

Third Quarter Report 2022



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Main figures

From the income statement (NOKm)	Third quarter		January - September		
	2022	2021	2022	2021	2021
Net interest	811	707	2,370	2,073	2,796
Net commission income and other income	540	623	1,921	2,161	2,832
Net return on financial investments	148	248	427	808	1,026
Total income	1,499	1,578	4,718	5,042	6,655
Total operating expenses	688	698	2,208	2,228	2,993
Results before losses	810	880	2,511	2,814	3,662
Loss on loans, guarantees etc	22	31	-26	129	161
Results before tax	788	849	2,536	2,685	3,501
Tax charge	172	175	520	497	609
Result investment held for sale, after tax	1	1	0	11	10
Net profit	617	675	2,017	2,199	2,902
Interest Tier 1 Capital	12	10	45	40	50
Net profit excl. Interest Tier 1 Capital	604	665	1,971	2,159	2,852
Balance sheet figures	30 Sep 2022	30 Sep 2021	31 Dec 2021		
Gross loans to customers				150,247	143,972
Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt				208,900	191,976
Deposits from customers				120,558	109,691
Average total assets				210,562	195,571
Total assets				218,918	200,124
Key figures	Third quarter	January - September			
	2022	2021	2022	2021	2021
Profitability					
Return on equity ¹⁾	10.9 %	12.4 %	12.0 %	13.8 %	13.5 %
Cost-income ratio ¹⁾	46 %	44 %	47 %	44 %	45 %
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	80 %	76 %	80 %	76 %	76 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt ¹⁾	58 %	57 %	58 %	57 %	57 %
Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt) ¹⁾	1.7 %	1.6 %	8.8 %	7.0 %	6.9 %
Growth in deposits last 12 months	-2.6 %	-0.4 %	9.9 %	15.0 %	14.1 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt					
Impairment losses ratio ¹⁾	0.04 %	0.07 %	-0.02 %	0.09 %	0.09 %
Stage 3 as a percentage of gross loans ¹⁾	1.02 %	1.80 %	1.02 %	1.80 %	1.68 %
Solidity	30 Sep 2022	30 Sep 2021	31 Dec 2021		
Capital ratio				23.0 %	21.8 %
Tier 1 capital ratio				20.8 %	19.7 %
Common equity Tier 1 capital ratio				19.2 %	18.1 %
Tier 1 capital				21,252	19,265
Total eligible capital				23,546	21,338
Liquidity Coverage Ratio (LCR)				180 %	163 %
Leverage Ratio				7.3 %	6.9 %
Branches and staff					
Number of branches				40	42
No. of full-time positions				1,608	1,529
1) Defined as alternative performance measures, see attachment to quarterly report					

Key figures ECC	30 Sep 2022	30 Sep 2021	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
ECC ratio	64 %	64 %	64 %	64 %	64.0 %	64.0 %
Number of certificates issued, millions ¹⁾	129.29	129.39	129.39	129.39	129.30	129.62
ECC share price at end of period (NOK)	111.40	129.80	149.00	97.60	100.20	84.20
Stock value (NOKM)	14,402	16,794	19,279	12,629	12,956	10,914
Booked equity capital per ECC (including dividend) ¹⁾	107.19	103.57	103.48	94.71	90.75	83.87
Profit per ECC, majority ¹⁾	9.29	10.11	13.31	8.87	12.14	9.97
Dividend per ECC	0.00	0.00	7.50	4.40	6.50	5.10
Price-Earnings Ratio ¹⁾	9.00	9.62	11.19	11.01	8.26	8.44
Price-Book Value Ratio ¹⁾	1.04	1.25	1.44	1.03	1.10	1.00

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

Report of the Board of Directors

Third quarter 2022

(Consolidated figures. Figures in parenthesis refer to the same period of 2021 unless otherwise stated)

- Pre-tax profit: NOK 788m (849m)
- Post-tax profit: NOK 617m (675m)
- Return on equity: 10.9 per cent (12.4 per cent)
- CET1 ratio: 19.2 per cent (18.1 per cent)
- Growth in lending: 1.7 per cent (1.6 per cent), in deposits a decline of 2.6 per cent (decline of 0.4 per cent)
- Lending to personal customers rose 1.3 per cent in the quarter (2.0 per cent), 1.5 percentage point lower growth than in the second quarter. Lending to corporates rose 2.4 per cent (0.7 per cent) which was 0.5 percentage point lower than in the second quarter.
- Deposits from personal customers declined 1.9 per cent (decline of 0.5 per cent), compared with growth of 6.6 per cent in the second quarter. Deposits from corporate clients declined 3.1 per cent (decline of 0.3 per cent) compared with growth of 9.9 per cent in the second quarter
- Net result of ownership interests: NOK 109m (179m)
- Net result of financial instruments (incl. dividends): NOK 39m (69m)
- Losses on loans and guarantees: NOK 22m (31m), 0.04 per cent of gross outstanding loans (0.07 per cent)
- Earnings per equity certificate (EC): NOK 2.89 (3.22). Book value per EC: NOK 107.19 (103.57)

Year to 30 September 2022

- Pre-tax profit: NOK 2,536m (2,685m)
- Post-tax profit: NOK 2,017m (2,199m)
- Return on equity: 12.0 per cent (13.8 per cent)
- Growth in lending: 8.8 per cent (7.0 per cent) and in deposits: 9.9 per cent (15.0 per cent) in the last 12 months.
- Growth in lending to personal customers was 7.3 per cent (6.8 per cent) in the last 12 months. Growth in lending to corporate customers was 12.0 per cent (7.5 per cent) in the last 12 months
- Lending to retail customers accounts for 67 per cent (68 per cent) of total lending
- Deposits from personal customers rose 8.4 per cent (8.4 per cent) in the last 12 months. Deposits from corporate customers rose 10.9 per cent (19.8 per cent) in the last 12 months.
- Net result of ownership interests: NOK 248m (519m)
- Net result of financial instruments (incl. dividends): NOK 179m (289m)
- Net recovery of losses on loans and guarantees: NOK 26m (loss of 129m), minus 0.02 per cent (0.09 per cent) of gross outstanding loans
- Earnings per equity certificate (EC): NOK 9.29 (10.11)

Events in the quarter

Rising interest rates and inflation, but signs of easing pressures in the economy

Norges Bank hiked its base rate to 1.75 per cent in August and further to 2.25 per cent in September. Like other banks, SpareBank 1 SMN has raised its interest rates on mortgages and deposits. Base rates have been raised in several countries, and further increases are expected.

Inflation has risen rapidly and has been higher than expected, also when energy prices are excluded. The labour market is tight, but there are clear signs that the economy is cooling. Easing pressures in the economy are expected to contribute to lower price growth.

Businesses and households alike experience tighter finances when prices rise in tandem with interest rate hikes. Rapid interest rate increases in the second half of 2022 are expected to reduce the risk of inflation stabilising at an excessively high level. If this is borne out, there will be less need for subsequent base rate hikes by Norges Bank (Norway's central bank). Norges Bank's forecasts assume an increase in the base rate to about 3 per cent over the course of the winter. However, much uncertainty attends the forecasts for inflation and the wider economy, and this will be decisive for interest rate decisions ahead.

For SpareBank 1 SMN's part the risk trend in the corporate portfolio is acceptable. Continued improvement is in evidence in the offshore segment, but increased risk is noted in the wider business sector due to high inflation and higher interest rates. Industries viewed as more exposed than others are construction, retail trade and commercial property. That said, SpareBank 1 SMN is well placed as a driver in a geographical area not affected by high energy costs.

Merger of SpareBank 1 SMN and SpareBank 1 Søre Sunnmøre adopted by the banks' boards of directors

An agreement of intent to merge SpareBank 1 SMN and SpareBank 1 Søre Sunnmøre was signed in June. At meetings of the boards of directors on 3 October the banks adopted a merger plan. Implementation of the plan requires a final decision to be taken by the supervisory boards and general meetings of the respective banks in week 45, and is also conditional on public authority approvals.

The overarching aim of the merged bank is take its place as the leading banking actor in Sunnmøre and in Fjordane. A merged bank will provide greater competitive power, an increased presence and will be attractive to customers, staff and shareholders alike.

The aim is to implement the merger at the start of the second quarter of 2023.

Rating

Moody's retained SpareBank 1 SMN's A1 credit rating in October 2022, changing the outlook from stable to positive. Confirmation of the positive outlook reflects SpareBank 1 SMN's solid capital position combined with sound, profitable operations, an improved risk profile and reduced dependence on market funding.

Results in the third quarter 2022

The third quarter net profit was NOK 617m (675m) and return on equity was 10.9 per cent (12.4 per cent). The third quarter profit is NOK 85m lower than in the second quarter of 2022 and is essentially down to weaker results among the subsidiaries in the summer months. The decline compared with last year's third quarter is related to weaker results posted by the insurance companies in SpareBank 1 Gruppen and lower return on financial investments.

Earnings per equity certificate were NOK 2.89 (3.22) and the EC's book value was NOK 107.19 (103.57). In the second quarter of 2022 earnings per EC were NOK 3.20.

Net interest income totalled NOK 811m (707m), which is NOK 10m higher than in the second quarter and NOK 104m better than in the third quarter of 2021. Market interest rates have risen substantially, and NIBOR was 105 points higher in the third quarter of 2022 than in the preceding quarter and 200 points higher than in the third quarter of 2021. This has resulted in lower margins on lending and higher margins on deposits. Increased lending volume and higher return on equity have strengthened net interest income.

Net commission and other income were reduced from the preceding quarter by NOK 205m to NOK 540m (623m). The reduction is essentially due to lower income from securities services after the high income recorded in both the first and second quarter. Estate agency services and accounting services showed, as expected, reduced income in the summer months of July and August.

The group's share of the results of related companies was NOK 109m (179m). The second quarter's profit share was NOK 77m. The decline from the third quarter of 2021 is down to weaker results posted by the insurance companies in SpareBank 1 Gruppen. Part of the insurers' profit impairment relates to losses on securities in an unsettled market.

Return on financial instruments (incl. dividends) amounted to NOK 39m (69m), and in the second quarter to minus NOK 32m.

Operating expenses were NOK 688m (698m) compared with NOK 758m in the second quarter. The decline from the second quarter is mainly attributable to lower variable remuneration at SpareBank 1 Markets following a strong second quarter. Expenses at the bank rose from the second to the third quarter as a result of new staff appointments and the year's pay settlement.

Losses on loans and guarantees came to NOK 22m (31m) in the third quarter, as compared with a net recovery of NOK 48m in the second quarter.

Good growth is noted in lending and deposits in the last 12 months, although deposits showed some decline in the third quarter. Overall lending rose 8.8 per cent (7.0 per cent) and deposits rose 9.9 per cent (15.0 per cent) in the last 12 months. In the third quarter lending growth was 1.7 (1.6) per cent and deposit growth minus 2.6 per cent (minus 0.4 per cent). Growth in lending to personal customers was 1.3 per cent, down from the previous quarter, while lending to corporate customers rose 2.4 per cent, also slightly down from the second quarter. Deposits were reduced in the third quarter both in the personal market and corporate market following high growth in the second quarter.

As at 30 September 2022 the CET1 ratio was 19.2 per cent (18.1 per cent), an increase of 0.4 percentage points from the previous quarter. The bank's CET1 target ratio is 17.2 per cent.

The price of the bank's equity certificate (MING) at quarter-end was NOK 111.40 (129.80).

Net interest income

Norges Bank raised its base rate to 1.75 per cent in August and further to 2.25 per cent in September. Market rates in terms of NIBOR have risen substantially and stood at 2.80 per cent at the end of September. The bank has raised its mortgage and deposit rates in step with the changes in the base rate. After the base rate hike in August, rate increases were carried out with effect from 4 October, and, following the base rate hike in September, increases were announced with effect from 10 November. NIBOR climbed 105 points from the second to third quarter and has risen 200 points since the third quarter of 2021.

Net interest income totalled NOK 811m (707m) compared with NOK 801m in the second quarter. Lags in interest rate adjustments related to the required period of notice of rate changes to customers resulted in reduced lending margins in the third quarter at the same time as deposit margins rose.

An increased deposit margin, growth in lending and higher return on equity strengthened net interest income in the third quarter while reduced lending margins pulled in the opposite direction. This is also the key reason for the change compared with the same quarter of 2021.

Norges Bank has signalled a further increase in the base rate, and the central bank's own forecast indicates a base rate of 3.0 per cent in the course of the winter. Quickening inflation is the chief contributor to higher base rates. Many factors are involved, and the forecasts for the economy and inflation are uncertain.

Commission income and other operating income

Commission income and other operating income totalled NOK 540m (623m) compared with NOK 745m in the second quarter of 2022.

A high proportion of multi-product customers makes for high customer satisfaction and a diversified income flow for the group.

Commission income (NOKm)	3Q 22	2Q 22	3Q 21
Payment transfers	83	72	61
Creditcard	16	15	14
Saving products	9	10	17
Insurance	60	59	54
Guarantee commission	15	8	13
Real estate agency	105	125	107
Accountancy services	115	167	114
Markets	57	198	110
Other commissions	12	9	7
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	473	664	497
Commissions SB1 Boligkreditt	63	77	123
Commissions SB1 Næringskreditt	4	4	3
Total commissions	540	745	623

Commission income on loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt altogether totalled NOK 67m (126m). In the second quarter of 2022 commissions came to NOK 81m. The decline from last year is down to reduced margins on loans sold to SpareBank 1 Boligkreditt.

Other commission income amounted to NOK 473m (497m) compared with NOK 664m in the second quarter. The decline of NOK 191m from the second quarter refers mainly to reduced income from securities services at SpareBank 1 Markets following a good second quarter, and a decline in real estate agency and accounting services due to seasonally low income in the summer months. Income from payment services has picked up in 2022 after the pandemic.

Return on financial investments

Overall return on financial investments in the third quarter came to NOK 31m (68m), and in the second quarter 2022 to minus NOK 36m. A decline of NOK 66m in share values was noted (gain of NOK 36m), referring largely to shareholdings at SpareBank 1 SMN Invest. Financial instruments, including bonds and CDs, showed a gain of NOK 41m in the third quarter (gain of NOK 14m) ascribable to gains on derivatives in connection with the bank's funding, and losses due to increased credit margins on the bank's liquidity portfolio. Income of NOK 30m (16m) from forex transactions refers to income from currency trading at SpareBank 1 Markets. Gains on shares and share derivatives at SpareBank 1 Markets totalled NOK 26m (2m).

Return on financial investments (NOKm)	3Q 22	2Q 22	3Q 21
Capital gains/losses shares	-66	-35	36
Gain/(loss) on financial instruments	41	-82	14
Foreign exchange gain/(loss)	30	29	16
Gain/(loss) on shares and share derivatives at SpareBank 1 Markets	26	52	2
Net return on financial instruments	31	-36	68

Product companies and other related companies

The product companies provide SpareBank 1 SMN with a broad product range and commission income along with return on invested capital. The overall profit share from the product companies and other related companies was NOK 109m (179m). In the second quarter the figure was NOK 77m.

Income from investment in associated companies (NOKm)	3Q 22	2Q 22	3Q 21
SpareBank 1 Gruppen (19.5%)	17	16	83
SpareBank 1 Boligkreditt (20.9%)	10	-4	11
SpareBank 1 Næringskreditt (14.9%)	0	2	-1
BN Bank (35.0 %)	53	47	40
SpareBank 1 Kreditt (18.7 %)	3	3	10
SpareBank 1 Betaling (20.8%)	-3	0	0
SpareBank 1 Forvaltning (19.6%)	10	11	13
Other companies	19	2	23
Income from investment in associated companies	109	77	179

SpareBank 1 Gruppen

This company owns 100 per cent of the shares of SpareBank 1 Forsikring, SpareBank 1 Factoring, SpareBank 1 Spleis and Modhi Finance, and 65 per cent of Fremtind Forsikring. The remaining shares of Fremtind are held by DNB.

SpareBank 1 Gruppen's profit after tax for the third quarter 2022 was NOK 207m (621m), and in the second quarter 2022 NOK 142m. Of the post-tax profit of NOK 207m, NOK 89m (425m) accrues to the owner banks in SpareBank 1 Gruppen. The group's share of SpareBank 1 Gruppen's profit was NOK 17m (83m), and in the second quarter 2022 NOK 16m.

