

# First Quarter Report 2021



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## Main figures

|  | Jan-March    |                 |              |                 |               |                 |
|--|--------------|-----------------|--------------|-----------------|---------------|-----------------|
|  | 2021         |                 | 2020         |                 | 2020          |                 |
|  | NOKm         | % <sup>1)</sup> | NOKm         | % <sup>1)</sup> | NOKm          | % <sup>1)</sup> |
| <b>From the income statement</b>   |              |                 |              |                 |               |                 |
| Net interest   | 668          | 1.40            | 710          | 1.61            | 2,759         | 1.50            |
| Net commission income and other income   | 808          | 1.69            | 570          | 1.30            | 2,572         | 1.40            |
| Net return on financial investments  | 289          | 0.61            | 101          | 0.23            | 951           | 0.52            |
| <b>Total income</b>  | <b>1,766</b> | <b>3.70</b>     | <b>1,381</b> | <b>3.14</b>     | <b>6,281</b>  | <b>3.42</b>     |
| <b>Total operating expenses</b>  | <b>806</b>   | <b>1.69</b>     | <b>716</b>   | <b>1.63</b>     | <b>2,952</b>  | <b>1.61</b>     |
| <b>Results before losses</b>   | <b>960</b>   | <b>2.01</b>     | <b>665</b>   | <b>1.51</b>     | <b>3,329</b>  | <b>1.81</b>     |
| Loss on loans, guarantees etc  | 59           | 0.12            | 308          | 0.70            | 951           | 0.52            |
| <b>Results before tax</b>  | <b>901</b>   | <b>1.89</b>     | <b>357</b>   | <b>0.81</b>     | <b>2,378</b>  | <b>1.30</b>     |
| Tax charge   | 133          | 0.28            | 67           | 0.15            | 400           | 0.22            |
| Result investment held for sale, after tax   | 0            | 0.00            | 0            | 0.00            | 1             | 0.00            |
| <b>Net profit</b>  | <b>768</b>   | <b>1.61</b>     | <b>290</b>   | <b>0.66</b>     | <b>1,978</b>  | <b>1.08</b>     |
| Interest Tier 1 Capital  | 20           |                 | 24           |                 | 59            |                 |
| Net profit excl. Interest Tier 1 Capital   | 748          |                 | 266          |                 | 1,919         |                 |
|  | <b>31</b>    |                 | <b>31</b>    |                 | <b>31</b>     |                 |
|  | <b>March</b> |                 | <b>March</b> |                 | <b>31 Dec</b> |                 |
|  | <b>2021</b>  |                 | <b>2020</b>  |                 | <b>2020</b>   |                 |
| <b>Key figures</b>   |              |                 |              |                 |               |                 |
| <b>Profitability</b>   |              |                 |              |                 |               |                 |
| Return on equity <sup>2)</sup>   | 14.8 %       |                 | 5.7 %        |                 | 10.0 %        |                 |
| Cost-income ratio <sup>2)</sup>  | 46 %         |                 | 52 %         |                 | 47 %          |                 |
| <b>Balance sheet figures</b>   |              |                 |              |                 |               |                 |
| Gross loans to customers   | 137,471      |                 | 127,272      |                 | 134,648       |                 |
| Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt                               | 185,342      |                 | 170,771      |                 | 182,801       |                 |
| Deposits from customers  | 102,390      |                 | 88,152       |                 | 97,529        |                 |
| Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt                                  | 74 %         |                 | 69 %         |                 | 72 %          |                 |
| Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt <sup>2)</sup>                    | 55 %         |                 | 52 %         |                 | 53 %          |                 |
| Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt) <sup>2)</sup> | 8.5 %        |                 | 6.0 %        |                 | 9.0 %         |                 |
| Growth in deposits last 12 months  | 16.2 %       |                 | 8.7 %        |                 | 13.5 %        |                 |
| Average total assets   | 190,867      |                 | 175,922      |                 | 183,428       |                 |
| Total assets   | 193,822      |                 | 185,182      |                 | 187,912       |                 |
| <b>Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt</b>                      |              |                 |              |                 |               |                 |
| Impairment losses ratio <sup>2)</sup>  | 0.13 %       |                 | 0.73 %       |                 | 0.54 %        |                 |
| Stage 3 as a percentage of gross loans <sup>2)</sup>   | 1.66 %       |                 | 1.61 %       |                 | 1.23 %        |                 |
| <b>Solidity <sup>3)</sup></b>  |              |                 |              |                 |               |                 |
| Capital ratio  | 21.9 %       |                 | 20.1 %       |                 | 22.3 %        |                 |
| Tier 1 capital ratio   | 19.7 %       |                 | 18.0 %       |                 | 20.0 %        |                 |
| Common equity Tier 1 capital ratio   | 18.0 %       |                 | 16.3 %       |                 | 18.3 %        |                 |
| Tier 1 capital   | 18,636       |                 | 17,792       |                 | 18,636        |                 |
| Total eligible capital   | 20,741       |                 | 19,879       |                 | 20,759        |                 |
| Liquidity Coverage Ratio (LCR)   | 190 %        |                 | 185 %        |                 | 171 %         |                 |
| Leverage Ratio   | 7.0 %        |                 | 6.9 %        |                 | 7.1 %         |                 |
| <b>Branches and staff</b>  |              |                 |              |                 |               |                 |
| Number of branches   | 42           |                 | 46           |                 | 45            |                 |
| No. Of full-time positions   | 1,544        |                 | 1,553        |                 | 1,560         |                 |

