	1,078	407	315	395	115	612	-	97	3,017
Ordinary operating profit	1,726	1,363	512	40	196	108	379	173	4,498
Loss on loans, guarantees etc.	1	45	-118	-	86	-	-	-0	14
Result before tax	1,725	1,318	629	40	111	108	379	173	4,484
Return on equity *)	18.2 %	24.3 %	19.6 %						14.4 %

*) Regulatory capital is used as a basis for calculating capital used in the Private market and Business.

**) Specification of other (NOKm)

	31 Mar 24	31 Mar 23	31 Dec 23
SpareBank 1 Gruppen	40	34	-34
SpareBank 1 Boligkreditt	33	33	98
SpareBank 1 Næringskreditt	4	2	10
BN Bank	84	62	257
SpareBank 1 Markets	25	-	19
SpareBank 1 Kreditt	-4	-4	-13
SpareBank 1 Betaling	-12	-8	-37
SpareBank 1 Forvaltning	10	8	35
Other companies	13	4	46
Income from investment in associates and joint ventures	194	131	379
SpareBank 1 Mobilitet Holding	-	-7	-82
Net income from investment in associates and joint ventures	194	125	297

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 2024 the overall minimum requirement on CET1 capital is 14.0 per cent. The capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement for Norwegian IRB-banks is 4.5 per cent and the Norwegian countercyclical buffer is 2.5 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital. In addition the financial supervisory authority has set a Pillar 2 requirement for SpareBank 1 SMN. From 31 December 2023, the requirement is 1.7 per cent and must be met with a minimum of 56.25 per cent. 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 2024, the average risk weights are over 20 per cent.

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 2024 the effective rate for the parent bank and for the group is accordingly 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. For the first quarter of 2024 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 2023	31 Mar 2023	31 Mar 2024	(NOKm)	31 Mar 2024	31 Mar 2023	31 Dec 2023
25,150	20,021	23,378	Total book equity	27,004	24,092	28,597
-1,800	-1,617	-1,761	Additional Tier 1 capital instruments included in total equity	-1,862	-1,659	-1,903
-812	-467	-808	Deferred taxes, goodwill and other intangible assets	-1,700	-951	-1,625
-2,591	-	-	Deduction for allocated dividends and gifts	-	-	-2,591
-	-	-	Non-controlling interests recognised in other equity capital	-691	-1,031	-666
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	683	834	679
-	-552	-869	Net profit	-1,084	-778	-
-	147	73	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	285	372	-
-53	-78	-56	Value adjustments due to requirements for prudent valuation	-76	-95	-72
-412	-258	-348	Positive value of adjusted expected loss under IRB Approach	-488	-363	-546
-	-	-	Cash flow hedge reserve	-4	-4	-4
-350	-281	-350	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-268	-460	-278
19,131	16,915	19,258	Common equity Tier 1 capital	21,799	19,959	21,589
1,800	1,650	1,800	Additional Tier 1 capital instruments	2,322	2,073	2,252
-48	-46	-48	Deduction for significant investments in financial institutions	-48	-46	-48
20,883	18,519	21,010	Tier 1 capital	24,073	21,985	23,793
-	-	-	Supplementary capital in excess of core capital			
2,150	2,000	2,650	Subordinated capital	3,390	2,522	2,822
-216	-209	-214	Deduction for significant investments in financial institutions	-214	-209	-216
1,934	1,791	2,436	Additional Tier 2 capital instruments	3,177	2,313	2,606
22,817	20,309	23,447	Total eligible capital	27,250	24,298	26,399

Minimum requirements subordinated capital						
1,256	1,234	1,343	Specialised enterprises	1,615	1,469	1,538
904	920	871	Corporate	897	947	931
1,569	1,368	1,583	Mass market exposure, property	3,015	2,587	2,907
124	108	127	Other mass market	131	111	126
1,485	1,253	1,533	Equity positions IRB	-	-	-
5,338	4,884	5,457	Total credit risk IRB	5,658	5,113	5,502
3	3	5	Central government	5	3	5
95	109	99	Covered bonds	163	156	153
373	383	364	Institutions	276	285	280
110	217	109	Local and regional authorities, state-owned enterprises	146	242	146
248	174	290	Corporate	557	421	506
4	7	9	Mass market	708	679	703
37	36	44	Exposures secured on real property	116	111	126
63	90	63	Equity positions	478	501	465
112	102	133	Other assets	206	180	178
1,046	1,121	1,116	Total credit risk standardised approach	2,654	2,578	2,561
22	42	30	Debt risk	31	43	22
-	-	-	Equity risk	11	10	7
-	-	-	Currency risk and risk exposure for settlement/delivery	0	4	2
545	458	545	Operational risk	923	852	924
38	40	32	Credit value adjustment risk (CVA)	141	149	153
6,988	6,544	7,180	Minimum requirements subordinated capital	9,418	8,749	9,171
87,354	81,801	89,750	Risk weighted assets (RWA)	117,721	109,366	114,633
3,931	3,681	4,039	Minimum requirement on CET1 capital, 4.5 per cent	5,297	4,921	5,159
			Capital Buffers			
2,184	2,045	2,244	Capital conservation buffer, 2.5 per cent	2,943	2,734	2,866
3,896	3,640	4,003	Systemic risk buffer, 4.5 per cent	5,218	4,867	5,081
2,184	2,045	2,244	Countercyclical buffer, 1.0 per cent	2,943	2,734	2,866
8,264	7,730	8,490	Total buffer requirements on CET1 capital	11,104	10,335	10,813
6,937	5,504	6,729	Available CET1 capital after buffer requirements	5,397	4,702	5,618
Capital adequacy						
21.9 %	20.7 %	21.5 %	Common equity Tier 1 capital ratio	18.5 %	18.2 %	18.8 %
23.9 %	22.6 %	23.4 %	Tier 1 capital ratio	20.4 %	20.1 %	20.8 %
26.1 %	24.8 %	26.1 %	Capital ratio	23.1 %	22.2 %	23.0 %
Leverage ratio						
221,334	216,517	224,379	Balance sheet items	329,436	311,331	323,929
7,559	6,724	7,777	Off-balance sheet items	9,211	8,046	8,984
-513	-382	-452	Regulatory adjustments	-612	-504	-666
228,380	222,858	231,704	Calculation basis for leverage ratio	338,035	318,873	332,247
20,883	18,519	21,010	Core capital	24,073	21,985	23,793
9.1 %	8.3 %	9.1 %	Leverage Ratio	7.1 %	6.9 %	7.2 %