Fretnind Group posted a third quarter profit of NOK 390m (559m) after tax. The quarter's underwriting result was NOK 559m (690m) yielding a claims ratio for the quarter of 61.6 per cent (57.2 per cent) and a

cost ratio of 24.1 per cent (23.5 per cent). The increase in the claims ratio is largely due to higher travel activity and a negative outcome for retail market car insurance. Financial income was minus NOK 51m (512m) in the third quarter due to a weak equity market and higher interest rates.

SpareBank 1 Forsikring reported a third quarter 2022 result of minus NOK 105m (72m) after tax. The risk result came to NOK 40m (32m). The administration result was minus NOK 44m (minus 32m). Insurance fee income in the third quarter was NOK 16m lower than in the same quarter last year, due mainly to the introduction of a pension account. The quarter's interest result was minus NOK 462m (99m). Property value adjustment made a negative contribution, and net financial income in the collective portfolio was minus NOK 353m. Return on financial assets in the company portfolio was minus NOK 17m in the third quarter.

SpareBank 1 Factoring earned a profit after tax of NOK 17m (12m). Overall net income came to NOK 44m (29m) corresponding to an increase of 52 per cent measured against the same quarter last year. Activity levels among clients affected by the pandemic have picked up again, bringing an increase in the volume of factoring loans.

Modhi Finance posted a pre-tax profit in the third quarter of minus NOK 3m (15m) and minus NOK 1m (plus 11m) after tax. The result reflects a write-down of portfolio values in the third quarter, whereas last year saw a write-up of portfolio values in the third quarter. The third quarter result also reflects one-time costs related to the merger with the debt collection company Kredinor.

SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt was established by the banks making up SpareBank 1-alliansen to draw benefit from the market for covered bonds. The banks sell well-secured residential mortgages to the company and achieve reduced funding costs.

As at 30 September 2022 the bank had sold residential mortgages totalling NOK 57.1bn (46.7bn) to SpareBank 1 Boligkreditt, corresponding to 40.6 per cent (35.7 per cent) of the bank's overall lending to retail customers.

The bank's share of the company's profit was NOK 10m (11m).

SpareBank 1 Næringskreditt

SpareBank 1 Næringskreditt was established along the same lines and with the same administration as SpareBank 1 Boligkreditt. As at 30 September 2022, commercial loans worth NOK 1.6bn (1.3bn) had been sold to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's share of the profit was NOK 0m (-1m).

SpareBank 1 Forvaltning

SpareBank 1 Forvaltning Group consists of Odin Forvaltning, SpareBank 1 Kapitalforvaltning, SpareBank 1 SR Forvaltning and SpareBank 1 Verdipapirservice. The aim is to be market leader in bank distribution of savings services and products. The group posted a profit in third quarter of NOK 49m (54m). SpareBank 1 SMN's profit share in the third quarter was NOK 10m (13m) and in the second quarter NOK 11m. The result is satisfactory in an unsettled market.

SpareBank 1 Kreditt

SpareBank 1 Kreditt recorded a third-quarter profit of NOK 21.5m (70.4m). The decline is attributable to a substantial reversal of loss write-downs last year. The company's overall portfolio as at 30 September 2022 was NOK 7.2bn (5.7bn). The growth refers in all essentials to refinancing loans.

SpareBank 1 SMN's share of the third quarter 2022 profit was NOK 2.9m (10.1m), and its share of the portfolio is NOK 1,229m (998m).

BN Bank

While BN Bank's personal market business is nationwide in scope, the bank's largest customer base is Oslo and south-eastern Norway. In the corporate market the bank is a pure real estate specialist, with the Oslo region as its market area. BN Bank shows good growth in lending to the personal segment with 12.1 per cent in the last 12 months (14.2 per cent) and growth of 2.3 per cent (3.2 per cent) in the third quarter. Growth in lending to corporate customers was 9.9 per cent in the last 12 months (1.1 per cent) and 2.7 per cent in the last quarter (decline of 2.7 per cent). Outstanding loans total NOK 55bn (50bn).

BN Bank recorded a profit of NOK 154m (117m) in the third quarter, providing a return on equity of 12.5 per cent (9.5 per cent). Lower losses are the main reason for the profit growth. SpareBank 1 SMN's share of BN Bank's profit is NOK 53m (40m).

SpareBank 1 Betaling

SpareBank 1 Betaling is the SpareBank 1 banks' parent company in Vipps AS. On 30 June 2021 Vipps signed an agreement to merge Vipps' mobile payments arm with Danish MobilePay and Finnish Pivo, thus opening the way for cross-border mobile payments. In the third quarter 2022, it became known that the merger will take place without Pivo after the European Commission raised concerns related to the consolidation of mobile wallets in Finland. During the quarter, a formal application was submitted to the European Commission and the companies hope to receive approval in the fourth quarter of 2022. In parallel with the merger, BankAxept and BankID are to be spun off from Vipps to become a new Norwegian-owned company which will remain 100 per cent owned by the Norwegian banks.

SpareBank1 Betaling recorded a profit of minus NOK17m (minus 2m), and SpareBank 1 SMN's profit share is minus NOK 3m (0m) in the third quarter.

Operating expenses

Overall group expenses came to NOK 688m (698m), a decline of NOK 10m, or 1.4 per cent, compared with the same period of 2021. Overall expenses in the second quarter 2022 were NOK 758m.

Operating expenses (NOKm)	3Q 22	2Q 22	3Q 21
Staff costs	417	490	423
IT costs	95	93	85
Marketing	18	26	19
Ordinary depreciation	32	34	56
Operating expenses, real properties	18	9	14
Purchased services	63	54	60
Other operating expense	45	52	41
Total operating expenses	688	758	698

The decline in group expenses in the third quarter refers in all essentials to lower variable remuneration at SpareBank 1 Markets. The company showed a decline in income compared with the preceding quarter and the same quarter last year and thus reduced variable remuneration.

Compared with the third quarter 2021, some cost growth is noted at SpareBank 1 Regnskapshuset SMN related to company acquisitions, and at the bank as a result of the year's pay settlement and new staff appointments. The same factors underlie cost growth at the bank from the second quarter.

The cost-income ratio for the group was 46 per cent (44 per cent), and 36 per cent (37 per cent) for the parent bank.

Continued low losses

Loan losses were NOK 22m (31m) and the second quarter saw a net recovery of NOK 48m. Losses in the quarter measure 0.04 per cent of gross lending (0.07 per cent).

Impairment losses (NOKm)	3Q 22	2Q 22	3Q 21
RM	17	-4	3
CM	5	-44	28
Total impairment losses	22	-48	31

Losses on loans to personal customers were NOK 17m (3m), while losses on loans to corporates came to NOK 5m (28m).

The effects of the Covid pandemic on defaults and losses proved substantially smaller than expected, due in part to the actions taken by public authorities. The bank accordingly decided to reverse the Covid-related add-ons in the baseline scenario in the third quarter 2021 for the retail market and in the first quarter 2022 for the corporate market. In the second and third quarters of 2022, changes have been made to model assumptions to take account of increased risk as a result of increased interest rates, increased expected defaults and lower property values.

In the third quarter of 2022 the weighting of the downside scenario was also increased at the subsidiary SpareBank 1 SMN Finans Midt-Norge from 10 to 25 per cent for the corporate business and from 10 to 15 per cent for the retail business. See note 2 for further details of the changed assumptions.

Overall write-downs on loans and guarantees total NOK 1,199m (1,680m).

Problem loans (Stage 3) amount to NOK 2,139m (3,448m) corresponding to 1.02 per cent (1.80 per cent) of gross outstanding loans, including loans sold to SpareBank 1 Boligkredit and SpareBank 1 Næringskredit. A significant portion of the decline is due to the fact that a large offshore exposure has completed its quarantine period, and to the downscaling of the bank's exposure in another offshore commitment due to vessel sales. This took place in the second quarter of 2022.

Total assets of NOK 219bn

The group's total assets amounted to NOK 219bn (200bn), having risen by NOK 19bn, or 9.4 per cent, in the past year. Total assets have risen as a result of higher lending volumes and a higher liquidity holding.

Loans totalling NOK 59bn (48bn) have been sold from SpareBank 1 SMN to SpareBank 1 Boligkredit and to SpareBank 1 Næringskredit. These loans do not figure as loans in the bank's balance sheet. The comments covering lending growth take into account loans sold to SpareBank 1 Boligkredit and SpareBank 1 Næringskredit.

Lending

Total outstanding loans rose in the last 12 months by NOK 16.9bn (12.6bn), or 8.8 per cent (7.0 per cent), to reach NOK 208.9bn (192.0bn). Growth in the third quarter was 1.7 per cent (1.6 per cent).

- Lending to personal customers rose in the last 12 months by NOK 9.6bn (8.3bn) to NOK 140.4bn (130.8bn). Growth in that period was 7.3 per cent (6.8 per cent). Third-quarter growth was 1.3 per cent (2.0 per cent)
- Lending to corporate clients rose in the last 12 months by NOK 7.3bn (4.3bn) to NOK 68.5bn (61.1bn). Growth in that period was 12.0 per cent (7.5 per cent). Third quarter growth was 2.4 per cent (0.7 per cent)
- Lending to personal customers accounted for 67 per cent (68 per cent) of total lending to customers.

Good, but somewhat receding, growth is noted in lending to personal customers. The growth in lending over time has exceeded the growth in credit to households (C2), and the group is strengthening its market position. The growth in lending to corporate clients is mainly to small and medium-sized businesses throughout the market area. The growth is distributed across a number of industries, and industry and single-name concentrations are avoided.

(For distribution sector, [see note 5](#)).

Deposits

Customer deposits rose in in the last 12 months by NOK 10.9bn (14.3bn) to NOK 120.6bn (109.7bn). This represents a growth of 9.9 per cent (15.0 per cent). Growth in the third quarter was minus 2.6 per cent (decline of 0.4 per cent).

- Personal deposits rose by NOK 3.7bn (3.4bn), or by 8.4 per cent (8.4 per cent), to NOK 47.7bn (44.0 m). In the third quarter growth was minus 1.9 per cent (minus 0.5 per cent)
- Corporate deposits rose by NOK 7.2bn (10.9bn), or by 10.9 per cent (19.8 per cent), to NOK 72.9bn (65.7bn). In the third quarter growth was minus 3.1 per cent (decline of 0.3 per cent)
- The deposit-to-loan ratio including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 58 per cent (57 per cent).

Deposit growth has been very high in the last two years owing to the pandemic but has normalised in 2022. Decline in deposits from private customers are mainly due to increased consumption in the summer months. Deposits from business customers has also decreased in the third quarter, and is considered to be within normal fluctuations. The bank has made plans to strengthen deposit growth within the retail market. Deposit coverage within the retail market is lower than desired, while deposits are an important source of funding for the bank.

(For distribution by sector, [see note 9](#)).

Personal customers

The Personal Banking Division and EiendomsMegler 1 Midt-Norge offer private individuals a broad range of financial services. Constant improvement of the coordination between the bank and the real estate agency business affords customers an enhanced service offering and contributes to increased growth and profitability for the group.

Result before tax (NOKm)	3Q 22	2Q 22	3Q 21
Personal market	322	329	311
EiendomsMegler 1	12	38	8
Total	335	367	319

The **Personal Banking Division** achieved a pre-tax profit of NOK 322m (311m), and NOK 329m in the previous quarter. Return on capital employed was 14.7 per cent (13.8 per cent) in the quarter.

Loans granted by the Personal Banking Division total NOK 145bn (135bn) and deposits total NOK 54bn (50bn). These are loans to and deposits from wage earners, agricultural customers and sole proprietorships.

Overall operating income came to NOK 575m (539m), and to NOK 541 in the previous quarter. Net interest income accounted for NOK 367m (300m) and for NOK 335m in the second quarter.

Net interest income rose compared with the third quarter of 2021 as a result of growth, a strengthened deposit margin and increased return on the personal market's share of the group's equity capital, while lower margins on lending have weakened net interest income. Commission income was NOK 208m (239m) and NOK 206m in the previous quarter. Incomes have declined compared with the third quarter of 2021 due to lower commissions from SpareBank 1 Boligkreditt, while there is increased income from insurance and payment services.

The lending margin was 0.39 per cent (1.57 per cent), and in the second quarter of 2022 1.08 per cent. The deposit margin was 1.67 per cent (0.06 per cent), and 0.78 per cent in the previous quarter (measured against three-month NIBOR). The market interest rate (measured against three-month NIBOR) rose from the second quarter of 2022 by 105 points, thereby weakening the lending margin but strengthening the deposit margin in the third quarter.

Growth in lending to and deposits from retail customers was 7.5 per cent (6.6 per cent) and 9.1 per cent (4.9 per cent) respectively in the last 12 months. In the third quarter growth in lending and deposits was 1.3 per cent (1.8 per cent) and minus 2.5 per cent (minus 2.7 per cent) respectively.

Lending to personal customers consistently carries low risk, as reflected in continued low losses. The loan portfolio is largely secured by residential property. Loan losses of NOK 11m in the third quarter (loss of minus 1m) are due mainly to write-downs in the agriculture segment of the portfolio.

Profit and loss account (NOKm)	3Q 22	2Q 22	3Q 21
Net interest	367	335	300
Commission income and other income	208	206	239
Total income	575	541	539
Total operating expenses	241	215	230
Ordinary operating profit	334	326	310
Loss on loans, guarantees etc.	11	-2	-1
Result before tax including held for sale	322	329	311

Balance

Loans and advances to customers	145,433	143,544	135,344
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-57,299	-55,464	-46,687
Deposits to customers	54,458	55,829	49,909

Key figures

Return on equity per quarter ¹⁾	14.7 %	13.5 %	13.8 %
Lending margin	0.39 %	1.08 %	1.57 %
Deposit margin	1.67 %	0.78 %	0.06 %

1) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital in accordance with the capital plan.

Eiendomsmegler 1 Midt-Norge is the market leader in Trøndelag and in Møre and Romsdal. Operating income totalled NOK 107m (108m) and operating expenses NOK 95m (100m). EiendomsMegler 1 Midt-Norge's pre-tax profit was NOK 12m (8m). The number of dwelling units on the market has increased since the summer, and as per September is higher than at the same point last year. At the same time there are signs that inflation and increased mortgage interest rates are affecting the demand side. When adjusted for seasonal variations, the price change in September was minus 0.5 per cent in Trondheim and minus 0.6 per cent on a nationwide basis. Activity levels ahead are a matter of much uncertainty viewed in light of a continuing rise in interest rates and what affect this will have on the market.

1,761 dwelling units were sold in the third quarter (1,919). New assignments numbered 1,956 – 38 fewer than in the third quarter of 2021. The company's market share as at 30 September 2022 was 36 per cent (36 per cent).

EiendomsMegler 1 Midt-Norge (87%)	3Q 22	2Q 22	3Q 21
Total income	107	134	108
Total operating expenses	95	96	100
Result before tax (NOKm)	12	38	8
Operating margin	11 %	28 %	8 %

Corporate customers

The corporate business at SpareBank 1 SMN consists of the bank's corporate banking arm, SpareBank 1 Regnskapshuset SMN, SpareBank 1 Finans Midt-Norge and SpareBank 1 Markets. These business lines provide business and industry with a complete range of banking and capital market services. Interaction between the business lines has a high priority and part of the growth achieved is ascribed to this focus.

Result before tax (NOKm)	3Q 22	2Q 22	3Q 21
Corporate banking	322	361	200
SpareBank 1 Regnskapshuset SMN (88.7%)	22	30	21
SpareBank 1 Finans Midt-Norge (56.5%)	44	50	33
SpareBank 1 Markets (66.7%)	0	79	23
Total	388	521	277

The **Corporate Banking Division** achieved a pre-tax profit of NOK 322m (NOK 200m), and NOK 361m in the second quarter of 2022. The profit growth from last year is attributable to increased income and low losses. Return on capital employed was 18.4 per cent (11.6 per cent).

Outstanding loans to the bank's corporate customers total NOK 52bn (47bn) and deposits total NOK 63bn (59bn) as at 30 September 2022. This is a diversified portfolio of loans to and deposits from corporate clients in Trøndelag and Møre and Romsdal.