1) Calculated as a percentage of average total assets

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

| <b>Key figures ECC</b>   | <b>31 March<br/>2021</b> | <b>31 March<br/>2020</b> | <b>31 Dec<br/>2020</b> | <b>31 Dec<br/>2019</b> | <b>31 Dec<br/>2018</b> | <b>31 Dec<br/>2017</b> |
|--|--------------------------|--------------------------|------------------------|------------------------|------------------------|------------------------|
| ECC ratio  | 64.0 %                   | 64.0 %                   | 64.0 %                 | 64.0 %                 | 64.0 %                 | 64.0 %                 |
| Number of certificates issued, millions <sup>2)</sup>            | 129.22                   | 129.22                   | 129.39                 | 129.30                 | 129.62                 | 129.38                 |
| ECC share price at end of period (NOK)                           | 107.40                   | 67.60                    | 97.60                  | 100.20                 | 84.20                  | 82.25                  |
| Stock value (NOKM)   | 13,878                   | 8,735                    | 12,629                 | 12,956                 | 10,914                 | 10,679                 |
| Booked equity capital per ECC (including dividend) <sup>2)</sup> | 96.70                    | 86.85                    | 94.71                  | 90.75                  | 83.87                  | 78.81                  |
| Profit per ECC, majority <sup>2)</sup>                           | 3.40                     | 1.26                     | 8.87                   | 12.14                  | 9.97                   | 8.71                   |
| Dividend per ECC   |                          |                          | 4.40                   | 5.00                   | 5.10                   | 4.40                   |
| Price-Earnings Ratio <sup>2)</sup>                               | 7.91                     | 13.46                    | 11.01                  | 8.26                   | 8.44                   | 9.44                   |
| Price-Book Value Ratio <sup>2)</sup>                             | 1.11                     | 0.78                     | 1.03                   | 1.10                   | 1.00                   | 1.04                   |

<sup>2)</sup> Defined as alternative performance measures, see attachment to quarterly report

# Report of the Board of Directors

## First quarter accounts 2021

*(Consolidated figures. Figures in parenthesis refer to the same period of 2020 unless otherwise stated)*

- Pre-tax profit: NOK 901m (357m)
- Post-tax profit: NOK 768m (290m)
- Return on equity: 14.8 per cent (5.7 per cent)
- CET1 ratio: 18.0 per cent (16.3 per cent)
- Growth in lending: 8.5 per cent (6.0 per cent) and in deposits: 16.2 per cent (8.7 per cent). Growth in lending in the first quarter was 1.4 per cent (1.8 per cent) and in deposits 5.0 per cent (2.6 per cent)
- Growth in lending to personal customers rose by 0.8 per cent in the quarter (1.7 per cent), 0.8 percentage point lower growth than in the fourth quarter. Growth in lending to corporate clients rose by 2.6 per cent (1.9 per cent) which was 0.1 percentage point higher than in the fourth quarter
- Net result of ownership interests: NOK 128m (217m, including an insurance gain of NOK 340m)
- Excellent pre-tax profit of NOK 125m at SpareBank 1 Markets (minus 15m)
- Net result of financial instruments: NOK 158m (loss of 124m)
- Losses on loans and guarantees: NOK 59m (308m)
- Earnings per equity certificate (EC): NOK 3.40 (1.26). Book value per EC: NOK 96.70 (86.85)

## Events in the quarter

### **Vaccines rollout spurs optimism, but much uncertainty remains**

Economic developments are closely tied to the expected path and management of the Covid-19 pandemic. For Norway and the country's most important trading partners alike, it is now assumed that the adult section of the population will be vaccinated over the course of autumn 2021. Norges Bank (Norway's central bank) has revised growth for Mainland (non-oil) Norway up to 3.8 per cent for 2021. The downside is primarily unemployment which for the time being appears to be stuck at a higher-than-normal level, especially in sectors most affected by the disease protection measures (services, tourism and transportation). There are clear signs that growth is returning, but much uncertainty persists – in particular as regards the development of mutated viruses and vaccines' effect on them.