Note 5 - Distribution of loans by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2023	31 Mar 2023	31 Mar 2024		31 Mar 2024	31 Mar 2023	31 Dec 2023
12,021	10,773	11,919	Agriculture and forestry	12,398	11,214	12,489
5,459	7,095	5,599	Fisheries and hunting	5,626	7,123	5,488
2,218	1,864	2,239	Sea farming industries	2,499	2,179	2,473
3,170	2,736	3,206	Manufacturing	3,806	3,321	3,757
6,111	4,923	6,238	Construction, power and water supply	7,484	6,086	7,353
2,845	3,129	3,019	Retail trade, hotels and restaurants	3,961	3,872	3,777
6,030	5,700	5,066	Maritime sector	5,066	5,700	6,030
21,288	19,587	22,121	Property management	22,237	19,703	21,400
4,239	3,817	4,050	Business services	4,904	4,635	5,148
5,396	5,102	6,275	Transport and other services provision	7,424	6,182	6,459
2	3	10	Public administration	46	37	39
2,220	1,142	2,038	Other sectors	1,958	1,094	2,140
70,997	65,872	71,779	Gross loans in Corporate market	77,407	71,146	76,553
152,710	135,646	153,782	Wage earners	160,863	142,822	159,777
223,708	201,518	225,561	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	238,270	213,967	236,329
64,719	59,054	67,249	of which SpareBank 1 Boligkreditt	67,249	59,054	64,719
1,749	1,732	1,695	of which SpareBank 1 Næringskreditt	1,695	1,732	1,749
157,240	140,731	156,617	Total Gross loans to and receivables from customers	169,326	153,181	169,862
659	784	667	- Loan loss allowance on amortised cost loans	793	870	790
117	102	126	- Loan loss allowance on loans at FVOCI	126	102	117
156,464	139,845	155,824	Net loans to and receivables from customers	168,407	152,208	168,955

Note 6 - Losses on loans and guarantees

	Jan - Mar								
	2024			2023			2023		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Parent Bank (NOKm)									
Change in provision for expected credit losses	10	11	21	6	-93	-87	4	-59	-55
Actual loan losses on commitments exceeding provisions made	2	2	4	5	7	11	11	146	157
Recoveries on commitments previously written-off	-1	-3	-4	-2	-1	-2	-21	-153	-174
Losses for the period on loans and guarantees	11	10	21	9	-86	-77	-6	-66	-72
	Jan - Mar								
	2024			2023			2023		
	RM	CM	Total	RM	CM	Total	RM	CM	Total
Group (NOKm)									
Change in provision for expected credit losses	5	11	16	8	-91	-83	1	-7	-6
Actual loan losses on commitments exceeding provisions made	4	8	11	5	9	14	47	168	215
Recoveries on commitments previously written-off	-1	-3	-4	-2	-1	-2	-40	-155	-195
Losses for the period on loans and guarantees	8	16	24	11	-82	-71	8	6	14

Note 7 - Losses

	1 Jan 24	Change in provision	Net write- offs /recoveries	31 Mar 24
Parent Bank (NOKm)				
Loans as amortised cost- CM	671	6	-1	677
Loans as amortised cost- RM	43	5	-	48
Loans at fair value over OCI- RM	137	5	-	142
Loans at fair value over OCI- CM	13	4	-	17
Provision for expected credit losses on loans and guarantees	864	21	-1	884
Presented as				
Provision for loan losses	776	18	-1	793
Other debt- provisons	53	3	-	55
Other comprehensive income - fair value adjustment	36	0	-	36

	1 Jan 23	Change in provision	Net write- offs /recoveries	31 Mar 23
Parent Bank (NOKm)				
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

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

Group (NOKm)	1 Jan 24	Change in provision	Net write-offs /recoveries	31 Mar 24
Loans as amortised cost- CM	777	7	-1	783
Loans as amortised cost- RM	68	0	-	69
Loans at fair value over OCI- RM	137	5	-	142
Loans at fair value over OCI- CM	13	4	-	17
Provision for expected credit losses on loans and guarantees	995	16	-1	1,011
Presented as				
Provision for loan losses	907	13	-1	919
Other debt- provisions	53	3	-	55
Other comprehensive income - fair value adjustment	36	0	-	36

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- provisions	67	17	-	83
Other comprehensive income - fair value adjustment	40	5	-	45

Group (NOKm)	1 Jan 23	Merge Søre Sunnmøre	Change in provision	Net write-offs /recoveries	31 Dec 23
Loans as amortised cost- CM	976	32	-44	-186	777
Loans as amortised cost- RM	63	11	-1	-5	68
Loans at fair value over OCI- RM	147	-	-10	-	137
Loans at fair value over OCI- CM	2	-	11	-	13
Provision for expected credit losses on loans and guarantees	1,188	43	-44	-192	995
Presented as					
Provision for loan losses	1,081	41	-23	-192	907
Other debt- provisions	67	2	-16	-	53
Other comprehensive income - fair value adjustment	40	-	-5	-	36