Operating income came to NOK 436m (334m), and NOK 420m in the second quarter of 2022. Net interest income was NOK 361m (273m), and NOK 356m in the second quarter. A high proportion of the loans are linked to three-month NIBOR, thereby contributing to a stable margin trend over time. Margins on these loans taken as a whole will however fluctuate between quarters given differing times of interest rate adjustment on the loans. An increase in NIBOR brought reduced lending margins in the quarter, but

increased deposit margins. Increased loan and deposit volumes have strengthened the earnings base at the same time as increased return on the business line's share of the equity capital has strengthened net interest income both from the second to third quarter and compared with last year's third quarter.

Commission income totalled NOK 75m (61m) compared with NOK 64m in the second quarter, and income from guarantees and payment services has risen from the previous quarter.

Loan and deposit margins were 2.05 per cent (2.60 per cent) and minus 0.27 per cent (minus 0.31 per cent) respectively. Lending rose 11.1 per cent (7.2 per cent) and deposits 6.2 per cent (27.2 per cent) in the last 12 months. Lending growth was 1.7 per cent (minus 0.2 per cent) while deposit growth was minus 2.8 per cent (growth of 2.3 per cent) in the quarter.

Losses on loans to the bank's corporate customers were NOK 1m (25m), and a net recovery of NOK 51m was recorded in the second quarter.

SpareBank 1 SMN and SpareBank 1 Regnskapshuset SMN each have a large proportion of businesses in the market area as customers. Developing the customer offering so as to encourage customers to see the benefits of utilising the services of both entities is given priority.

As a result of the strengthened focus on SMEs, many new customers have opted for SpareBank 1 SMN as their bank in 2022 and 2021. Corporate customers have strong links with the bank and customer churn is extremely low.

Profit and loss account (NOKm)	3Q 22	2Q 22	3Q 21
Net interest	361	356	273
Commission income and other income	75	64	61
Total income	436	420	334
Total operating expenses	114	109	109
Ordinary operating profit	322	311	225
Loss on loans, guarantees etc.	1	-51	25
Result before tax including held for sale	322	361	200
Balance			
Loans and advances to customers	52,047	51,193	46,857
Adv.of this sold to SB1 Boligkreditt and SB1 Næringskredit	-1,354	-1,359	-1,237
Deposits to customers	62,638	64,415	59,006
Key figures			
Return on equity per quarter ¹⁾	18.4 %	18.5 %	11.6 %
Lending margin	2.05 %	2.53 %	2.60 %
Deposit margin	-0.27 %	-0.05 %	-0.31 %

1) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital in accordance with the capital plan.

SpareBank 1 Regnskapshuset SMN recorded a pre-tax profit of NOK 22m (21m).

Operating income was NOK 125m (122m) and expenses were NOK 103m (101m). Three company acquisitions were carried through in 2022.

Increased organic customer growth has a high priority, and good results have been achieved in 2022. Customer recruitment has risen, at the same time as the company has succeeded in reducing customer churn. The company seeks to create a broader income platform beyond the traditional production of accounts.

Digitalisation and use of new technological solutions in business and industry places heavy requirements on the accounting industry in terms of readjustment and adaptability. This applies both as regards increasing the individual employee's skills and achieving greater breadth in the service offering to customers.

Income from advisory services has risen by 19 per cent in the last 12 months while 600 companies have relocated to modern, cloud-based accounting systems as of 30 September 2022.

The company's market share in Trøndelag, Møre and Romsdal and Gudbrandsdal is 25 per cent.

SpareBank 1 Regnskapshuset SMN (88.7%)	3Q 22	2Q 22	3Q 21
Total income	125	177	122
Total operating expenses	103	147	101
Result before tax (NOKm)	22	30	21
Operating margin	17 %	17 %	18 %

SpareBank 1 Finans Midt-Norge delivered a pre-tax profit of NOK 44m (33m). The company's focal areas are leasing to SMEs, car loans to personal customers and invoice purchases from small businesses.

The company's income totalled NOK 83m (89m). Income is weakened due to margin pressures in the corporate and personal market alike. Costs in the third quarter of 2022 were NOK 28m (49m). The decrease compared to the third quarter of 2021 is mainly due to the write-down of IT systems carried out last year. Losses totalled NOK 10m (7m).

The company has leasing agreements with and loans to corporate customers worth NOK 4.9bn (4.1bn) and car loans worth NOK 6.8bn (5.9bn).

SpareBank 1 Finans Midt-Norge and other SpareBank 1 banks own 47 per cent of the shares of the car subscription company Fleks. This company offers flexible car subscription solutions. The car subscription system along with electrification of the car population make for reduced emissions. Fleks currently has 2,500 cars and is the market leader in Norway.

SpareBank 1 Finans Midt-Norge (56.5%)	3Q 22	2Q 22	3Q 21
Total income	83	81	89
Total operating expenses	28	26	49
Loss on loans, guarantees etc.	10	5	7
Result before tax (NOKm)	44	50	33

SpareBank 1 Markets is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It employs 163 FTEs.

SpareBank 1 Markets' pre-tax profit was NOK 0m (23m).

Activity levels in the business areas were lower than at the start of the year. Public issue management business was very quiet in the quarter due to market turbulence, resulting in lower income for Investment Banking and stockbroking. Income from fixed income and forex activities and debt capital was stable. Overall income came to NOK 110m (139m). Operating expenses totalled NOK 110m (115m).

SpareBank 1 Markets has developed into one of the largest Norwegian brokerages with a strong position in a number of product areas, and is the leading capital markets unit in SpareBank 1 SMN's market area. The foreshadowed transaction entailing the merger of the capital markets units of SpareBank 1 Markets,

SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge is expected to contribute to a higher and more diversified income base. The merger is currently scheduled for 1 March 2023, but this is dependent on the authorities' process.

SpareBank 1 Markets (66.7%)	3Q 22	2Q 22	3Q 21
Total income	110	257	139
Total operating expenses	110	178	115
Result before tax (NOKm)	0	79	23
Operating margin	0 %	31 %	17 %

SpareBank 1 SMN Invest

This company owns shares in regional businesses. The portfolio is managed together with other long-term shareholdings of the bank and will be scaled down. The company's shares are worth NOK 604m (606m) as at 30 September 2022.

The company's pre-tax profit in the third quarter of 2022 was minus NOK 30m (plus 61m), and in the second quarter minus NOK 29m. The third quarter result – as in the second quarter – is down to net unrealised losses in the equity portfolio.

Year to 30 September

Good performance

SpareBank 1 SMN reports a post-tax profit of NOK 2,017m (2,199m), and a return on equity of 12.0 per cent (13.8 per cent). This result is NOK 182m weaker than in the same period of 2021, mainly due to profit impairments among the insurers in SpareBank 1 Gruppen and lower return on financial investments.

Increased income from the business lines and reduced losses helped to strengthen the result. Earnings per equity certificate were NOK 9.29 (10.11).

Net interest income was NOK 2,370m (2,073m). Norges Bank raised the base rate to 1.75 per cent in August and further to 2.25 per cent in September. The market interest rate in terms of NIBOR was 200 points higher on 30 September than on the same date in 2021, which has substantially raised the bank's funding costs. Lending margins have weakened and deposit margins have concurrently strengthened compared with last year, at the same time as return on the bank's equity capital has risen. Both lending and deposit volumes have increased, contributing to strengthened net interest income. From the second half of last year the bank has raised mortgage and deposit rates on a general basis on six occasions, including an announced increase effective from 10 November.

Net commission income was NOK 1,921m (2,161m). The decline is ascribable to lower commission on loans sold to SpareBank 1 Boligkreditt and reduced income from securities services. A positive trend is noted in income from payment services, insurance and accounting services.

Return on financial investments (including dividends) was NOK 179m (289m). The decline refers to unrealised losses on shares and negative return on the bank's liquidity portfolios due to changed credit margins.

The result from related companies was NOK 248m (519m). Both Fremtind Forsikring and SpareBank 1 Forsikring report impaired profit, while profit growth was noted at BN Bank.

Operating expenses came to NOK 2,208m (2,228m). Expenses are down at SpareBank 1 Markets and EiendomsMegler 1 Midt-Norge but have risen at the bank and at SpareBank 1 Regnskapshuset SMN. Expenses at the bank have risen as a result of pay growth and new staff appointments, at Regnskapshuset as a result of acquisitions and investments in technology.

A net recovery of NOK 26m was recorded on loan losses (loss of NOK 129m) as at 30 September. A net recovery of NOK 39m was noted on losses on loans to the group's corporate customers (132m), while NOK 14m, net, was recovered on loan losses to personal customers (net recovery of NOK 3m).

Lending growth was 6.9 per cent (5.0 per cent). Growth in lending to retail customers was 5.7 per cent (5.1 per cent). Lending to corporate customers rose 9.6 per cent (4.8 per cent).

Deposits rose 8.3 per cent (12.5 per cent). Deposits from personal customers rose 6.9 per cent (8.3 per cent). Deposits from corporate customers rose 9.3 per cent (15.5 per cent).

Personal customers

Result before tax (NOKm)	Jan-Sep 2022	Jan-Sep 2021
Personal market	924	880
EiendomsMegler 1	64	71
Total	989	951

The bank's **personal banking** arm recorded a pre-tax profit of NOK 924m (880m) as at 30 September 2022. Return on capital employed in the retail segment was 14.0 per cent (13.0 per cent).

Overall operating income totalled NOK 1,631m (1,542m). Net interest income came to NOK 1,015m (859m) and commission income to NOK 616m (684m). Net interest income has risen with increased deposit margins, growth in lending and deposits and increased return on the business line's share of the equity capital. Reduced margins on loans have reduced net interest income. Commission income is down mainly as a result of lower commissions from SpareBank 1 Boligkreditt.

Lending and deposit growth in this business line were 7.5 per cent (6.6 per cent) and 9.1 per cent (4.9 per cent) respectively in the last 12 months.

The lending margin was 0.83 per cent (1.63 per cent) while the deposit margin was 1.06 per cent (0.02 per cent) measured against three-month NIBOR.

There was a net loss of NOK 2m (net recovery of NOK 11m).

EiendomsMegler 1 Midt-Norge. Operating income was NOK 336m (353m), while operating expenses came to NOK 271m (282m). EiendomsMegler 1 Midt-Norge's pre-tax profit was NOK 64m (71m). Activity in 2022 reflects a housing market with few dwellings available, which has pushed up both the turnover rate and prices. The consequence is a lower sales volume for EiendomsMegler 1 Midt-Norge so far this year, i.e. 5,400 as against 5,995 in the same period of 2021.

Corporate customers

Result before tax (NOKm)	Jan-Sep 2022	Jan-Sep 2021
Corporate banking	959	566
SpareBank 1 Regnskapshuset SMN (88.7%)	76	82
SpareBank 1 Finans Midt-Norge (56.5%)	141	151
SpareBank 1 Markets (66.7%)	119	203
Total corporate customers	1,295	1,002

The bank's corporate banking arm achieved a pre-tax profit of NOK 959m (566m) as at 30 September 2022. The profit growth is attributable to increased net interest income and lower losses. Return on capital employed for the corporate segment was 18.6 per cent (11.1 per cent).

Operating income totalled NOK 1,260m (1,016m), of which net interest income accounted for 1,047m (828m) and commission income (incl. income from forex business) for NOK 213m (188m). Growth in lending and deposits, an increased deposit margin and increased return on the banking arm's share of the equity capital have strengthened net interest income, while a lower lending margin pulls in the opposite direction. Increased commission income is noted on guarantees and payments.

Lending grew 11.1 per cent (8.7 per cent) and deposits 6.2 per cent (27.2 per cent) in the last 12 months.

Margins on lending and deposits were 2.32 per cent (2.69 per cent) and 0.05 per cent (minus 0.32 per cent) respectively.

There was an overall net recovery of NOK 47m on losses in the bank's corporate segment (loss of NOK 125m).

SpareBank 1 Finans Midt-Norge report a pre-tax profit of NOK 141m (151m).

The company's income totalled NOK 243m (271m). Expenses in the year to 30 September 2022 were NOK 83m (106m). Losses amounted to NOK 20m (13m).

SpareBank 1 Regnskapshuset SMN posted a pre-tax profit of NOK 76m (82m). Operating income was NOK 468m (439m) while expenses came to NOK 392m (357m).

SpareBank 1 Markets' pre-tax profit was NOK 119m (203m). High activity in the business lines has yielded high earnings and good profit performances both in 2021 and 2022.

So far this year the company's income amounts to NOK 545m (689m), NOK 144m lower than the same period in 2021.

Ample liquidity

Price growth continued to quicken both in Norway and elsewhere in the third quarter. Central banks in a number of countries raised their base rates and signalled a speedier rate increase ahead. Uncertain growth and inflation prospects internationally have contributed to substantial fluctuations in financial markets. Credit spreads have widened.

The bank has ample liquidity and access to funding. The bank has 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 is calculated at 180 per cent as at 30 September 2022 (163 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 30 September 2022, including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, was 58 per cent (57 per cent).

The bank's funding sources and products are well diversified.

SpareBank 1 Boligkreditt and Næringskreditt are important funding sources for the bank, and loans totalling NOK 59bn (48bn) had been sold to these mortgage companies as at 30 September 2022. Thus far in 2022 residential mortgages totalling NOK 10.4bn have been sold to SpareBank 1 Boligkreditt.

In the third quarter the bank issued a senior green bond worth EUR 0.5bn and senior non-preferred debt (MREL) worth NOK 1.6bn.

As at 30 September 2022 SpareBank 1 SMN had issued senior non-preferred debt (MREL) in an amount of NOK 7.1bn. SpareBank 1 SMN will meet the MREL requirements by the end of 2023.

Rating

The bank has a rating of A1 (positive outlook) with Moody's.

Financial soundness

The CET1 ratio at 30 September 2022 was 19.2 per cent (18.1 per cent). The requirement is 14.9 per cent, including combined buffer requirements and a Pillar 2 requirement of 1.9 per cent. Finanstilsynet (Norway's FSA) set a new Pillar 2 requirement for SpareBank 1 SMN on 30 April 2022. The rate of 1.9 per cent is unchanged, but the bank is subject to a temporary add-on of 0.7 per cent to its Pillar 2 requirement pending consideration of its application for adjustment of its IRB models.

Finanstilsynet has decided that SpareBank 1 SMN is to be subject to a Pillar 2 guidance of 1.25 per cent over and above its overall capital requirement. The bank's long-term CET1 target ratio is accordingly raised to 17.2 per cent.

The CET1 ratio showed a 0.4 percentage point increase from the second quarter. Risk weighted assets rose 1.4 per cent in the third quarter. A good profit performance and basis swap effects from SpareBank 1 Boligkreditt are the main explanation for the 3.7 per cent increase in CET1 capital. Value changes on base swaps i SpareBank 1 Boligkreditt will reverse over the term of the derivative. A payout ratio of 50 per cent of the group' net profit for 2022 is assumed.

A leverage ratio of 7.3 per cent (6.9 per cent) shows the bank to be very solid.

Sustainability

Sustainability is one of five strategic priorities in the group strategy, and the group's sustainability strategy stands firm.

Over the course of the quarter SpareBank 1 SMN has elucidated the content of the group's long-term climate ambition. This has involved clarifying work processes and frameworks, and the drawing up of plans for the transition to net zero emissions at industry level with a view to making an active contribution to an organised readjustment to a low-emissions society. In order to realise the ambition, milestones are drawn up. This and the status of transition plans will be communicated during the fourth quarter.

Calculating the loan portfolio's emissions is still a matter of much uncertainty. This is mainly due to data quality and access to relevant data from our customers. The uncertainty is naturally greater the longer the time perspective we apply. The group has nonetheless estimated emission paths for the period to 2050 utilising Science Based Target Initiatives as a basis for setting sectoral emissions reduction targets for the path towards net zero emissions in 2050.

The group will continue its work to develop data and methodology and will revise the group's materiality analysis in the fourth quarter.

The bank's equity certificate (MING)

The book value of the equity certificate (EC) as at 30 September 2022 was NOK 107.19 (103.57), and earnings per EC were NOK 9.29 (10.11).

The Price / Income ratio was 9.00 (9.62) and the Price / Book ratio was 1.04 (1.25).

Outlook

SpareBank 1 SMN delivered a good performance as per 30 September 2022 with a return on equity of 12 per cent and good capitalisation. This is viewed as satisfactory in a situation of much market unrest. The business lines have performed well and the group has a solid basis on which to attain its ambitions for growth and profitability. The ROE objective of a minimum of 12 per cent and other key financial targets stand firm.