### **One SMN**

One SMN is central to achieving the group's strategy in the period to 2023, and provides the basis for a united and forward-looking group. Overarching objectives are an improved customer experience, a strengthened market position and improved profitability. A profit improvement of NOK 400m before tax is targeted through increased synergies, increased revenues, cost efficiencies and improved capital utilisation.

A customer-oriented and simplified distribution system, increased digitalisation along with streamlining of support functions are set to reduce the number of FTEs by 100 in the course of 2021. As of the end of the first quarter a net reduction of FTE of 16 has been achieved, mainly at the bank. Group costs are down, both at the bank and among the subsidiaries as a result of downstaffing and lower operating expenses. Staff numbers will be further reduced over the year, and the resultant cost reduction will increase to year-end.

Simplifying and modernising the group's distribution of products and services has also had a high focus throughout the first quarter. This will strengthen the customer offering and increase sales efficiency. 17 regional centres are being established at which banking, estate agency and accounting services will be co-located.

Work on reinforcing the synergies between the bank's personal banking business and EiendomsMegler 1 Midt-Norge, and between the bank's corporate banking business and SpareBank 1 SMN Regnskapshuset, is well under way. Clear-cut effects are anticipated in the form of an increase in the proportion of house purchases financed by the bank, and an increase in the proportion of clientele that are customers of both banking and accounting services. Use of knowledge of the customer in developing new customer offerings and improved pricing models is a priority.

### **Sustainability**

In December 2020 the board of directors of SpareBank 1 SMN adopted a new strategy for sustainability. SpareBank 1 SMN aims through a responsible business model to stimulate sustainable development in the region by being a

1. Driver for the green transition
2. Partner for the inclusive development of society
3. Guide to building a responsible business culture

The group prioritises five key areas for 2021 as a first step in its transition plan for the period to 2030. The key areas are innovation, customer offering, climate footprint, competence and diversity.

1. Create green growth and business development through collaboration and partnerships. The group will engage customers and partners in the development of innovative local communities
2. Offer products and services that stimulate customers' transition and digitalisation. A target of ten per cent annual increase in loans to projects that qualify for green bond financing has been set
3. Reduce the climate imprint across the entire value chain. To achieve a halving of the group's climate footprint to 2030, a target of eight per cent annual reduction has been set (reference year: 2019)
4. Strengthen (climate risk) competence and reporting. The group will offer a competence-building programme for both customers and employees
5. Contribute to diversity and a fair transition. The group will work to strengthen equal opportunities in working life, everyday life and business and industry

Work is in progress on a broad front across all the group's business lines to concretise key results within the framework of a new, holistic group standard for sustainability.

SpareBank 1 SMN issued in February 2021 a senior green bond of EUR 500m with a 7-year maturity. More than 100 investors participated.

SpareBank 1 SMN has launched Mitt Klimaspor, a solution in the online and mobile bank where customers get an overview and insight into their own climate footprint by translating purchases of products and services into climate footprints. The solution will make consumers aware by helping them to understand what creates emissions and understand how simple behavioral changes can create a reduction in the climate footprint.

**Results for the first quarter of 2021**

SpareBank 1 SMN posted a net profit of NOK 768m (290m), and a return on equity of 14.8 per cent (5.7 per cent), in the first quarter. The first quarter figure is NOK 318m higher than in the fourth quarter of 2020. The profit improvement compared with the preceding quarter and last year's first quarter is largely related to lower losses.

Earnings per equity certificate (EC) in the first quarter were NOK 3.40 (1.26) and book value per EC was NOK 96.70 (86.85). Earnings per EC in the fourth quarter of 2020 were NOK 1.99.

Overall operating income in the first quarter of 2021 totalled NOK 1,477m (1,280m), an increase of NOK 197m over the same period of the previous year and an increase of NOK 32m over the fourth quarter. Compared with the first quarter of 2020, the income growth derives from the bank's subsidiaries, mainly SpareBank 1 Markets.