Accrual for losses on loans

Parent Bank (NOKm)	31 Mar 2024				31 Mar 2023				31 Dec 2023			
	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	38	95	45	179	46	93	42	181	46	93	42	181
Transfer to (from) stage 1	14	-14	-0	-	20	-20	-0	-	18	-18	-0	-
Transfer to (from) stage 2	-2	3	-0	-	-3	3	-0	-	-3	3	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-5	5	-	-0	-8	9	-
Net remeasurement of loss allowances	-13	21	9	18	-21	18	5	2	-26	19	-5	-12
Originations or purchases	4	3	0	8	8	2	1	11	15	20	3	37
Derecognitions	-3	-10	-2	-15	-6	-9	-3	-18	-14	-31	-4	-49
Changes due to changed input assumptions	1	-2	-0	-2	6	7	-4	9	3	16	8	27
Actual loan losses	0	0	-	-	-	-	-3	-3	0	0	-5	-5
Closing balance	39	91	58	188	51	89	43	182	38	95	45	179
Corporate Market												
Opening balance	160	267	205	633	138	298	421	858	138	298	421	858
Transfer to (from) stage 1	10	-10	-0	-	28	-27	-0	-	59	-59	-0	-
Transfer to (from) stage 2	-4	4	-0	-	-4	14	-10	-	-14	24	-10	-
Transfer to (from) stage 3	-6	-1	8	-	-1	-2	3	-	-1	-5	6	-
Net remeasurement of loss allowances	-13	28	11	26	-31	-56	-20	-107	-58	11	9	-38
Originations or purchases	21	10	3	34	18	1	-	19	90	35	37	163
Derecognitions	-13	-56	-12	-82	-13	-15	-3	-32	-52	-68	-15	-136
Changes due to changed input assumptions	6	25	0	31	7	5	0	12	-2	31	-62	-33
Actual loan losses	-	-	-1	-1	-	-	-	-	-	-	-181	-181
Closing balance	160	267	214	641	141	218	391	750	160	267	205	633
Total accrual for loan losses	198	359	271	829	192	306	434	932	198	363	251	812

Group (NOKm)	31 Mar 2024				31 Mar 2023				31 Dec 2023			
	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	111	46	204	55	107	47	209	55	107	47	209
Transfer to (from) stage 1	18	-18	-0	-	21	-21	-0	-	21	-20	-1	-
Transfer to (from) stage 2	-3	3	-0	-	-3	3	-0	-	-4	5	-1	-
Transfer to (from) stage 3	-0	-6	6	-	-0	-6	6	-	-1	-10	11	-
Net remeasurement of loss allowances	-16	25	8	18	-21	21	6	7	-28	25	-6	-9
Originations or purchases	5	4	0	10	10	2	1	13	19	25	3	47
Derecognitions	-4	-11	-2	-17	-6	-10	-3	-19	-17	-34	-7	-58
Changes due to changed input assumptions	-1	-5	-0	-6	5	5	-4	6	-0	14	7	21
Actual loan losses	-	-	-	-	-	-	-3	-3	-	-	-5	-5
Closing balance	46	103	59	208	60	103	49	212	46	111	46	204
Corporate Market												
Opening balance	172	299	268	739	151	311	450	912	151	311	450	912
Transfer to (from) stage 1	11	-11	-0	-	29	-28	-0	-	63	-63	-0	-
Transfer to (from) stage 2	-5	6	-0	-	-5	15	-10	-	-18	28	-10	-
Transfer to (from) stage 3	-6	-3	9	-	-1	-3	4	-	-1	-6	7	-
Net remeasurement of loss allowances	-13	31	11	29	-29	-53	-19	-101	-59	22	60	23
Originations or purchases	22	12	4	38	20	2	1	22	96	46	38	181
Derecognitions	-14	-57	-13	-84	-14	-16	-3	-33	-54	-70	-16	-140
Changes due to changed input assumptions	5	22	-1	26	7	4	-6	5	-5	29	-75	-51
Actual loan losses	-	-	-1	-1	-	-	-	-	-	-	-186	-186
Closing balance	172	298	277	747	158	231	417	806	172	299	268	739
Total accrual for loan losses	218	401	336	955	219	334	465	1,018	218	410	314	943

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	31 Mar 2024				31 Mar 2023				31 Dec 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	18	27	8	53	24	34	9	67	24	34	9	67
Transfer to (from) stage 1	3	-3	-0	-	1	-1	-0	-	6	-6	-0	-
Transfer to (from) stage 2	-0	0	-0	-	-0	0	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-0	1	-	-0	-0	0	-	-0	-1	1	-
Net remeasurement of loss allowances	-4	-0	0	-4	-4	11	4	12	-13	-4	2	-15
Originations or purchases	2	0	5	7	10	1	0	11	9	4	0	13
Derecognitions	-1	-1	-0	-3	-1	-3	-0	-4	-6	-8	-1	-15
Changes due to changed input assumptions	1	2	-0	2	2	-4	-0	-2	0	5	-3	2
Actual loan losses	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	17	25	13	55	31	39	13	83	18	27	8	53
Of which												
Retail market				3				3				1
Corporate Market				53				81				51