Rising market interest rates and price growth impact the personal and corporate market alike and contribute to increased uncertainty. The risk trend in the loan portfolio is acceptable, and loan losses are low. The offshore segment continues to improve, although there are signs of increased risk elsewhere in business and industry. The region enjoys low energy prices and unemployment remains very low.

Greater uncertainty attends house prices and expectations of receding credit growth. Interest rate hikes and growth in prices will reduce households' purchasing power and consumption. Thus far there are few signs of increased risk in the personal customer portfolio, but the expectation is that more customers will be in need of flexible solutions and financial advice in the period ahead. The bank is well prepared to handle this situation through its customer relationship concept and physical presence in Trøndelag and in Møre and Romsdal.

SpareBank 1 SMN is a full-fledged finance centre, it leads the field in its market area and has a broad-based product platform with profitable subsidiaries and product companies. Good results have been achieved in 2022 along with broad growth and a strengthened market position. However, macroeconomic prospects are uncertain. The ambition to further strengthen the group's market position nonetheless stands firm. This is underpinned by a modern, customer-oriented and effective distribution system. The merger with SpareBank 1 Søre Sunnmøre has been approved by both banks' boards of directors and presented for a final decision by the banks' general meetings and supervisory boards in November. The merger will make for an improved customer offering and a stronger presence in Sunnmøre and in Fjordane.

SpareBank 1 SMN has set itself the goal of achieving net zero carbon emissions from the group's customer portfolios and day-to-day operations by 2050 at the latest. The bank has started work on establishing

transitional plans for reduced emissions from the group's customer portfolios as well as plans for reduction of its own emissions. In addition priority is given to developing competence, data quality and climate reporting.

The uncertainty in the economy is greater than for a long time both nationally and internationally. A strong capital position, ample liquidity and access to funding put SpareBank 1 SMN in a good position to manage the uncertainty.

Trondheim, 27. October 2022
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal
(chair)

Christian Stav
(deputy chair)

Morten Loktu

Mette Kamsvåg

Tonje Eskeland Foss

Eli Skrøvset

Freddy Aursø
(employee rep.)

Inge Lindseth
(employee rep.)

Christina Straub
(employee rep.)

Jan-Frode Janson
(Group CEO)

Income statement

Parent bank						Group					
Third quarter		January - September				Note	January - September		Third quarter		
2021	2021	2022	2021	2022	(NOKm)		2022	2021	2022	2021	
3,067	767	1,220	2,240	3,163	Interest income effective interest method		3,513	2,584	1,341	883	3,524
395	91	181	287	450	Other interest income		448	285	180	90	392
1,109	263	705	788	1,576	Interest expenses		1,591	796	710	266	1,120
2,353	595	697	1,739	2,037	Net interest	10	2,370	2,073	811	707	2,796
1,306	340	307	969	909	Commission income		1,102	1,179	369	405	1,583
97	27	25	69	66	Commission expenses		163	152	60	54	207
47	9	17	31	36	Other operating income		982	1,134	230	272	1,456
1,256	321	298	930	880	Commission income and other income	11	1,921	2,161	540	623	2,832
733	2	3	713	584	Dividends		13	21	8	1	22
-	-	-	-	-	Income from investment in related companies	3	248	519	109	179	705
-53	15	29	-13	-92	Net return on financial investments	13	166	267	31	68	299
680	17	32	700	491	Net return on financial investments		427	808	148	248	1,026
4,289	933	1,027	3,369	3,408	Total income		4,718	5,042	1,499	1,578	6,655
650	169	179	487	505	Staff costs		1,383	1,419	417	423	1,882
745	176	190	540	580	Other operating expenses	12	825	809	271	275	1,111
1,395	345	369	1,027	1,086	Total operating expenses		2,208	2,228	688	698	2,993
2,895	588	658	2,342	2,322	Result before losses		2,511	2,814	810	880	3,662
134	24	12	115	-45	Loss on loans, guarantees etc.	6,7	-26	129	22	31	161
2,760	564	646	2,228	2,367	Result before tax	3	2,536	2,685	788	849	3,501
518	155	159	387	438	Tax charge		520	497	172	175	609
-	-	-	-	-	- Result investment held for sale, after tax	2, 3	0	11	1	1	10
2,242	408	487	1,841	1,930	Net profit		2,017	2,199	617	675	2,902
48	9	12	39	44	Attributable to additional Tier 1 Capital holders		45	40	12	10	50
1,403	255	304	1,153	1,206	Attributable to Equity capital certificate holders		1,201	1,308	374	416	1,722
791	144	171	650	680	Attributable to the saving bank reserve		677	737	211	234	971
					Attributable to non-controlling interests		93	113	19	15	160
2,242	408	487	1,841	1,930	Net profit		2,017	2,199	617	675	2,902
					Profit/diluted profit per ECC	19	9.29	10.11	2.89	3.22	13.31

Other comprehensive income

Parent bank						Group				
Third quarter			January - September			January - September		Third quarter		
2021	2021	2022	2021	2022	(NOKm)	2022	2021	2022	2021	2021
2,242	408	487	1,841	1,930	Net profit	2,017	2,199	617	675	2,902
					Items that will not be reclassified to profit/loss					
-49	-	171	-	171	Actuarial gains and losses pensions	171	-	171	-	-49
12	-	-43	-	-43	Tax	-43	-	-43	-	12
-	-	-	-	-	Share of other comprehensive income of associates and joint venture	7	2	1	-	4
-37	-	128	-	128	Total	136	2	129	-	-33
					Items that will be reclassified to profit/loss					
-	-	-	-	-	Fair value change on financial assets through other comprehensive income	-	-	-	-	-
-1	-1	3	-1	3	Value changes on loans measured at fair value	3	-1	3	-1	-1
-	-	-	-	-	Share of other comprehensive income of associates and joint venture	234	-17	142	25	21
-	-	-	-	-	Tax	-	-	-	-	-
-1	-1	3	-1	3	Total	237	-18	145	24	20
-38	-1	131	-1	131	Net other comprehensive income	372	-16	274	24	-13
2,204	407	618	1,840	2,060	Total comprehensive income	2,389	2,183	891	699	2,889
48	9	12	39	44	Attributable to additional Tier 1 Capital holders	45	40	12	10	50
1,379	255	388	1,152	1,290	Attributable to Equity capital certificate holders	1,439	1,298	550	431	1,714
777	143	219	649	727	Attributable to the saving bank reserve	811	732	310	243	966
					Attributable to non-controlling interests	93	113	19	15	160
2,204	407	618	1,840	2,060	Total comprehensive Income	2,389	2,183	891	699	2,889

Balance sheet

Parent bank				Group			
31 Dec 21	30 Sep 21	30 Sep 22 (NOKm)		Note	30 Sep 22	30 Sep 21	31 Dec 21
1,252	1,206	317	Cash and receivables from central banks		317	1,206	1,252
13,190	15,701	26,596	Deposits with and loans to credit institutions		16,773	7,338	4,704
135,766	132,507	137,727	Net loans to and receivables from customers	5	149,162	142,404	145,890
30,762	30,032	30,560	Fixed-income CDs and bonds	17	30,561	30,032	30,762
3,192	3,662	7,242	Derivatives	17	7,480	3,732	3,224
402	357	399	Shares, units and other equity interests	17	1,974	2,525	2,654
4,590	4,782	4,676	Investment in related companies		7,714	7,324	7,384
2,374	2,374	2,374	Investment in group companies		-	-	-
98	98	98	Investment held for sale	2	111	60	59
458	500	465	Intangible assets		864	894	853
1,082	3,261	2,671	Other assets	14	3,962	4,609	2,062
193,165	194,480	213,124	Total assets		218,918	200,124	198,845
14,342	13,909	13,715	Deposits from credit institutions		14,495	14,601	15,065
112,028	110,328	121,148	Deposits from and debt to customers	9	120,558	109,691	111,286
40,332	41,895	46,158	Debt created by issue of securities	16	46,158	41,895	40,332
3,500	3,405	8,024	Derivatives	17	8,115	3,741	3,909
1,855	3,561	2,217	Other liabilities	15	3,672	5,323	3,215
-	-	-	Investment held for sale	2	2	1	1
1,753	1,752	2,010	Subordinated loan capital	16	2,054	1,795	1,796
173,809	174,850	193,273	Total liabilities		195,054	177,047	175,603
2,597	2,597	2,597	Equity capital certificates		2,597	2,597	2,597
-0	-0	-0	Own holding of ECCs		-11	-9	-9
895	895	895	Premium fund		895	895	895
7,007	6,556	7,007	Dividend equalisation fund		6,958	6,524	6,974
970	401	-	Recommended dividends		-	401	970
547	226	-	Provision for gifts		-	226	547
5,918	5,664	5,918	Ownerless capital		5,918	5,664	5,918
171	239	171	Unrealised gains reserve		171	239	171
-	-2	128	Other equity capital		3,158	2,241	2,896
1,250	1,211	1,206	Additional Tier 1 Capital		1,247	1,252	1,293
	1,841	1,930	Profit for the period		2,017	2,199	
			Non-controlling interests		913	848	989
19,356	19,629	19,852	Total equity capital		23,863	23,077	23,241
193,165	194,480	213,124	Total liabilities and equity		218,918	200,124	198,845

Cash flow statement

Parent bank			Group
January - September			January - September
2021	2021	2022 (NOKm)	2022
2,242	1,841	1,930	Net profit
95	74	57	Depreciations and write-downs on fixed assets
134	115	-45	Losses on loans and guarantees
-418	-418	-252	Adjustments for undistributed profits of related companies
-2,423	-1,591	-993	Other adjustments
-369	21	697	Net cash increase from ordinary operations
3,843	1,201	-5,643	Decrease/(increase) other receivables
-2,993	-1,343	5,013	Increase/(decrease) short term debt
-11,686	-8,408	-1,913	Decrease/(increase) loans to customers
-288	-2,800	-13,406	Decrease/(increase) loans credit institutions
13,862	12,163	9,120	Increase/(decrease) deposits to customers
-290	-721	-626	Increase/(decrease) debt to credit institutions
-4,077	-3,347	202	Increase/(decrease) in short term investments
-	-	-	Increase/(decrease) in shares held for trading
-1,999	-3,236	-6,557	A) Net cash flow from operations
-75	-44	-64	Increase in tangible fixed assets
60	-	-	Proceeds from sales of property, plant and equipment
-	-	-	Cash flows from losing control of subsidiaries or other businesses
-	-	-	Cash flows used in obtaining control of subsidiaries or other businesses
-73	-73	-0	Dividends received from investments in related companies
418	418	252	Other cash receipts from sales of interests in associates and joint ventures
548	341	6	Other cash payments to acquire interests in associates and joint ventures
-204	-190	-92	Other cash receipts from sales of equity instruments of other entities
672	574	551	Other cash payments to acquire equity instruments of other entities
-766	-618	-549	
580	409	104	B) Net cash flow from investments
-	-	1,000	Increase in subordinated loan capital
-	-	-750	Decrease in subordinated loan capital
-0	-0	-0	Purchase of treasury shares
-569	-168	-970	Dividend cleared
-	-	-	Dividends paid to non-controlling interests
-321	-95	-547	Disbursed from gift fund
-48	-39	-44	Interest payments Additional Tier 1 Capital
7,867	7,867	13,225	Increase in other long term loans
-7,021	-6,296	-6,397	Decrease in other long term loans
-93	1,269	5,517	C) Net cash flow from financial activities
-1,512	-1,558	-935	A) + B) + C) Net changes in cash and cash equivalents
2,764	2,764	1,252	Cash and cash equivalents at 1.1
1,252	1,206	317	Cash and cash equivalents at end of quarter
-1,512	-1,558	-935	Net changes in cash and cash equivalents

Change in equity

Parent Bank (NOKm)	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	Total equity
Equity at 1 January 2021	2,597	895	5,664	6,556	890	239	-	1,250	18,092
Net profit	-	-	268	476	1,517	-68	-	48	2,242
Other comprehensive income							-1	-	-1
Financial assets through OCI	-	-	-	-	-	-	-37	-	-37
Actuarial gains (losses), pensions	-	-	-	-	-	-	-38	-	-38
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	268	476	1,517	-68	-38	48	2,204
Transactions with owners									
Dividend declared for 2020	-	-	-	-	-	-569	-	-	-569
To be disbursed from gift fund	-	-	-	-	-	-321	-	-	-321
Additional Tier 1 Capital	-	-	-	-	-	-	-	-	-
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-48	-48
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-0
Direct recognitions in equity	-	-	-14	-25	-	-	38	-	-2
Total transactions with owners	0	-	-14	-25	-890	-	38	-48	-940
Equity at 31 December 2021	2,597	895	5,918	7,007	1,517	171	-	1,250	19,356

Parent Bank (NOKm)	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	Total equity
Equity at 1 January 2022	2,597	895	5,918	7,007	1,517	171	-	1,250	19,356
Net profit	-	-	-	-	-	-	1,930	-	1,930
Other comprehensive income									
Value changes on loans measured at fair value	-	-	-	-	-	-	3	-	3
Actuarial gains (losses), pensions	-	-	-	-	-	-	128	-	128
Other comprehensive income	-	-	-	-	-	-	131	-	131
Total comprehensive income	-	-	-	-	-	-	2,060	-	2,060
Transactions with owners									
Dividend declared for 2021	-	-	-	-	-970	-	-	-	-970
To be disbursed from gift fund	-	-	-	-	-547	-	-	-	-547
Additional Tier 1 Capital	-	-	-	-	-	-	-	-	-
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-44	-44
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-0
Direct recognitions in equity	-	-	-	-	-	-	-3	-	-3
Total transactions with owners	0	-	-	-0	-1,517	-	-3	-44	-1,564
Equity at 30 September 2022	2,597	895	5,918	7,007	-	171	2,057	1,206	19,852

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 2021	2,588	895	5,664	6,536	890	239	2,366	1,293	838	21,310	
Net profit	-	-	268	476	1,517	-68	499	50	160	2,902	
Other comprehensive income											
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	26	-	-	26	
Value changes on loans measured at fair value	-	-	-	-	-	-	-1	-	-	-1	
Actuarial gains (losses), pensions	-	-	-	-	-	-	-38	-	-	-38	
Other comprehensive income	-	-	-	-	-	-	-13	-	-	-13	
Total comprehensive income	-	-	268	476	1,517	-68	486	50	160	2,889	
Transactions with owners											
Dividend declared for 2020	-	-	-	-	-569	-	-	-	-	-569	
To be disbursed from gift fund	-	-	-	-	-321	-	-	-	-	-321	
Additional Tier 1 Capital issued	-	-	-	-	-	-	-	-	-	-	
Buyback Additional Tier 1 Capital issued	-	-	-	-	-	-	-	-	-	-	
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-50	-	-50	
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-	-0	
Own ECC held by SB1 Markets*)	-0	-	-	-13	-	-	7	-	-	-5	
Direct recognitions in equity	-	-	-14	-25	-	-	50	-	-	11	
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-14	-	-	-14	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-9	-9	
Total transactions with owners	-0	-	-14	-38	-890	-	43	-50	-9	-958	
Equity at 31 December 2021	2,588	895	5,918	6,974	1,517	171	2,896	1,293	989	23,241	

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

	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	Other equity	Additional Tier 1 Capital	NCI	Total equity	
(NOKm)											
Equity at 1 January 2022	2,588	895	5,918	6,974	1,517	171	2,896	1,293	989	23,241	
Net profit	-	-	-	-	-	-	1,924	-	93	2,017	
Other comprehensive income											
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	241	-	-	241	
Value changes on loans measured at fair value	-	-	-	-	-	-	3	-	-	3	
Actuarial gains (losses), pensions	-	-	-	-	-	-	128	-	-	128	
Other comprehensive income	-	-	-	-	-	-	372	-	-	372	
Total comprehensive income	-	-	-	-	-	-	2,296	-	93	2,389	
Transactions with owners											
Dividend declared for 2021	-	-	-	-	-970	-	-	-	-	-970	
To be disbursed from gift fund	-	-	-	-	-547	-	-	-	-	-547	
Additional Tier 1 capital issued	-	-	-	-	-	-	-	-	-	-	
Buyback additional Tier 1 Capital issued	-	-	-	-	-	-	-	-	-	-	
Interest payments additional Tier 1 capital	-	-	-	-	-	-	-	-45	-	-45	
Purchase and sale of own ECCs	0	-	-	-0	-	-	-	-	-	-0	
Own ECC held by SB1 Markets*)	-2	-	-	-16	-	-	-2	-	-	-21	
Direct recognitions in equity	-	-	-	-	-	-	-8	-	-	-8	
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-5	-	-	-5	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-170	-170	
Total transactions with owners	-2	-	-	-16	-1,517	-	-16	-45	-170	-1,767	
Equity at 30 September 2022	2,586	895	5,918	6,958	-	171	5,175	1,247	913	23,863	

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

Notes

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Note 1 - Accounting principles

Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS) approved by EU, including IAS 34, Interim Financial Reporting. The quarterly accounts do not include all the information required in a complete set of annual financial statements and should be read in conjunction with the annual accounts for 2021. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts.

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

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

Pensions

Sparebank1 SMN Group has one pension arrangement; defined contribution plan. For a further description of the various pension schemes, see note 22 in the 2021 annual report.

The group's pension liabilities are accounted for under IAS 19R. Estimate variances are therefore directly reflected in equity capital and are presented under other comprehensive income. It was decided to terminate the defined benefit scheme at a board meeting on 21 October 2016. Employees on this scheme transferred to the defined contribution scheme from 1 January 2017, and received a paid-up policy showing rights accumulated under the defined benefit scheme. Paid-up policies are managed by the pension fund, which has been a paid-up pension fund as from 1 January 2017. A framework agreement has been established between SpareBank 1 SMN and the pension fund which covers funding, asset management etc. In view of the responsibility still held by SpareBank 1 SMN, future liabilities will need to be incorporated in the accounts. The board of the pension fund is required to be composed of representatives from the Group and participants in the pension schemes in accordance with the articles of association of the pension fund.

The Group has obtained a new calculation of pensions as of 30 September 2022:

Actuarial assumptions	31 Dec 2021	1 Jan 2021	30 Sep 2022
Discount rate	1.6 %	1.5 %	3.2 %
Expected rate of return on plan assets	1.6 %	1.5 %	3.2 %
Expected future wage and salary growth	2.3 %	2.0 %	3.5 %
Expected adjustment on basic amount (G)	2.3 %	2.0 %	3.5 %
Expected increase in current pension	0.0 %	0.0 %	0.0 %
Employers contribution	19.1 %	19.1 %	19.1 %

Demographic assumptions:

Mortality base table	K2013BE
Disability	IR73
Voluntary exit	2% to 50 years, 0% after 50 years

Movement in net pension liability in the balance sheet Group (NOKm)	Funded	Unfunded	Total
Net pension liability in the balance sheet 1.January 2022	-62	8	-54
OCI accounting Opening balance	0	0	0
OCI accounting Closing balance	-170	-1	-171
Net defined-benefit costs in profit and loss account	-1	0	-1
Paid in pension premium, defined-benefit schemes	0	0	0
Paid in pension premium, defined-benefit plan	0	-1	-1
Net pension liability in the balance sheet 30 September 2022	-233	7	-226

Net pension liability in the balance sheet Group (NOKm)	30 Sep 2022	31 Dec 2021
Net present value of pension liabilities in funded schemes	520	645
Estimated value of pension assets	-748	-701
Net pension liability in the balance sheet before employer's contribution	-227	-56
Employers contribution	1	1
Net pension liability in the balance sheet	-226	-54

Pension cost Group (NOKm)	30 Sep 2022	31 Dec 2021
Present value of pension accumulated in the year	0	0
Net interest income	-1	-2
Net pension cost related to defined plans, incl unfunded pension commitment	-1	-1
Employer's contribution subject to accrual accounting	0	0
Cost of defined contribution pension and early retirement pension scheme	90	115
Total pension cost for the period	89	113

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.

Jan-Sep 2022 (NOKm)	Assets	Liabilities	Revenue	Expenses	Profit	Ownership
Mavi XV AS Group	111	2	9	-9	0	100 %
Total Held for sale	111	2	9	-9	0	

Losses on loans and guarantees

For a detailed description of the Bank's model for expected credit losses, refer to note 2 and 3 in the annual accounts for 2021.

The input in the credit loss model have been changed in 2020 and 2021 a result of increased uncertainty due to the corona situation. This uncertainty has been significantly reduced, but in 2022 macroeconomic uncertainty has increased as a result of the war in Ukraine, a strong increase in energy and raw material prices, challenges in the supply chains and the prospect of permanently higher inflation and interest rates made the assessments extra demanding. The bank has focused on the expected long-term effects of the crisis.

In 2020, the bank changed the assumptions for the base scenario in a negative direction. These assumptions were continued in 2021. The bank's exposure to hotels and tourism, including commercial real estate with the income mainly towards this industry, was separated into a separate portfolio with its own assessments of PD and LGD courses as well as special scenarios and weighting of these to reflect this portfolio's exposure to the effects of corona. In addition, this entire portfolio is included in stage 2 or 3.

The central drivers of losses in the individual scenarios are projections of trajectories for the probability of default (PD) and losses in case of default (LGD). In addition, the expected loss is affected by the probability weight for the individual scenario. The expected negative effects of the corona pandemic were in the assessments for 2020/2021 primarily linked to debtors who had a demanding starting point before the crisis – typically debtors in stage 2. The bank therefore chose to increase the trajectories for PD and LGD, as well as reduce expected repayments in the base scenario, especially from year two onwards. This change affects the expected loss for debtors in stage 2. To adjust for migration into stage 2, the PD and LGD estimates were also increased in the first year. No first year repayments are assumed for all portfolios in the downside scenario. The effects of the corona pandemic was significantly smaller than expected. This is due, among other things, to implemented authority measures. The bank therefore decided to reverse the pandemic-related mark-ups in the trajectories in the base scenario in the third quarter of 2021 for PM and in the first quarter of 2022 for BM. In second and third quarter 2022, upward adjustments have been made to the PD and LGD trajectories throughout the assessment period against the backdrop of a rising interest rate market which, in combination with the inflation, leads to an expectation of an increased level of default and lower asset values in the future

The applied scenario weighting was changed in 2020 to reflect further increased uncertainty. For corporate market including offshore, as well as agriculture, the downside scenario was changed from a weighting with a 10 percent probability, to a weighting of a 20 percent probability. For retail market, the weighting of the downside scenario was changed from 10 to 15 per cent. In 2022, the weighting of the downside scenario was increased to 25 per cent in the agriculture and other business portfolios (excluding offshore) and hotels/tourism to take into account increased uncertainty as a result of the war in Ukraine as well as generally greater uncertainty with regard to future economical growth. In the third quarter of 2022, the weighting of the downside scenario has also been increased in the subsidiary SpareBank1 Finans Midt-Norge from respectively 10 to 25 per cent for BM and from 10 to 15 per cent for PM.

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

The write-downs are reduced as a result of the removal of mark-ups in the base scenario for the business portfolio (excl. offshore and hotels) and reduced markup in PD and LGD projectaries for hotel/tourism (down from a very high level). On the other hand, write-downs are increasing both for business and industry the personal market portfolio as a result of a new mark-up in PD and LGD trajectories as a result of a significantly increased interest rate level. In addition, increased weight on low scenario for the business portfolio result in increased write-downs. In total, this amounts to NOK 82 million for the bank and NOK 98 million for the group in reduced write-downs

Sensitivity

The first part of the table below show total calculated expected credit loss as of 30 September 2022 in each of the three scenarios, distributed in the portfolios Retail Market, Corporate Market (excl offshore and agriculture) and offshore, tourism and agriculture, which adds up to parent bank. In addition the subsidiary SpareBank 1 Finans Midt-Norge is included with portfolios Corporate and Retail Market. 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 September 2022, this would have entailed an increase in loss provisions of NOK 259 million for the parent bank and NOK 280 million for the group.

	CM	RM	Offshore	Tourism	Agriculture	Total parent	SB 1 Finans MN, CM	SB 1 Finans MN, RM	Group
ECL base case	465	71	314	15	41	905	36	20	962
ECL worst case	1,069	236	512	74	148	2,038	82	70	2,190
ECL best case	361	28	218	7	22	635	24	13	672
ECL with scenario weights used 60/25/15	601	-	-	-	65	665	44	-	709
ECL with scenario weights used 65/20/15	-	-	339	-	-	339	-	-	339
ECL with scenario weights used 60/30/10	-	-	-	32	-	32	-	-	32
ECL with scenario weights used 70/15/15	-	89	-	-	-	89	-	26	115
Total ECL used	601	89	339	32	65	1,126	44	26	1,196
ECL alternative scenario weights 35/50/15	752	-	-	-	91	843	57	-	900
ECL alternative scenario weights 45/40/15	-	-	379	-	-	379	-	-	379
ECL alternative scenario weights 30/60/10	-	-	-	49	-	49	-	-	49
ECL alternative scenario weights 55/30/15	-	114	-	-	-	114	-	33	147
Total ECL alternative weights	752	-	379	49	91	1,385	57	33	1,476
Change in ECL if alternative weights were used	151	25	40	18	27	259	14	7	280

The table reflects that there are some significant differences in underlying PD and LGD estimates in the different scenarios and that there are differentiated levels and level differences between the portfolios. At group level, the ECL in the upside scenario, which largely reflects the loss and default picture in recent years, is about 70 per cent of the ECL in the expected scenario. The downside scenario gives over double the ECL than in the expected scenario. Applied scenario weighting gives about 25 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 30 September 2022

Profit and loss account (NOKm)	RM	CM	SB1 Markets	EM 1	SB 1		SB 1		Other	Uncollated	Total
					Finans MN	Regnskaps- huset SMN					
Net interest	930	977	4	4	339	1	-	-	116	2,370	
Interest from allocated capital	85	69	-	-	-	-	-	-	-155	-	
Total interest income	1,015	1,047	4	4	339	1	-	-	-39	2,370	
Comission income and other income	620	206	461	324	-78	467	-	-	-79	1,921	
Net return on financial investments *)	-3	7	78	8	-18	-	265	89	427		
Total income	1,631	1,260	543	336	243	468	265	-28	4,718		
Total operating expenses	705	348	426	271	83	392	-	-17	2,208		
Ordinary operating profit	926	913	117	64	160	76	265	-11	2,511		
Loss on loans, guarantees etc.	2	-47	-	-	20	-	-	-	-0	-26	
Result before tax	924	959	117	64	141	76	265	-11	2,536		

Group 30 September 2021

Profit and loss account (NOKm)	RM	CM	SB1 Markets	EM 1	SB 1		SB 1		Other	Uncollated	Total
					Finans MN	Regnskaps- huset SMN					
Net interest	840	826	-3	1	340	-0	-	-	69	2,073	
Interest from allocated capital	19	2	-	-	-	-	-	-	-21	-	
Total interest income	859	828	-3	1	340	-0	-	-	47	2,073	
Comission income and other income	682	178	611	342	-67	439	-	-	-23	2,161	
Net return on financial investments *)	2	10	81	10	-2	-	521	186	808		
Total income	1,542	1,016	689	353	271	439	521	210	5,042		
Total operating expenses	673	325	486	282	106	357	-	-2	2,228		
Ordinary operating profit	869	691	203	71	165	82	521	212	2,814		
Loss on loans, guarantees etc.	-11	125	-	-	13	-	-	-	1	129	
Result before tax	880	566	203	71	151	82	521	212	2,685		

Group 31 December 21

Profit and loss account (NOKm)	RM	CM	SB1 Markets	EM 1	SB 1		Other	Uncollated	Total
					Finans MN	Regnskaps- huset SMN			
Net interest	1,128	1,106	-7	2	450	0	-	117	2,796
Interest from allocated capital	37	14	-	-	-	-	-	-52	-
Total interest income	1,165	1,120	-7	2	450	0	-	66	2,796
Commission income and other income	906	251	782	441	-90	562	-	-20	2,832
Net return on financial investments *)	2	15	126	10	4	-	701	168	1,026
Total income	2,074	1,386	901	453	364	562	701	214	6,655
Total operating expenses	916	446	647	382	141	477	-	-16	2,993
Ordinary operating profit	1,157	940	254	71	224	85	701	230	3,662
Loss on loans, guarantees etc.	-10	145	-	-	25	-	-	1	161
Result before tax	1,167	795	254	71	198	85	701	229	3,501

*) Specification of other (NOKm)	30 Sep 22	30 Sep 21	31 Dec 21
SpareBank 1 Gruppen	46	298	471
SpareBank 1 Boligkreditt	2	18	16
SpareBank 1 Næringskreditt	2	6	7
BN Bank	149	122	164
SpareBank 1 Kreditt	9	11	13
SpareBank 1 Betaling	-9	-4	-15
SpareBank 1 Forvaltning	28	20	32
Other companies	38	49	13
Income from investment in associates and joint ventures	265	521	701
SpareBank 1 Mobilitet Holding	-18	-2	4
Net income from investment in associates and joint ventures	248	519	705

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 30 September 2022 the overall minimum requirement on CET1 capital is 13.0 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 1.5 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital. In addition the financial supervisory authority has set a Pillar 2 requirement of 1.9 per cent for SpareBank 1 SMN, however not below NOK 1,794 million in monetary terms. From 30 April 2022, SpareBank 1 SMN has received a new Pillar 2 requirement. The rate of 1.9 per cent is unchanged, but in addition the bank must have an additional 0.7 per cent in Pillar 2 requirements until the application for modeling has been processed. The Norwegian countercyclical buffer will rise to 1.5 per cent with effect from 30 June 2022, and to 2.0 per cent from 31 December 2022.

Under the CRR/CRDIV regulations the average risk weighting of exposures secured on residential property in Norway cannot be lower than 20 per cent. As of 30 September 2022 an adjustment was made in both the parent bank and the group to bring the average risk weight up to 20 per cent. This is presented in the note together with 'mass market exposure, property' under 'credit risk IRB'.

The systemic risk buffer stands at 4.5 per cent for the Norwegian exposures. For exposures in other countries, the particular country's systemic buffer rate shall be employed. As of 30 September 2022 the effective rate for the parent bank and for the group is accordingly 4.4 per cent.