Provision for credit losses specified by industry

Parent Bank (NOKm)	31 Mar 2024				31 Mar 2023				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	44	16	63	3	33	18	54	3	44	10	57
Fisheries and hunting	8	73	-	81	13	8	-	21	6	33	0	39
Sea farming industries	6	1	18	25	2	1	1	4	5	0	0	5
Manufacturing	10	29	14	52	9	39	5	53	15	31	13	59
Construction, power and water supply	35	28	32	96	38	22	15	75	46	25	28	99
Retail trade, hotels and restaurants	15	20	4	40	17	24	0	41	8	13	1	23
Maritime sector	6	18	102	127	6	22	152	180	7	54	103	164
Property management	37	72	27	136	33	63	23	119	44	92	22	159
Business services	20	20	6	46	14	33	178	226	17	16	24	57
Transport and other services	21	8	6	36	10	12	17	39	10	6	13	29
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	1	1	-	1	0	0	-	0	1	0	0	1
Wage earners	1	44	46	91	0	49	25	74	1	47	35	83
Total provision for losses on loans	163	359	271	793	146	306	434	887	163	363	251	776
loan loss allowance on loans at FVOCI	36			36	45			45	36			36
Total loan loss allowance	198	359	271	829	192	306	434	932	198	363	251	812

Group (NOKm)	31 Mar 2024				31 Mar 2023				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	45	17	66	4	35	19	58	4	46	10	60
Fisheries and hunting	8	73	0	81	13	8	0	21	6	33	0	39
Sea farming industries	7	1	18	26	4	1	1	6	6	0	0	6
Manufacturing	13	33	17	63	13	43	11	67	18	36	13	68
Construction, power and water supply	35	45	36	116	43	25	20	88	46	42	33	121
Retail trade, hotels and restaurants	18	22	4	44	19	25	2	45	11	15	2	28
Maritime sector	6	18	102	127	6	22	152	180	7	54	103	164
Property management	37	73	27	137	34	63	23	120	45	93	22	160
Business services	23	22	59	104	16	34	186	237	19	18	78	114
Transport and other services	23	13	9	46	13	17	21	51	12	11	16	39
Public administration	0	0	-	0	0	-	-	0	0	0	0	0
Other sectors	1	1	-	1	0	0	0	0	1	0	0	1
Wage earners	7	54	47	109	8	61	30	99	8	62	36	106
Total provision for losses on loans	182	401	336	919	173	334	465	973	183	410	314	907
loan loss allowance on loans at FVOCI	36			36	45			45	36			36
Total loan loss allowance	218	401	336	955	219	334	465	1,018	218	410	314	943

Note 8 - Gross Loans

Parent Bank (NOKm)	31 Mar 2024				31 Mar 2023				31 Dec 2023			
	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	90,901	4,553	725	96,178	80,994	3,962	527	85,484	80,994	3,962	527	85,484
Transfer to stage 1	880	-868	-13	-	1,061	-1,048	-14	-	895	-868	-27	-
Transfer to stage 2	-875	889	-14	-	-1,003	1,010	-7	-	-1,538	1,557	1	-
Transfer to stage 3	-5	-111	116	-	-2	-95	97	-	-38	-156	194	-
Net increase/decrease amount existing loans	-1,184	-45	-17	-1,246	-973	-33	-2	-1,007	-2,305	-95	-6	-2,406
New loans	12,389	281	72	12,743	11,257	205	49	11,511	42,690	1,549	222	44,460
Derecognitions	-12,729	-525	-93	-13,346	-11,250	-489	-59	-11,798	-29,797	-1,395	-149	-31,342
Financial assets with actual loan losses	0	0	-1	-1	-0	-	-8	-8	0	0	-18	-18
Closing balance	89,377	4,175	775	94,327	80,085	3,514	583	84,181	90,901	4,553	725	96,178
Corporate Market												
Opening balance	47,327	6,988	1,165	55,480	43,127	5,883	1,346	50,356	43,127	5,883	1,346	50,356
Transfer to stage 1	249	-245	-5	-	791	-787	-4	-	1,026	-1,021	-5	-
Transfer to stage 2	-1,008	1,008	-0	-	-625	700	-76	-	-2,669	2,670	-1	-
Transfer to stage 3	-4	-31	35	-	-11	-16	27	-	-72	-44	116	-
Net increase/decrease amount existing loans	-131	-55	-3	-189	106	-66	2	42	-1,099	-485	-10	-1,594
New loans	6,193	1,257	188	7,638	4,732	30	47	4,810	17,922	816	351	19,089
Derecognitions	-4,768	-1,370	-408	-6,546	-3,147	-162	-50	-3,360	-10,901	-828	-335	-12,064
Financial assets with actual loan losses	0	0	-3	-3	0	0	-5	-5	-7	-2	-298	-307
Closing balance	47,858	7,553	969	56,380	44,972	5,582	1,288	51,843	47,327	6,988	1,165	55,480
Fixed interest loans at FV	5,909			5,909	4,707			4,707	5,582	-	-	5,582
Total gross loans at the end of the period	143,145	11,727	1,744	156,617	129,764	9,096	1,872	140,731	143,809	11,541	1,890	157,240

Group (NOKm)	31 Mar 2024				31 Mar 2023				31 Dec 2023			
	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	96,963	5,474	825	103,263	86,972	4,901	635	92,508	86,972	4,901	635	92,508
Transfer to stage 1	1,223	-1,209	-13	-	1,180	-1,167	-14	-	1,138	-1,108	-30	-
Transfer to stage 2	-1,052	1,070	-18	-	-1,219	1,229	-10	-	-1,955	1,978	-23	-
Transfer to stage 3	-11	-145	156	-	-5	-120	124	-	-59	-219	277	-
Net increase/decrease amount existing loans	-1,159	-51	-19	-1,229	-902	-40	-3	-944	-2,272	-165	-20	-2,457
New loans	13,231	301	73	13,605	12,195	229	50	12,474	45,658	1,781	231	47,670
Derecognitions	-13,502	-600	-108	-14,210	-11,990	-581	-69	-12,640	-32,519	-1,694	-227	-34,440
Financial assets with actual loan losses	-	-	-1	-1	-0	-	-8	-8	-0	-0	-18	-18
Closing balance	95,694	4,839	895	101,428	86,232	4,451	705	91,389	96,963	5,474	825	103,263
Corporate Market												
Opening balance	51,327	8,533	1,259	61,119	47,621	6,460	1,410	55,491	47,621	6,460	1,410	55,491
Transfer to stage 1	332	-323	-9	-	846	-834	-12	-	1,207	-1,199	-8	-
Transfer to stage 2	-1,132	1,137	-5	-	-684	760	-76	-	-3,639	3,655	-17	-
Transfer to stage 3	-10	-54	64	-	-16	-41	57	-	-101	-80	180	-
Net increase/decrease amount existing loans	-97	-61	-4	-162	119	-68	1	52	-1,103	-692	-23	-1,818
New loans	6,668	1,367	188	8,223	5,242	41	50	5,333	19,159	1,339	368	20,866
Derecognitions	-5,137	-1,530	-421	-7,088	-3,431	-211	-66	-3,708	-11,811	-949	-354	-13,114
Financial assets with actual loan losses	0	0	-3	-3	0	0	-4	-4	-7	-2	-297	-306
Balance at 31 December	51,952	9,068	1,069	62,089	49,696	6,108	1,359	57,163	51,327	8,533	1,259	61,119
Closing balance												
Fixed interest loans at FV	5,809			5,809	4,629			4,629	5,480			5,480
Total gross loans at the end of the period	153,455	13,907	1,964	169,326	140,557	10,559	2,065	153,181	153,770	14,007	2,085	169,862

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank			(NOKm)	Group		
31 Dec 2023	31 Mar 2023	31 Mar 2024		31 Mar 2024	31 Mar 2023	31 Dec 2023
2,460	2,747	3,129	Agriculture and forestry	3,129	2,747	2,460
1,588	1,464	1,352	Fisheries and hunting	1,352	1,464	1,588
1,157	774	1,076	Sea farming industries	1,076	774	1,157
2,671	2,880	2,392	Manufacturing	2,392	2,880	2,671
5,251	4,952	4,551	Construction, power and water supply	4,551	4,952	5,251
5,996	4,976	5,033	Retail trade, hotels and restaurants	5,033	4,976	5,996
1,132	1,265	1,348	Maritime sector	1,348	1,265	1,132
5,867	5,810	6,196	Property management	6,111	5,738	5,787
13,413	13,225	12,334	Business services	12,334	13,225	13,413
11,164	9,912	11,895	Transport and other services provision	11,428	9,417	10,698
19,437	23,301	20,866	Public administration	20,866	23,301	19,437
5,452	3,952	6,215	Other sectors	6,176	3,846	5,425
75,588	75,259	76,386	Total	75,795	74,586	75,015
57,874	48,943	58,600	Wage earners	58,600	48,943	57,874
133,462	124,202	134,986	Total deposits	134,395	123,529	132,888

Note 10 - Net interest income

Parent bank				Group		
Jan - Mar				Jan - Mar		
2023	2023	2024	(NOKm)	2024	2023	2023
			Interest income			
887	183	236	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	91	77	380
4,716	981	1,361	Interest income from loans to and claims on customers (amortised cost)	1,638	1,207	5,701
3,616	725	1,096	Interest income from loans to and claims on customers (FVOCI)	1,096	725	3,616
165	33	49	Interest income from loans to and claims on customers (FVPL)	49	33	165
1,382	312	368	Interest income from money market instruments, bonds and other fixed income securities	372	319	1,377
-	-	-	Other interest income	6	6	24
10,766	2,234	3,111	Total interest income	3,253	2,367	11,263
			Interest expense			
559	126	168	Interest expenses on liabilities to credit institutions	168	126	559
3,780	696	1,166	Interest expenses relating to deposits from and liabilities to customers	1,159	689	3,748
2,056	462	542	Interest expenses related to the issuance of securities	542	462	2,057
129	24	40	Interest expenses on subordinated debt	42	25	132
9	2	3	Other interest expenses	12	9	45
90	21	23	Guarantee fund levy	23	21	90
6,623	1,331	1,943	Total interest expense	1,947	1,332	6,631
4,143	903	1,168	Net interest income	1,306	1,035	4,632

Note 11 - Net commission income and other income

Parent bank			Group		
Jan - Mar			Jan - Mar		
2023	2023	2024 (NOKm)	2024	2023	2023
Commission income					
68	18	17	17	18	68
-	-	-	71	64	265
47	11	15	15	11	47
155	57	59	59	57	155
15	3	4	4	3	15
496	113	123	123	112	493
253	61	63	63	61	253
83	18	17	15	16	74
1,117	281	298	367	341	1,370
Commission expenses					
102	23	28	28	24	102
12	3	4	23	26	96
114	26	32	51	50	199
Other operating income					
38	9	11	9	10	41
-	-	-	44	42	166
-	-	-	200	188	661
34	7	1	4	10	45
73	16	12	257	249	913
1,076	271	279	572	541	2,084

Note 12 - Operating expenses

Parent bank				Group		
Jan - Mar				Jan - Mar		
2023	2023	2024	(NOKm)	2024	2023	2023
304	92	91	IT costs	110	106	355
11	3	3	Postage and transport of valuables	4	4	14
59	17	20	Marketing	26	23	86
77	23	30	Ordinary depreciation	41	29	117
46	13	13	Operating expenses, real properties	13	16	55
188	43	60	Purchased services	74	53	217
156	90	21	Other operating expense *)	32	99	195
841	280	237	Total other operating expenses	299	330	1,038

*) In the first quarter of 2024, a cost reduction of NOK 30 million has been made under other operating expense after payment of an insurance settlement in connection with the embezzlement case. In the first quarter of 2023, an operational loss of NOK 51 million, relating to the same case, has been expensed under other operating expense.