The countercyclical buffer is calculated using differentiated rates. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. As of 30 September 2022 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 21	30 Sep 21	30 Sep 22 (NOKm)		30 Sep 22	30 Sep 21	31 Dec 21
19,356	19,629	19,852	Total book equity	23,863	23,077	23,241
-1,250	-1,211	-1,206	Additional Tier 1 capital instruments included in total equity	-1,247	-1,252	-1,293
-458	-500	-465	Deferred taxes, goodwill and other intangible assets	-955	-1,040	-961
-1,517	-627	-	Deduction for allocated dividends and gifts	-	-627	-1,517
-	-	-	Non-controlling interests recognised in other equity capital	-913	-848	-989
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	701	504	568
-	-1,841	-1,930	Net profit	-2,017	-2,199	-
-	723	900	Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit)	986	1,079	-
-41	-40	-51	Value adjustments due to requirements for prudent valuation	-68	-52	-56
-495	-581	-141	Positive value of adjusted expected loss under IRB Approach	-213	-616	-560
-	-	-	Cash flow hedge reserve	-5	5	3
-202	-187	-219	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-449	-360	-648
15,393	15,365	16,739	Common equity Tier 1 capital	19,683	17,671	17,790
1,250	1,250	1,250	Additional Tier 1 capital instruments	1,615	1,594	1,581
-48	-	-46	Deduction for significant investments in financial institutions	-46	-	-48
16,595	16,615	17,943	Tier 1 capital	21,252	19,265	19,322
-	-	-	Supplementary capital in excess of core capital			
1,750	1,750	2,000	Subordinated capital	2,502	2,247	2,226
-214	-174	-208	Deduction for significant investments in financial institutions	-208	-174	-214
1,536	1,576	1,792	Additional Tier 2 capital instruments	2,294	2,072	2,011
18,130	18,190	19,735	Total eligible capital	23,546	21,338	21,333

			Minimum requirements subordinated capital		
1,049	1,074	1,123	Specialised enterprises	1,315	1,254
1,016	955	945	Corporate	965	968
1,400	1,415	1,352	Mass market exposure, property	2,433	2,348
93	100	101	Other mass market	104	103
1,000	1,045	1,201	Equity positions IRB	-	95
4,558	4,590	4,722	Total credit risk IRB	4,817	4,675
3	3	6	Central government	6	4
106	130	92	Covered bonds	136	151
398	379	361	Institutions	248	324
1	-	117	Local and regional authorities, state-owned enterprises	132	31
188	147	224	Corporate	446	382
7	11	14	Mass market	653	506
25	28	29	Exposures secured on real property	111	120
279	264	90	Equity positions	503	513
92	94	87	Other assets	154	142
1,098	1,056	1,020	Total credit risk standardised approach	2,390	2,186
35	36	39	Debt risk	41	38
-	-	-	Equity risk	16	22
-	-	-	Currency risk and risk exposure for settlement/delivery	17	2
433	421	433	Operational risk	810	777
26	25	31	Credit value adjustment risk (CVA)	98	131
6,150	6,128	6,245	Minimum requirements subordinated capital	8,189	7,830
76,873	76,599	78,063	Risk weighted assets (RWA)	102,367	97,879
3,459	3,447	3,513	Minimum requirement on CET1 capital, 4.5 per cent	4,607	4,405
			Capital Buffers		
1,922	1,915	1,952	Capital conservation buffer, 2.5 per cent	2,559	2,447
3,459	3,447	3,513	Systemic risk buffer, 4.5 per cent	4,607	4,405
769	766	1,171	Countercyclical buffer, 1.0 per cent	1,536	979
6,150	6,128	6,635	Total buffer requirements on CET1 capital	8,701	7,830
5,784	5,790	6,591	Available CET1 capital after buffer requirements	6,375	5,436
			Capital adequacy		
20.0 %	20.1 %	21.4 %	Common equity Tier 1 capital ratio	19.2 %	18.1 %
21.6 %	21.7 %	23.0 %	Tier 1 capital ratio	20.8 %	19.7 %
23.6 %	23.7 %	25.3 %	Capital ratio	23.0 %	21.8 %
			Leverage ratio		
191,697	189,698	197,794	Balance sheet items	283,339	270,700
10,782	12,601	6,811	Off-balance sheet items	8,100	11,887
-1,042	-1,121	-923	Regulatory adjustments	-1,736	-1,911
201,437	201,179	203,682	Calculation basis for leverage ratio	289,703	280,677
16,595	16,615	17,943	Core capital	21,252	19,265
8.2 %	8.3 %	8.8 %	Leverage Ratio	7.3 %	6.9 %

Note 5 - Distribution of loans by sector/industry

Parent Bank				Group		
31 Dec 21	30 Sep 21	30 Sep 22 (NOKm)		30 Sep 22	30 Sep 21	31 Dec 21
9,433	9,205	9,975	Agriculture and forestry	10,389	9,546	9,783
5,853	5,851	6,994	Fisheries and hunting	7,016	5,869	5,870
1,926	1,843	2,251	Sea farming industries	2,507	2,093	2,176
2,151	2,203	2,237	Manufacturing	2,833	2,835	2,766
3,169	2,884	4,298	Construction, power and water supply	5,436	3,825	4,124
2,572	2,320	2,889	Retail trade, hotels and restaurants	3,471	2,662	2,966
4,715	5,237	5,313	Maritime sector	5,313	5,237	4,715
16,924	16,724	18,392	Property management	18,501	16,839	17,044
4,497	4,083	3,869	Business services	4,530	4,500	4,990
5,714	5,433	5,756	Transport and other services provision	6,721	6,367	6,667
2	2	104	Public administration	139	35	34
1,383	1,392	1,673	Other sectors	1,619	1,339	1,325
58,337	57,176	63,752	Gross loans in Corporate market	68,473	61,147	62,458
126,828	124,841	133,641	Wage earners	140,426	130,828	132,894
185,165	182,017	197,393	Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt	208,900	191,976	195,353
46,650	46,675	57,051	of which SpareBank 1 Boligkreditt	57,051	46,675	46,650
1,402	1,329	1,601	of which SpareBank 1 Næringskreditt	1,601	1,329	1,402
137,113	134,013	138,740	Total Gross loans to and receivables from customers	150,247	143,972	147,301
1,250	1,411	921	- Loan loss allowance on amortised cost loans	993	1,472	1,313
97	95	92	- Loan loss allowance on loans at FVOCI	92	95	97
135,766	132,507	137,727	Net loans to and receivables from customers	149,162	142,404	145,890

Note 6 - Losses on loans and guarantees

Parent Bank (NOKm)	January - September						Third quarter						2021		
	2022			2021			2022			2021			RM	CM	Total
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses	3	-68	-65	-14	102	88	10	7	17	-2	24	22	-11	39	27
Actual loan losses on commitments exceeding provisions made	4	27	31	8	23	31	3	-5	-3	3	1	4	10	107	117
Recoveries on commitments previously written-off	-5	-6	-11	-5	-0	-5	-1	-2	-3	-2	-0	-2	-9	-1	-10
Losses for the period on loans and guarantees	2	-47	-45	-11	125	115	11	1	12	-1	25	24	-10	145	134

Group (NOKm)	January - September						3rd quarter						2021		
	2022			2021			2022			2021			RM	CM	Total
	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total	RM	CM	Total
Change in provision for expected credit losses	10	-65	-55	-23	104	81	14	12	26	-3	27	24	-20	50	30
Actual loan losses on commitments exceeding provisions made	9	32	41	25	29	53	5	-5	-0	7	2	9	30	112	142
Recoveries on commitments previously written-off	-5	-7	-11	-5	-0	-5	-1	-2	-3	-2	-0	-2	-9	-3	-12
Losses for the period on loans and guarantees	14	-39	-26	-3	132	129	17	5	22	3	28	31	1	159	161

Note 7 - Losses

Parent Bank (NOKm)	1 Jan 22	Change in provision	Net write-offs /recoveries		30 Sep 22
Loans as amortised cost- CM	1,298	-68	-260		969
Loans as amortised cost- RM	31	6	-5		31
Loans at fair value over OCI- RM	128	-3	-		125
Loans at fair value over OCI- CM	1	1	-		2
Provision for expected credit losses on loans and guarantees	1,458	-65	-265		1,127
Presented as					
Provision for loan losses	1,348	-69	-265		1,014
Other debt- provisons	79	1	-		79
Other comprehensive income - fair value adjustment	31	3	-		34
Parent Bank (NOKm)	1 Jan 21	Change in provision	Net write-offs /recoveries		30 Sep 21
Loans as amortised cost- CM	1,377	102	-19		1,459
Loans as amortised cost- RM	35	8	-9		33
Loans at fair value over OCI- RM	147	-21	-		126
Loans at fair value over OCI- CM	0	0	-		1
Provision for expected credit losses on loans and guarantees	1,559	88	-29		1,619
Presented as					
Provision for loan losses	1,446	89	-29		1,506
Other debt- provisons	81	1	-		82
Other comprehensive income - fair value adjustment	32	-1	-		31
Parent Bank (NOKm)	1 Jan 21	Change in provision	Net write-offs /recoveries		31 Dec 21
Loans as amortised cost- CM	1,377	38	-117		1,298
Loans as amortised cost- RM	35	8	-12		31
Loans at fair value over OCI- RM	147	-19	-		128
Loans at fair value over OCI- CM	0	1	-		1
Provision for expected credit losses on loans and guarantees	1,559	27	-129		1,458
Presented as					
Provision for loan losses	1,446	30	-129		1,348
Other debt- provisons	81	-2	-		79
Other comprehensive income - fair value adjustment	32	-1	-		31

Group (NOKm)	1 Jan 22	Change in provision	Net write-offs	30 Sep 22
			/recoveries	
Loans as amortised cost- CM	1,343	-65	-261	1,016
Loans as amortised cost- RM	49	12	-5	56
Loans at fair value over OCI- RM	128	-3	-	125
Loans at fair value over OCI- CM	1	11	-1	2
Provision for expected credit losses on loans and guarantees	1,520	-45	-268	1,199
Presented as				
Provision for loan losses	1,410	-59	-267	1,085
Other debt- provisons	79	1	-	79
Other comprehensive income - fair value adjustment	31	3	-	34
Group (NOKm)	1 Jan 21	Change in provision	Net write-offs	30 Sep 21
			/recoveries	
Loans as amortised cost- CM	1,421	103	-20	1,503
Loans as amortised cost- RM	62	-2	-9	51
Loans at fair value over OCI- RM	147	-21	-	126
Loans at fair value over OCI- CM	0	0	-	1
Provision for expected credit losses on loans and guarantees	1,630	81	-30	1,680
Presented as				
Provision for loan losses	1,517	81	-30	1,568
Other debt- provisons	81	1	-	82
Other comprehensive income - fair value adjustment	32	-1	-	31
Group (NOKm)	1 Jan 21	Change in provision	Net write-offs	31 Dec 21
			/recoveries	
Loans as amortised cost- CM	1,421	50	-128	1,343
Loans as amortised cost- RM	62	-1	-12	49
Loans at fair value over OCI- RM	147	-19	-	128
Loans at fair value over OCI- CM	0	1	-	1
Provision for expected credit losses on loans and guarantees	1,630	30	-140	1,520
Presented as				
Provision for loan losses	1,517	33	-140	1,410
Other debt- provisons	81	-2	-	79
Other comprehensive income - fair value adjustment	32	-1	-	31

**Accrual for losses on
loans**

Parent Bank (NOKm)	30 Sep 22				30 Sep 21				31 Dec 2021			
	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	39	82	36	156	35	97	47	180	35	97	47	180
Transfer to (from) stage 1	20	-20	-0	-	22	-22	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-2	2	-0	-	-2	2	-0	-	-2	2	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-4	5	-	-1	-6	7	-
Net remeasurement of loss allowances	-26	16	2	-8	-22	25	-5	-2	-22	24	-3	-1
Originations or purchases	13	11	2	26	14	11	1	26	19	17	1	37
Derecognitions	-9	-20	-2	-32	-10	-26	-3	-38	-12	-32	-4	-48
Changes due to changed input assumptions	4	12	-0	16	1	-1	-	0	1	-0	-	1
Actual loan losses	0	0	-5	-5	-	-	-9	-9	0	0	-12	-12
Closing balance	39	78	36	154	37	83	36	156	39	82	36	156
Corporate Market												
Opening balance	84	268	871	1,223	88	387	823	1,299	88	387	823	1,299
Transfer to (from) stage 1	34	-33	-1	-	11	-11	-	-	15	-15	-	-
Transfer to (from) stage 2	-5	96	-91	-	-3	3	-	-	-5	5	-	-
Transfer to (from) stage 3	-1	-2	4	-	-2	-26	28	-	-2	-26	28	-
Net remeasurement of loss allowances	21	-9	-2	10	-20	14	102	97	-26	26	38	39
Originations or purchases	66	19	4	89	23	19	112	154	32	21	100	153
Derecognitions	-27	-19	-24	-70	-16	-141	-1	-159	-20	-145	-1	-166
Changes due to changed input assumptions	-59	5	-43	-98	1	9	-	11	1	14	-	15
Actual loan losses	-	-	-260	-260	-	-	-19	-19	-	-	-117	-117
Closing balance	112	326	456	894	83	253	1,045	1,381	84	268	871	1,223
Total accrual for loan losses	152	404	492	1,048	120	337	1,080	1,537	123	350	907	1,379

Group (NOKm)	30 Sep 22				30 Sep 21				31 Dec 2021			
	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	45	89	40	174	42	107	58	207	42	107	58	207
Transfer to (from) stage 1	22	-22	-0	-	23	-23	-0	-	22	-22	-0	-
Transfer to (from) stage 2	-3	3	-1	-	-3	3	-0	-	-2	3	-0	-
Transfer to (from) stage 3	-0	-5	5	-	-0	-5	6	-	-1	-7	8	-
Net remeasurement of loss allowances	-26	20	3	-2	-23	27	-2	1	-23	26	-1	2
Originations or purchases	18	14	2	33	16	13	3	32	22	20	1	43
Derecognitions	-11	-21	-4	-35	-12	-30	-8	-49	-14	-37	-9	-60
Changes due to changed input assumptions	4	11	-1	14	-0	-2	-5	-7	-0	-2	-4	-5
Actual loan losses	-	-	-5	-5	-	-	-9	-9	-	-	-12	-12
Closing balance	49	89	41	179	43	90	41	174	45	89	40	174
Corporate Market												
Opening balance	94	278	896	1,268	98	399	845	1,342	98	399	845	1,342
Transfer to (from) stage 1	37	-35	-1	-	16	-16	-0	-	20	-20	-0	-
Transfer to (from) stage 2	-6	98	-91	0	-4	4	-0	-	-7	7	-0	-
Transfer to (from) stage 3	-1	-2	4	-	-2	-27	29	-	-2	-27	29	-
Net remeasurement of loss allowances	21	-5	9	25	-23	17	108	102	-29	31	42	44
Originations or purchases	71	20	4	95	26	20	113	159	35	23	112	169
Derecognitions	-28	-20	-26	-74	-17	-143	-2	-162	-21	-146	-2	-169
Changes due to changed input assumptions	-61	4	-54	-112	-1	8	-2	4	-2	12	-2	9
Actual loan losses	-	-	-261	-261	-	-	-20	-20	-	-	-128	-128
Closing balance	125	337	478	941	92	263	1,069	1,425	94	278	896	1,268
Total accrual for loan losses	174	426	519	1,119	136	353	1,110	1,599	138	367	936	1,442

Accrual for losses on guarantees and unused credit lines

Parent Bank and Group (NOKm)	30 Sep 22				30 Sep 21				31 Dec 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	19	55	5	79	27	50	4	81	27	50	4	81
Transfer to (from) stage 1	3	-3	-0	-	5	-5	-0	-	6	-6	-0	-
Transfer to (from) stage 2	-1	1	-0	-	-6	6	-	-	-7	7	-	-
Transfer to (from) stage 3	-0	-0	0	-	-0	-1	1	-	-0	-1	1	-
Net remeasurement of loss allowances	-11	-1	5	-7	-7	7	-2	-2	-9	4	0	-4
Originations or purchases	10	6	0	16	8	3	0	10	7	4	0	11
Derecognitions	-2	-6	-0	-9	-5	-4	-0	-9	-6	-5	-0	-11
Changes due to changed input assumptions	-1	0	0	0	0	1	-	2	0	2	-	2
Actual loan losses	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	18	51	10	79	22	57	3	82	19	55	5	79
Of which												
Retail market				2					3			2
Corporate Market				77					79			76

Provision for credit losses specified by industry

Parent Bank (NOKm)	30 Sep 22				30 Sep 21				31 Dec 2021			
	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	32	12	47	2	31	3	36	2	31	6	39
Fisheries and hunting	10	11	0	21	7	0	0	8	6	7	0	13
Sea farming industries	2	1	1	4	1	0	0	2	1	0	0	2
Manufacturing	5	42	4	50	7	25	14	46	5	36	15	56
Construction, power and water supply	20	23	9	52	12	12	22	46	13	16	14	43
Retail trade, hotels and restaurants	9	28	2	39	7	28	9	44	8	28	11	46
Maritime sector	18	144	200	362	14	122	730	866	14	118	555	687
Property management	27	47	28	102	18	47	35	100	20	50	36	105
Business services	14	23	198	235	11	15	223	249	13	12	222	247
Transport and other services	8	11	16	35	7	8	10	25	7	6	17	30
Public administration	0	-	-	0	0	-	-	0	0	0	0	0
Other sectors	1	0	-	1	0	0	-	1	0	0	0	0
Wage earners	1	42	24	67	2	47	32	82	2	47	30	79
Total provision for losses on loans	117	404	492	1,014	89	337	1,080	1,506	91	350	907	1,348
loan loss allowance on loans at FVOCI	34			34	31			31	31			31
Total loan loss allowance	152	404	492	1,048	120	337	1,080	1,537	123	350	907	1,379

Group (NOKm)	30 Sep 22				30 Sep 21				31 Dec 2021			
	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	34	13	51	3	32	4	39	3	33	7	42
Fisheries and hunting	10	11	0	21	7	0	0	8	6	7	0	13
Sea farming industries	3	1	4	8	2	1	0	3	1	1	1	3
Manufacturing	9	45	6	59	9	27	20	56	7	38	21	66
Construction, power and water supply	24	26	12	62	15	15	25	54	16	19	18	53
Retail trade, hotels and restaurants	10	29	5	44	8	28	11	47	9	28	16	53
Maritime sector	18	144	200	362	14	122	730	866	14	118	555	687
Property management	28	48	28	103	18	48	36	101	20	50	36	106
Business services	16	24	202	242	12	16	226	255	14	14	227	255
Transport and other services	11	14	21	46	9	10	21	40	8	7	22	37
Public administration	0	-	-	0	0	-	0	0	0	0	0	0
Other sectors	1	0	-	1	0	0	-	1	0	0	0	0
Wage earners	8	52	28	88	7	53	36	97	7	53	34	95
Total provision for losses on loans	140	426	519	1,085	105	353	1,110	1,568	107	367	936	1,410
loan loss allowance on loans at FVOCI	34			34	31			31	31			31
Total loan loss allowance	174	426	519	1,119	136	353	1,110	1,599	138	367	936	1,442