Note 13 - Net return on financial investments

Parent Bank				Group		
2023	2023	2024		2024	2023	2023
Jan - Mar			(NOKm)	Jan - Mar		
			Valued at fair value through profit/loss			
17	-25	-88	Value change in interest rate instruments	-94	-33	17
			Value change in derivatives/hedging			
2	9	6	Net value change in hedged bonds and derivatives*	6	9	2
5	-24	11	Net value change in hedged fixed rate loans and derivatives	11	-24	5
-118	-57	96	Other derivatives	96	-57	-118
			Income from equity instruments			
-	-	-	Income from owner interests	194	125	297
693	-	109	Dividend from owner instruments	-	-	-
32	5	1	Value change and gain/loss on owner instruments	1	2	-5
18	4	6	Dividend from equity instruments	3	2	26
421	11	11	Value change and gain/loss on equity instruments	41	-18	469
1,069	-77	153	Total net income from financial assets and liabilities at fair value through profit/(loss)	258	5	692
			Valued at amortised cost			
-2	-1	0	Value change in interest rate instruments held to maturity	0	-1	-2
-2	-1	0	Total net income from financial assets and liabilities at amortised cost	0	-1	-2
108	24	22	Total net gain from currency trading	22	24	108
1,175	-54	175	Total net return on financial investments	281	28	799
* Fair value hedging						
896	185	-185	Changes in fair value on hedging instrument	-185	185	896
-894	-176	191	Changes in fair value on hedging item	191	-176	-894
2	9	6	Net Gain or Loss from hedge accounting	6	9	2

Note 14 - Other assets

Parent Bank			(NOKm)	Group		
31 Dec 2023	31 Mar 2023	31 Mar 2024		31 Mar 2024	31 Mar 2023	31 Dec 2023
-	-	-	Deferred tax asset	6	5	6
167	114	161	Fixed assets	268	227	276
251	275	331	Right to use assets	481	410	390
136	143	159	Earned income not yet received	215	192	153
66	1,780	278	Accounts receivable, securities	278	1,780	66
221	240	221	Pension assets	221	240	221
479	694	531	Other assets	826	953	737
1,320	3,246	1,682	Total other assets	2,295	3,808	1,848

Note 15 - Other liabilities

Parent Bank				Group		
31 Dec 2023	31 Mar 2023	31 Mar 2024		31 Mar 2024	31 Mar 2023	31 Dec 2023
			(NOKm)			
158	72	158	Deferred tax	216	127	216
813	527	757	Payable tax	812	602	900
22	13	22	Capital tax	22	13	22
137	263	681	Accrued expenses and received, non-accrued income	1,001	573	439
533	619	619	Provision for accrued expenses and commitments	619	619	533
52	83	55	Losses on guarantees and unutilised credits	55	83	52
9	6	9	Pension liabilities	9	6	9
260	285	338	Lease liabilities	491	421	403
9	109	4	Drawing debt	4	109	9
132	81	99	Creditors	189	159	191
-15	972	288	Debt from securities	288	972	-15
148	1,139	1,984	Other liabilities	2,064	1,195	243
2,259	4,168	5,013	Total other liabilities	5,771	4,878	3,002

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

Group

Change in securities debt (NOKm)	01 Jan 2024	Issued	Fallen due/ Redeemed	Other changes	31 Mar 2024
Bond debt, nominal value	34,767	-	2,955	713	32,526
Senior non preferred, nominal value	12,344	357	-	-5	12,696
Value adjustments	-1,588	-	-	-248	-1,836
Accrued interest	306	-	-	77	386
Total	45,830	357	2,955	537	43,772

Change in subordinated debt and hybrid equity (NOKm)	01 Jan 2024	Issued	Fallen due/ Redeemed	Other changes	31 Mar 2024
Ordinary subordinated loan capital, nominal value	2,226	-	-500	2	2,728
Hybrid equity, nominal value	-	-	-	-	-
Value adjustments	-	-	-	-	-
Accrued interest	21	-	-	3	24
Total	2,247	-	-500	5	2,752

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 2024:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	-	7,260	-	7,260
- Bonds and money market certificates	4,104	31,976	-	36,080
- Equity instruments	385	110	660	1,156
- Fixed interest loans	-	101	5,808	5,909
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	90,820	90,820
Total assets	4,490	39,447	97,288	141,225
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	-	7,084	-	7,084
Total liabilities	-	7,084	-	7,084

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	-	78	4,628	4,706
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	80,843	80,843
Total assets	4,734	47,025	86,019	137,777
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	-	7,792	-	7,792
Total liabilities	-	7,792	-	7,792

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

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

The following table presents the changes in the instruments classified in level 3 as at 31 March 2024:

(NOKm)	Equity instruments through profit /loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	622	5,480	92,263	98,365
Investment in the period	5	612	11,544	12,161
Disposals in the period	-1	-257	-12,978	-13,236
Expected credit loss	-	-	-9	-9
Gain or loss on financial instruments	34	-26	0	8
Closing balance 31 March 2024	660	5,808	90,820	97,288

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 December 2023:

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

Valuation method

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

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

Fixed interest loans to customers (level 3)

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

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

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

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

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

Equity instruments (level 3)

Shares that are classified to level 3 include essentially investments in unquoted shares. Among other a total of NOK 560 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 2024:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	5,808	-15
Equity instruments through profit/loss *	660	-
Loans at fair value through other comprehensive income	90,820	-2

* 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 2024 was 3.3 years. The overall LCR at the same point was 160 per cent and the average overall LCR in the first quarter was 176 per cent. The LCR in Norwegian kroner and euro at quarter-end was 160 and 392 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		
	2024	2023	2023
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	1,011	711	3,489
Allocated to ECC Owners 2)	675	455	2,331
Issues Equity Capital Certificates adjusted for own certificates	144,166,778	129,357,116	138,106,331
Earnings per Equity Capital Certificate	4.68	3.52	16.88

1) Adjusted Net Profit	Jan - Mar		
	2024	2023	2023
Net Profit for the group	1,084	778	3,688
adjusted for non-controlling interests share of net profit	-25	-33	-74
Adjusted for Tier 1 capital holders share of net profit	-48	-34	-125
Adjusted Net Profit	1,011	711	3,489

2) Equity capital certificate ratio (parent bank) (NOKm)	31 Mar 2024	31 Mar 2023	31 Dec 2023
ECC capital	2,883	2,597	2,884
Dividend equalisation reserve	8,472	7,877	8,482
Premium reserve	2,422	895	2,422
Unrealised gains reserve	71	45	71
Other equity capital	0	-	0
A. The equity capital certificate owners' capital	13,848	11,413	13,859
Ownerless capital	6,865	6,408	6,865
Unrealised gains reserve	35	25	35
Other equity capital	0	-	0
B. The saving bank reserve	6,901	6,433	6,900
To be disbursed from gift fund	-	-	860
Dividend declared	-	-	1,730
Equity ex. profit	20,748	17,846	23,350
Equity capital certificate ratio A/(A+B)	66.8 %	64.0 %	66.8 %
Equity capital certificate ratio for distribution	66.8 %	64.0 %	66.8 %

Results from quarterly accounts

Group (NOKm)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Interest income effective interest method	3,253	3,264	2,994	2,638	2,367	2,136	1,605	1,346	1,227
Interest expenses	1,947	1,951	1,803	1,544	1,332	1,175	791	543	468
Net interest	1,306	1,312	1,191	1,094	1,035	961	814	803	759
Commission income	367	325	336	367	341	340	370	378	358
Commission expenses	51	40	58	51	50	45	52	46	42
Other operating income	257	213	206	245	249	178	173	223	206
Commission income and other income	572	498	484	561	541	473	491	555	522
Dividends	3	-10	16	18	2	19	8	4	2
Income from investment in related companies	194	90	-2	85	125	195	108	77	62
Net return on financial investments	84	491	83	1	-99	-52	-30	-123	111
Net return on financial investments	281	571	97	103	28	163	86	-43	175
Total income	2,159	2,382	1,772	1,757	1,604	1,597	1,391	1,316	1,456
Staff costs	482	476	435	383	398	333	348	350	375
Other operating expenses	299	390	306	300	330	314	235	235	255
Total operating expenses	782	866	741	683	728	646	583	585	629
Result before losses	1,377	1,517	1,032	1,074	875	951	808	731	827
Loss on loans, guarantees etc.	24	20	35	29	-71	19	22	-48	-0
Result before tax	1,353	1,496	996	1,045	946	932	785	779	827
Tax charge	273	262	278	159	206	210	179	164	166
Result investment held for sale, after tax	3	12	22	37	38	46	10	87	37
Net profit	1,084	1,247	740	923	778	768	617	702	698

Key figures from quarterly accounts

Group (NOKm)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Profitability									
Return on equity per quarter ¹⁾	16.0%	18.3%	11.1%	15.1%	13.0%	13.1%	10.9%	12.9%	12.6%
Cost-income ratio ¹⁾	42 %	48 %	44 %	41 %	46 %	45 %	45 %	43 %	49 %
Balance sheet figures									
Gross loans to customers	169,326	169,862	168,940	166,819	153,181	152,629	150,247	148,681	147,023
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	238,270	236,329	234,316	232,100	213,967	211,244	208,900	205,504	199,965
Deposit from customers	134,395	132,888	138,230	140,164	123,529	122,010	120,558	123,812	114,053
Total assets	235,721	232,717	243,472	248,806	228,207	223,312	218,918	217,458	207,027
Quarterly average total assets	234,219	238,095	246,139	238,507	225,759	221,115	218,188	212,243	202,936
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months ¹⁾	0.8 %	0.9 %	1.0 %	8.5 %	1.3 %	1.1 %	1.7 %	2.8 %	2.4 %
Growth in deposits last 12 months	1.1 %	-3.9 %	-1.4 %	13.5 %	1.2 %	1.2 %	-2.6 %	8.6 %	2.5 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio ¹⁾	0.04 %	0.03 %	0.06 %	0.05 %	-0.13 %	0.04 %	0.04 %	-0.09 %	0.00 %
Stage 3 as a percentage of gross loans ¹⁾	0.82 %	0.88 %	0.98 %	0.99 %	0.96 %	0.97 %	1.02 %	1.08 %	1.62 %
Solidity									
Common equity Tier 1 capital ratio	18.5 %	18.8 %	19.7 %	19.1 %	18.2 %	18.9 %	19.2 %	18.8 %	18.3 %
Tier 1 capital ratio	20.4 %	20.8 %	21.3 %	21.0 %	20.1 %	20.9 %	20.8 %	20.4 %	19.8 %
Capital ratio	23.1 %	23.0 %	23.7 %	23.5 %	22.2 %	23.1 %	23.0 %	22.7 %	21.9 %
Tier 1 capital	24,073	23,793	24,283	24,192	21,985	21,835	21,252	20,547	19,797
Total eligible capital	27,250	26,399	26,950	27,106	24,298	24,147	23,546	22,910	21,839
Liquidity Coverage Ratio (LCR)	160 %	175 %	173 %	188 %	194 %	239 %	180 %	204 %	155 %
Leverage Ratio	7.1 %	7.2 %	7.3 %	7.2 %	6.9 %	7.1 %	7.3 %	6.9 %	7.0 %
Key figures ECC									
ECC share price at end of period (NOK)	137.80	141.80	137.20	141.00	123.60	127.40	111.40	115.80	141.20
Number of certificates issued, millions ¹⁾	144.13	144.20	143.82	143.80	129.43	129.29	129.29	129.31	129.39
Booked equity capital per ECC (NOK) ¹⁾	113.24	120.48	116.39	112.81	105.63	109.86	107.19	102.91	99.55
Profit per ECC, majority (NOK) ¹⁾	4.68	5.62	3.28	4.21	3.51	3.53	2.89	3.20	3.20
Price-Earnings Ratio (annualised) ¹⁾	7.36	6.31	10.47	8.38	8.79	9.02	9.62	9.06	11.05
Price-Book Value Ratio ¹⁾	1.22	1.18	1.18	1.25	1.17	1.16	1.04	1.13	1.42