Note 8 - Gross loans

Parent Bank (NOKm)	30 Sep 22				30 Sep 21				31 Dec 21			
	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	82,299	3,892	444	86,636	73,297	4,430	381	78,108	73,297	4,430	381	78,108
Transfer to stage 1	1,164	-1,148	-16	-	1,216	-1,212	-4	-	1,007	-1,002	-6	-
Transfer to stage 2	-1,133	1,142	-9	-	-1,009	1,012	-3	-	-1,325	1,332	1	-
Transfer to stage 3	-25	-96	121	-	-50	-77	127	-	-61	-87	148	-
Net increase/decrease amount existing loans	-2,241	-90	-14	-2,345	-2,228	-72	-20	-2,319	-2,513	-102	-15	-2,630
New loans	31,416	695	87	32,197	35,597	721	70	36,388	43,464	1,198	118	44,780
Derecognitions	-31,882	-1,230	-113	-33,226	-26,274	-1,532	-128	-27,935	-31,569	-1,876	-156	-33,601
Financial assets with actual loan losses	0	-1	-9	-10	-0	-1	-16	-17	-0	-1	-20	-21
Closing balance	79,599	3,163	490	83,253	80,549	3,268	408	84,225	82,299	3,892	444	86,636
Corporate Market												
Opening balance	38,359	5,186	2,656	46,201	35,587	5,979	1,702	43,268	35,587	5,979	1,702	43,268
Transfer to stage 1	978	-963	-15	-	414	-414	-	-	647	-647	-0	-
Transfer to stage 2	-1,593	2,463	-869	-	-690	690	-0	-	-1,434	1,434	-	-
Transfer to stage 3	-64	-73	137	-	-16	-594	609	-	-43	-593	637	-
Net increase/decrease amount existing loans	-274	-152	49	-377	-963	-162	-27	-1,152	-1,202	-196	-39	-1,437
New loans	12,908	1,016	93	14,017	9,799	110	1,305	11,214	13,125	-550	1,074	13,649
Derecognitions	-7,590	-912	-504	-9,006	-6,431	-745	-711	-7,888	-8,320	-236	-524	-9,081
Financial assets with actual loan losses	-2	-5	-59	-66	0	0	-21	-21	-1	-4	-193	-199
Closing balance	42,721	6,560	1,489	50,770	37,699	4,865	2,856	45,420	38,359	5,186	2,656	46,201
Fixed interest loans at FV	4,718			4,718	4,367			4,367	4,276	-	-	4,276
Total gross loans at the end of the period	127,039	9,723	1,979	138,740	122,615	8,133	3,264	134,013	124,934	9,079	3,100	137,113

Group (NOKm)	30 Sep 22				30 Sep 21				31 Dec 21			
	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	87,577	4,612	531	92,721	78,206	5,208	453	83,867	78,206	5,208	453	83,867
Transfer to stage 1	1,358	-1,341	-17	-	1,418	-1,413	-4	-	1,227	-1,221	-6	-
Transfer to stage 2	-1,447	1,462	-15	-	-1,245	1,253	-7	-	-1,598	1,609	-11	-
Transfer to stage 3	-31	-126	157	-	-59	-119	178	-	-74	-132	206	-
Net increase/decrease amount existing loans	-1,956	-134	-20	-2,110	-2,254	-106	-29	-2,388	-2,599	-154	-28	-2,782
New loans	33,803	912	92	34,807	37,915	892	74	38,881	46,190	1,465	125	47,781
Derecognitions	-33,780	-1,427	-131	-35,338	-28,197	-1,772	-142	-30,111	-33,775	-2,161	-189	-36,125
Financial assets with actual loan losses	-0	-1	-9	-10	-0	-1	-16	-17	-0	-1	-20	-21
Closing balance	85,524	3,958	587	90,070	85,785	3,941	507	90,233	87,577	4,612	531	92,721
Corporate Market												
Opening balance	41,855	5,768	2,759	50,382	38,107	6,587	1,802	46,496	38,107	6,587	1,802	46,496
Transfer to stage 1	1,224	-1,184	-40	-	649	-646	-3	-	879	-876	-2	-
Transfer to stage 2	-1,862	2,739	-877	-	-985	987	-3	-	-1,795	1,797	-1	-
Transfer to stage 3	-75	-92	167	-	-26	-617	643	-	-57	-626	683	-
Net increase/decrease amount existing loans	-301	-202	45	-457	-480	-198	-33	-711	-652	-257	-53	-963
New loans	14,284	1,079	108	15,471	10,685	179	1,306	12,170	14,533	-455	1,085	15,164
Derecognitions	-8,225	-1,016	-552	-9,793	-6,936	-875	-751	-8,562	-9,159	-397	-561	-10,117
Financial assets with actual loan losses	-2	-5	-59	-66	0	0	-21	-21	-1	-4	-193	-199
Closing balance	46,897	7,087	1,551	55,536	41,014	5,416	2,941	49,372	41,855	5,768	2,759	50,382
Fixed interest loans at FV	4,640			4,640	4,367			4,367	4,198			4,198
Total gross loans at the end of the period	137,062	11,046	2,139	150,247	131,166	9,357	3,448	143,972	133,630	10,381	3,290	147,301

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank				Group		
31 Dec 21	30 Sep 21	30 Sep 22	(NOKm)	30 Sep 22	30 Sep 21	31 Dec 21
1,958	2,247	2,286	Agriculture and forestry	2,286	2,247	1,958
991	964	1,285	Fisheries and hunting	1,285	964	991
1,050	915	685	Sea farming industries	685	915	1,050
2,562	2,297	3,149	Manufacturing	3,149	2,297	2,562
5,535	5,293	6,423	Construction, power and water supply	6,423	5,293	5,535
6,649	5,436	5,138	Retail trade, hotels and restaurants	5,138	5,436	6,649
1,006	1,102	1,071	Maritime sector	1,071	1,102	1,006
5,692	6,170	6,560	Property management	6,495	6,112	5,635
11,469	11,534	13,416	Business services	13,416	11,534	11,469
9,247	9,494	9,007	Transport and other services provision	8,521	9,057	8,750
16,826	16,300	20,624	Public administration	20,624	16,300	16,826
4,453	4,610	3,836	Other sectors	3,797	4,468	4,267
67,439	66,362	73,482	Total	72,892	65,725	66,697
44,589	43,967	47,666	Wage earners	47,666	43,967	44,589
112,028	110,328	121,148	Total deposits	120,558	109,691	111,286

Note 10 - Net interest income

Parent bank						Group				
Third quarter			January - September			January - September		Third quarter		
2021	2021	2022	2021	2022	(NOKm)	2022	2021	2022	2021	2021
Interest income										
128	27	107	90	231	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	99	22	53	5	33
1,654	421	644	1,206	1,700	Interest income from loans to and claims on customers (amortised cost)	2,163	1,591	812	549	2,169
1,285	320	469	943	1,232	Interest income from loans to and claims on customers (FVOCI)	1,232	954	469	323	1,300
116	29	33	88	91	Interest income from loans to and claims on customers (FVPL)	91	88	33	29	116
279	62	149	199	359	Interest income from money market instruments, bonds and other fixed income securities	356	197	148	61	276
-	-	-	-	-	Other interest income	19	17	7	5	23
3,462	858	1,402	2,527	3,613	Total interest income	3,961	2,869	1,521	973	3,916
Interest expense										
51	9	77	32	152	Interest expenses on liabilities to credit institutions	163	35	82	10	55
547	130	423	372	917	Interest expenses relating to deposits from and liabilities to customers	906	367	418	128	540
395	95	167	297	400	Interest expenses related to the issuance of securities	400	297	167	95	395
33	8	16	24	43	Interest expenses on subordinated debt	45	26	17	8	35
8	2	2	6	6	Other interest expenses	18	15	7	5	20
75	19	20	57	59	Guarantee fund levy	59	57	20	19	75
1,109	263	705	788	1,576	Total interest expense	1,591	796	710	266	1,120
2,353	595	697	1,739	2,037	Net interest income	2,370	2,073	811	707	2,796

Note 11 - Net commission income and other income

Parent bank						Group				
Third quarter			January - September			January - September		Third quarter		
2021	2021	2022	2021	2022	(NOKm)	2022	2021	2022	2021	2021
Commission income										
76	17	19	51	50	Guarantee commission	47	49	17	16	73
-	-	-	-	-	Broker commission	205	221	66	69	291
63	18	11	48	32	Portfolio commission, savings products	32	48	11	18	63
450	123	63	348	224	Commission from SpareBank 1	224	348	63	123	450
14	3	4	11	12	Boligkreditt	12	11	4	3	14
413	107	129	294	346	Commission from SpareBank 1	343	291	128	106	409
214	54	60	159	176	Næringskreditt	176	159	60	54	214
77	19	22	58	70	Payment transmission services	64	53	20	17	69
1,306	340	307	969	909	Total commission income	1,102	1,179	369	405	1,583
Commission expenses										
84	24	22	60	58	Payment transmission services	81	83	29	31	115
13	3	3	10	8	Other commission expenses	82	69	30	23	92
97	27	25	69	66	Total commission expenses	163	152	60	54	207
Other operating income										
26	3	8	21	22	Operating income real property	21	21	8	3	27
-	-	-	-	-	Property administration and sale of property	119	120	39	38	150
-	-	-	-	-	Securities trading	379	561	57	110	719
-	-	-	-	-	Accountant's fees	437	416	115	114	529
21	6	9	10	15	Other operating income	25	17	11	7	31
47	9	17	31	36	Total other operating income	982	1,134	230	272	1,456
1,256	321	298	930	880	Total net commission income and other operating income	1,921	2,161	540	623	2,832

Note 12 - Operating expenses

Parent bank					Group					
Third quarter			January - September		January - September			Third quarter		
2021	2021	2022	2021	2022	(NOKm)	2022	2021	2022	2021	2021
265	62	71	192	217	IT costs	286	262	95	85	359
10	3	3	8	9	Postage and transport of valuables	11	10	3	4	14
53	14	12	40	41	Marketing	66	56	18	19	77
95	24	19	74	57	Ordinary depreciation	100	149	32	56	189
44	9	11	32	36	Operating expenses, real properties	51	47	18	14	57
143	36	40	105	120	Purchased services	178	167	63	60	224
134	27	34	88	101	Other operating expense	132	119	42	38	190
745	176	190	540	580	Total other operating expenses	825	809	271	275	1,111

Note 13 - Net return on financial investments

Parent Bank					Group						
Third quarter		January - September			January - September		Third quarter				
2021	2021	2022	2021	2022	(NOKm)		2022	2021	2022	2021	2021
Valued at fair value through profit/loss											
-433	-94	-100	-293	-479	Value change in interest rate instruments		-388	-194	-67	-72	-283
-6	3	13	-7	11	Value change in derivatives/hedging		11	-7	13	3	-6
12	-12	-29	0	-66	Net value change in hedged bonds and derivatives*		-66	0	-29	-12	12
301	96	122	232	386	Net value change in hedged fixed rate loans and derivatives		503	263	150	98	332
					Other derivatives						
726	-0	-	709	574	Income from equity instruments		248	519	109	179	705
8	13	-	8	4	Income from owner interests						
6	2	3	5	9	Dividend from owner instruments		4	-2	-	0	13
-4	-7	-8	1	-19	Value change and gain/loss on owner instruments		13	21	8	1	22
					Value change and gain/loss on equity instruments		32	162	-66	36	163
Total net income from financial assets and liabilities at fair value through profit/(loss)											
610	1	1	656	422			358	764	117	232	959
Valued at amortised cost											
-2	-0	0	-2	-0	Value change in interest rate instruments held to maturity		-0	-2	0	0	-2
-2	-0	0	-2	-0	Total net income from financial assets and liabilities at amortised cost		-0	-2	0	0	-2
72	15	30	47	69	Total net gain from currency trading		69	46	30	16	70
680	17	32	700	491	Total net return on financial investments		427	808	148	248	1,026
* Fair value hedging											
-664	-106	-781	-460	-2,144	Changes in fair value on hedging instrument		-2,144	-460	-781	-106	-664
657	109	794	454	2,156	Changes in fair value on hedging item		2,156	454	794	109	657
Net Gain or Loss from hedge accounting											
-6	3	13	-7	11			11	-7	13	3	-6

Note 14 - Other assets

Parent Bank			Group		
31 Dec 21	30 Sep 21	30 Sep 22 (NOKm)	30 Sep 22	30 Sep 21	31 Dec 21
3	-	3 Deferred tax asset	79	97	90
84	86	106 Fixed assets	229	211	210
253	265	231 Right to use assets	456	468	460
152	121	110 Earned income not yet received	144	156	186
20	2,225	645 Accounts receivable, securities	1,182	2,823	300
62	112	233 Pension assets	233	112	62
508	452	1,343 Other assets	1,639	741	752
1,082	3,261	2,671 Total other assets	3,962	4,609	2,062

Note 15 - Other liabilities

Parent Bank				Group		
31 Dec 21	30 Sep 21	30 Sep 22 (NOKm)		30 Sep 22	30 Sep 21	31 Dec 21
-	8	43	Deferred tax	99	81	56
513	350	615	Payable tax	682	440	583
12	11	12	Capital tax	12	11	12
118	88	44	Accrued expenses and received, non-accrued income	594	706	774
347	307	486	Provision for accrued expenses and commitments	486	307	347
78	82	79	Losses on guarantees and unutilised credits	79	82	78
8	10	7	Pension liabilities	7	10	8
262	274	241	Lease liabilities	473	481	476
84	57	79	Drawing debt	79	57	84
92	1	64	Creditors	144	33	150
157	2,052	306	Debt from securities	701	2,621	351
-	-	-	Equity Instruments	8	90	31
185	323	241	Other liabilities	309	405	266
1,855	3,561	2,217	Total other liabilities	3,672	5,323	3,215

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

Group

Change in securities debt (NOKm)	31 Dec 21	Issued	Fallen due/ Redeemed	Other changes	30 Sep 22
Bond debt, nominal value	36,805	9,625	6,397	1,267	41,301
Senior non preferred, nominal value	3,500	3,600	-	-41	7,059
Value adjustments	-152	-	-	-2,298	-2,450
Accrued interest	178	-	-	70	248
Total	40,332	13,225	6,397	-1,002	46,158

Change in subordinated debt and hybrid equity (NOKm)

Change in subordinated debt and hybrid equity (NOKm)	31 Dec 21	Issued	Fallen due/ Redeemed	Other changes	30 Sep 22
Ordinary subordinated loan capital, nominal value	1,793	1,000	750	-	2,043
Accrued interest	3	-	-	8	11
Total	1,796	1,000	750	8	2,054

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 30 September 22:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	0	7,479	-	7,480
- Bonds and money market certificates	2,346	28,215	-	30,561
- Equity instruments	1,261	102	611	1,974
- Fixed interest loans	-	78	4,640	4,718
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	79,839	79,839
Total assets	3,608	35,874	85,090	124,571
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	2	8,113	-	8,115
- Equity instruments	8	-	-	8
Total liabilities	11	8,113	-	8,124

The following table presents the Group's assets and liabilities measured at fair value at 30 September 21:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	1	3,731	-	3,732
- Bonds and money market certificates	2,360	27,672	-	30,032
- Equity instruments	1,908	57	559	2,525
- Fixed interest loans	-	43	4,246	4,289
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	80,832	80,832
Total assets	4,269	31,503	85,638	121,410
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	1	3,740	-	3,741
- Equity instruments	90	-	-	90
Total liabilities	91	3,740	-	3,831

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2021:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	4	3,221	-	3,224
- Bonds and money market certificates	2,377	28,385	-	30,762
- Equity instruments	1,984	106	564	2,654
- Fixed interest loans	-	-	4,198	4,198
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	83,055	83,055
Total assets	4,364	31,712	87,817	123,893
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	0	3,909	-	3,909
- Equity instruments	31	-	-	31
Total liabilities	31	3,909	-	3,940

The following table presents the changes in the instruments classified in level 3 as at 30 September 22:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	564	4,198	83,055	87,817
Investment in the period	15	1,250	29,075	30,340
Disposals in the period	-2	-575	-32,296	-32,872
Expected credit loss	-	-	2	2
Gain or loss on financial instruments	34	-233	3	-196
Closing balance 30 September 22	610	4,640	79,839	85,090

The following table presents the changes in the instruments classified in level 3 as at 30 September 21:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	432	4,242	74,761	79,435
Investment in the period	21	922	33,175	34,118
Disposals in the period	-2	-827	-27,123	-27,952
Expected credit loss	-	-	19	19
Gain or loss on financial instruments	107	-91	1	17
Closing balance 30 September 21	559	4,246	80,832	85,638

The following table presents the changes in the instruments classified in level 3 as at 31 December 2021:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Total
Opening balance 1 January	432	4,242	74,761	79,435
Investment in period	26	1,201	40,891	42,118
Disposals in the period	-12	-1,150	-32,615	-33,778
Expected credit loss	-	-	19	19
Gain or loss on financial instruments	118	-95	-1	22
Closing balance 31 December	564	4,198	83,055	87,817

Valuation method

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

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

Fixed interest loans to customers (level 3)

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

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

Property Loans at floating interest classified at fair value over other comprehensive income is valued based on nominal amount reduced by expected credit loss. Loans with no significant credit risk deterioration since first recognition is assessed at nominal amount. For loans with a significant increase in credit risk since first recognition or objective evidence of loss, the calculation of expected credit losses over the life of the asset is in line with loan losses for loans at amortised cost. Estimated fair value is the nominal amount reduced by expected lifetime credit loss. If the likelihood of the worst case scenario in the model is doubled, fair value is reduced by NOK 6 million.