¹⁾ Defined as alternative performance measures, see attachment to the quarterly report.

Equity capital certificates

Stock price compared with OSEBX and OSEEX

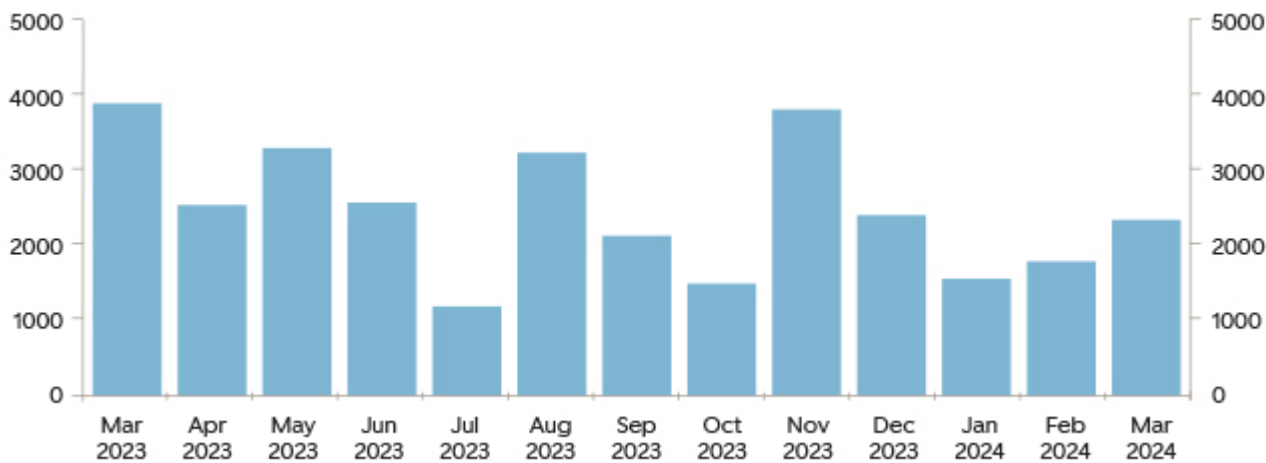
1 April 2022 to 31 March 2024



OSEBX = Oslo Stock Exchange Benchmark Index (rebased)
OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics

1 March 2023 to 31 March 2024



Total number of ECs traded (1000)

20 largest ECC holders	No. Of ECCs	Holding
Sparebankstiftinga Søre Sunnmøre	12,971,224	8.99 %
Sparebankstiftelsen SMN	5,463,847	3.79 %
KLP	4,222,118	2.93 %
Pareto Aksje Norge VPF	3,816,663	2.65 %
State Street Bank and Trust Comp	3,089,392	2.14 %
Pareto Invest Norge AS	2,938,362	2.04 %
VPF Eika Egenkapitalbevis	2,920,422	2.03 %
J. P. Morgan Chase Bank, N.A., London	2,769,580	1.92 %
The Northern Trust Comp	2,429,700	1.68 %
VPF Alfred Berg Gamba	2,361,207	1.64 %
Danske Invest Norske Aksjer Institusjon II.	2,311,670	1.60 %
VPF Holberg Norge	2,150,000	1.49 %
State Street Bank and Trust Comp	2,122,323	1.47 %
Forsvarets personellservice	2,014,446	1.40 %
J. P. Morgan SE	1,942,630	1.35 %
VPF Odin Norge	1,866,474	1.29 %
VPF Nordea Norge	1,847,635	1.28 %
RBC Investor Services Trust	1,786,943	1.24 %
Spesialfondet Borea Utbytte	1,420,064	0.98 %
MP Pensjon PK	1,352,771	0.94 %
The 20 largest ECC holders in total	61,797,471	42.85 %
Others	82,418,119	57.15 %
Total issued ECCs	144,215,590	100.00 %

Dividend policy

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

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

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



To the Board of SpareBank 1 SMN

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated balance sheet of SpareBank 1 SMN as at 31 March 2024, and the related consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information that gives a true and fair view in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not, in all material respects, give a true and fair view of the financial position of the entity as at 31 March 2024, and of its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Trondheim, 7 May 2024

PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.