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

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

Equity instruments (level 3)

Shares that are classified to level 3 include essentially investments in unquoted shares. Among other a total of NOK 521 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank SMN 1 Invest. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions.

Financial derivatives (level 2)

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

Sensitivity analyses, level 3 as at 30 September 22:

(NOKm)	Book value	Effect from change in reasonable possible alternative assumptions
Fixed interest loans	4,640	-13
Equity instruments through profit/loss*	610	-
Loans at fair value through other comprehensive income	79,839	-6

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

Note 18 - Liquidity risk

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

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

The average residual maturity on debt created by issue of securities at the end of the third quarter 2022 was 3.6 years. The overall LCR at the same point was 180 per cent and the average overall LCR in the third quarter was 179 per cent. The LCR in Norwegian kroner and euro at quarter-end was 166 and 405 per cent respectively.

Note 19 - Earnings per EC

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

(NOKm)	January - September		
	2022	2021	2021
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve ¹⁾	1,878	2,046	2,692
Allocated to ECC Owners ²⁾	1,201	1,308	1,722
Issues Equity Capital Certificates adjusted for own certificates	129,341,667	129,340,421	129,339,665
Earnings per Equity Capital Certificate	9.29	10.11	13.31

1) Adjusted Net Profit	January - September		
	2022	2021	2021
Net Profit for the group	2,017	2,199	2,902
adjusted for non-controlling interests share of net profit	-93	-113	-160
Adjusted for Tier 1 capital holders share of net profit	-45	-40	-50
Adjusted Net Profit	1,878	2,046	2,692

2) Equity capital certificate ratio (parent bank) (NOKm)	30.9.22	30.9.21	31.12.21
ECC capital	2,597	2,597	2,597
Dividend equalisation reserve	7,007	6,556	7,007
Premium reserve	895	895	895
Unrealised gains reserve	109	153	109
Other equity capital	82	-1	-
A. The equity capital certificate owners' capital	10,690	10,200	10,609
Ownerless capital	5,918	5,664	5,918
Unrealised gains reserve	62	86	62
Other equity capital	46	-1	-
B. The saving bank reserve	6,025	5,749	5,980
To be disbursed from gift fund	-	226	547
Dividend declared	-	401	970
Equity ex. profit	16,716	16,577	18,106
Equity capital certificate ratio A/(A+B)	64.0 %	64.0 %	64.0 %
Equity capital certificate ratio for distribution	64.0 %	64.0 %	64.0 %

Results from quarterly accounts

Group (NOKm)	3Q 2022	2Q 2022	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Interest income effective interest method	1,521	1,281	1,158	1,047	973	958	939	945	972
Interest expenses	710	480	400	324	266	260	271	258	277
Net interest	811	801	758	723	707	698	668	688	695
Commission income	369	377	357	404	405	400	374	393	399
Commission expenses	60	54	50	55	54	48	51	54	50
Other operating income	230	421	331	322	272	395	468	399	277
Commission income and other income	540	745	637	671	623	748	790	738	625
Dividends	8	4	2	1	1	17	4	27	2
Income from investment in related companies	109	77	62	186	179	212	128	117	170
Net return on financial investments	31	-36	172	32	68	42	158	53	32
Net return on financial investments	148	44	235	219	248	270	289	197	205
Total income	1,499	1,590	1,630	1,613	1,578	1,716	1,748	1,622	1,525
Staff costs	417	490	476	463	423	465	531	553	415
Other operating expenses	271	268	286	302	275	269	265	271	261
Total operating expenses	688	758	762	765	698	735	796	824	675
Result before losses	810	832	868	848	880	981	952	798	850
Loss on loans, guarantees etc.	22	-48	-0	32	31	39	59	242	231
Result before tax	788	880	868	816	849	942	893	556	619
Tax charge	172	178	169	112	175	191	131	105	102
Result investment held for sale, after tax	1	0	-1	-0	1	4	6	-0	2
Net profit	617	702	698	703	675	755	768	450	519

Key figures from quarterly accounts

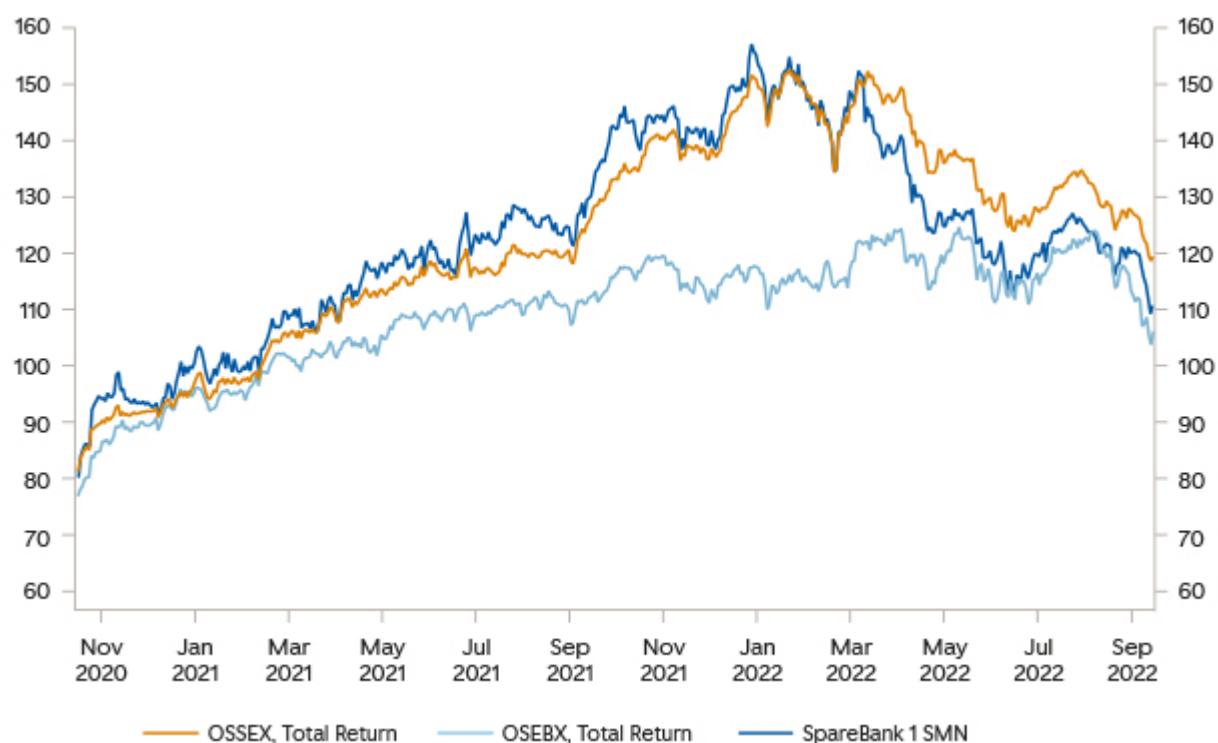
Group (NOKm)	3Q 2022	2Q 2022	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020
Profitability									
Return on equity per quarter ¹⁾	10.9%	12.9%	12.5%	12.7%	12.4%	14.3%	14.8%	8.9%	10.5%
Cost-income ratio ¹⁾	46 %	48 %	47 %	47 %	44 %	43 %	46 %	51 %	45 %
Balance sheet figures									
Gross loans to customers	150,247	148,681	147,023	147,301	143,972	141,935	137,471	134,648	133,640
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	208,900	205,504	199,965	195,353	191,976	189,015	185,342	182,801	179,423
Deposit from customers	120,558	123,812	114,053	111,286	109,691	110,133	102,390	97,529	95,391
Total assets	218,918	217,458	207,027	198,845	200,124	200,426	193,822	187,912	186,900
Quarterly average total assets	218,188	212,243	202,936	199,492	200,275	197,124	190,867	187,406	188,692
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months ¹⁾	1.7 %	2.8 %	2.4 %	1.8 %	1.6 %	2.0 %	1.4 %	1.9 %	2.5 %
Growth in deposits last 12 months	-2.6 %	8.6 %	2.5 %	1.5 %	-0.4 %	7.6 %	5.0 %	2.2 %	1.2 %
Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio ¹⁾	0.04 %	-0.09 %	0.00 %	0.07 %	0.07 %	0.08 %	0.13 %	0.54 %	0.52 %
Stage 3 as a percentage of gross loans ¹⁾	1.07 %	1.08 %	1.62 %	1.68 %	1.80 %	1.87 %	1.66 %	1.23 %	1.30 %
Solidity									
Common equity Tier 1 capital ratio	19.2 %	18.8 %	18.3 %	18.0 %	18.1 %	18.3 %	18.0 %	18.3 %	17.6 %
Tier 1 capital ratio	20.8 %	20.4 %	19.8 %	19.6 %	19.7 %	20.0 %	19.7 %	20.0 %	19.2 %
Capital ratio	23.0 %	22.7 %	21.9 %	21.6 %	21.8 %	22.2 %	21.9 %	22.3 %	21.4 %
Tier 1 capital	21,252	20,547	19,797	19,322	19,265	19,011	18,636	18,636	18,290
Total eligible capital	23,546	22,910	21,839	21,333	21,338	21,105	20,741	20,759	20,373
Liquidity Coverage Ratio (LCR)	180 %	204 %	155 %	138 %	163 %	184 %	190 %	171 %	140 %
Leverage Ratio	7.3 %	6.9 %	7.0 %	6.9 %	6.9 %	7.0 %	7.0 %	7.1 %	7.1 %
Key figures ECC									
ECC share price at end of period (NOK)	111,40	115,80	141,20	149,00	129,80	119,20	107,40	97,60	84.30
Number of certificates issued, millions ¹⁾	129,29	129,31	129,39	129,39	129,39	129,36	129,22	129,39	129,44
Booked equity capital per ECC (NOK) ¹⁾	107.19	102.91	99.55	103.48	103.57	100.18	96.70	94.71	92.73
Profit per ECC, majority (NOK) ¹⁾	2.89	3.20	3.20	3.20	3.22	3.51	3.40	1.99	2.35
Price-Earnings Ratio (annualised) ¹⁾	9.62	9.06	11.05	11.65	10.09	8.50	7.91	12.28	8.96
Price-Book Value Ratio ¹⁾	1.04	1.13	1.42	1.44	1.25	1.19	1.11	1.03	0.91

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

Equity capital certificates

Stock price compared with OSEBX and OSEEX

1 October 2020 to 30 September 2022

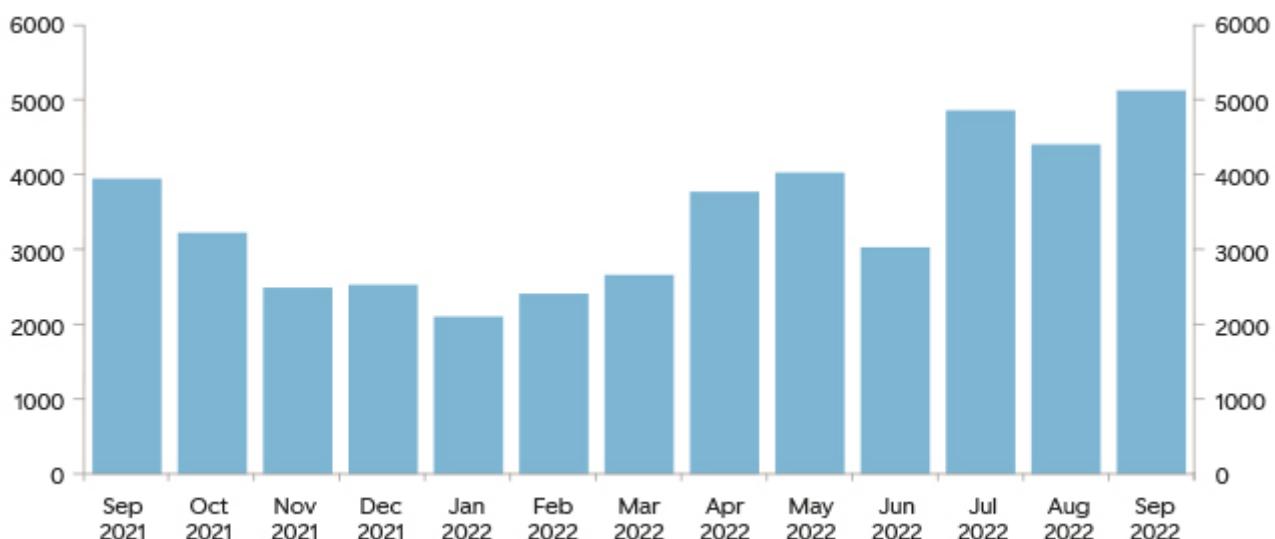


OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics

1 October 2021 to 30 September 2022



Total number of ECs traded (1000)

20 largest ECC holders	No. Of ECCs	Holding
Sparebankstiftelsen SMN	3,965,391	3.05 %
State Street Bank and Trust Comp	3,157,183	2.43 %
Pareto Aksje Norge VPF	2,860,493	2.20 %
VPF Alfred Berg Gamba	2,703,934	2.08 %
VPF Eika Egenkapitalbevis	2,667,813	2.05 %
VPF Odin Norge	2,574,707	1.98 %
J. P. Morgan Chase Bank, N.A., London	2,555,343	1.97 %
Pareto Invest Norge AS	2,321,604	1.79 %
State Street Bank and Trust Comp	2,286,042	1.76 %
KLP	2,230,268	1.72 %
Danske Invest Norske Aksjer Institusjon II.	2,225,568	1.71 %
Forsvarets personellservice	2,014,446	1.55 %
The Bank of New York Mellon SA/NV	1,991,067	1.53 %
Spesialfondet Borea Utbytte	1,888,933	1.45 %
J. P. Morgan SE (nominee)	1,775,331	1.37 %
VPF Nordea Norge	1,573,914	1.21 %
RBC Investor Services Trust	1,462,774	1.13 %
MP Pensjon PK	1,352,771	1.04 %
J. P. Morgan SE (nominee)	1,293,702	1.00 %
J. P. Morgan SE (nominee)	1,229,700	0.95 %
The 20 largest ECC holders in total	44,130,984	33.99 %
Others	85,705,459	66.01 %
Total issued ECCs	129,836,443	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 interim balance sheet of SpareBank 1 SMN as of 30 September 2022, the statement of changes in equity and the cash flow statement for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information 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 present fairly, in all material respects, the financial position of the entity as at 30 September 2022, and its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Trondheim, 27 October 2022
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant

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