The Group's profit share from owner interests and related companies was NOK 128m (217m, including an insurance gain of NOK 340m). The profit share in the fourth quarter was NOK 117m. SpareBank 1 Gruppen delivered a profit in line with the expectations, while BN Bank posted profit growth due to reduced losses.

Return on financial instruments was NOK 158m (minus 124m) in the first quarter of 2021 and NOK 53m in the fourth quarter of 2020. The first quarter of 2021 brought capital gains of NOK 102m, whereas the first quarter of last year was marked by the Covid-19 crisis.

Operating expenses totalled NOK 806m (716m) in the first quarter of 2021 compared with operating expenses of NOK 845m in the fourth quarter of 2020. The increase compared with last year's first quarter is down to higher expenses at SpareBank 1 Markets due to the excellent performance. Apart from this, the group recorded a reduction on costs compared with the first quarter of 2020.

Losses on loans and guarantees totalled NOK 59m (308m) in the first quarter and NOK 242m in the fourth quarter. Lower losses compared with the first quarter of last year are mainly related to high Covid-related losses last year recorded by Retail Banking and Corporate Banking alike, while the decline compared with the last quarter of 2020 is largely ascribable to reduced losses in the offshore portfolio.

Good growth was seen in loans and deposits, and overall lending rose by 8.5 per cent (6.0 per cent) and deposits by 16.2 per cent (8.7 per cent) in the 12 months to end-March. In the first quarter, lending grew by 1.4 per cent and deposits by 5.0 per cent. High growth in lending to and deposits from corporate clients draws attention.

The CET1 ratio as at 31 March 2021 was 18.0 per cent (16.3 per cent). The target CET1 ratio is 16.9 per cent. At yearend 2020 the CET1 ratio stood at 18.3 per cent.

The price of the bank's equity certificate (MING) at quarter end was NOK 107.40 (67.60). A cash dividend of NOK 4.40 (5.00) was declared for 2020. Of this, a dividend of NOK 1.30 per EC was paid for 2020 in light of the Ministry of Finance's recommendation. The board of directors is authorised to pay out all or parts of the remaining dividend and community dividend after 30 September 2021 if conditions permit.

### Increased net interest income

In spring 2020 Norges Bank lowered its base rate from 1.50 per cent to zero. SpareBank 1 SMN subsequently lowered its mortgage lending rate and deposit rates. NIBOR was reduced by about 145 points over the course of 2020.

Net interest income came to NOK 668m (710m) in the first quarter of 2021, and to NOK 688m in the fourth quarter of 2020. The change of NOK 20m in net interest income compared with the fourth quarter of 2020 is mainly ascribable to reduced margins on residential mortgages due to a higher NIBOR in the quarter and fewer interest days. This is partially compensated for by increased deposit margins and growth in lending and deposits. Weaker net interest income compared with the first quarter of 2020 is due to lower return on equity after a substantial fall in the interest rate level.

Norges Bank retains an unchanged base rate, but has signalled a possible increase in autumn 2021. Norges Bank anticipates a gradual increase in the base rate thereafter as conditions in the economy normalise.

### Increased commission and other operating income

Commission income and other operating incomes totalled NOK 808m (570m) in the first quarter of 2021 and NOK 757m in the fourth quarter of 2020.

| Commission income (NOKm)                                      | 1Q 2021    | 4Q 2020    | 1Q 2020    |
|---|------------|------------|------------|
| Payment transfers   | 49         | 56         | 59         |
| Creditcard  | 14         | 14         | 16         |
| Saving products   | 32         | 32         | 22         |
| Insurance   | 52         | 51         | 47         |
| Guarantee commission  | 14         | 6          | 13         |
| Real estate agency  | 103        | 93         | 83         |
| Accountancy services  | 148        | 111        | 148        |
| Markets   | 275        | 245        | 81         |
| Other operating income  | 5          | 9          | 10         |
| <b>Commissions ex SB1 Boligkreditt and SB1 Næringskreditt</b> | <b>693</b> | <b>617</b> | <b>479</b> |
| Commissions SB1 Boligkreditt                                  | 112        | 136        | 88         |
| Commissions SB1 Næringskreditt                                | 4          | 4          | 4          |
| <b>Total commissions</b>                                      | <b>808</b> | <b>757</b> | <b>570</b> |

Net interest income on loans sold to SpareBank 1 Boligkreditt (residential mortgage company) and SpareBank 1 Næringskreditt (commercial mortgage company) is recognised as commission income. Commission income on loans sold to these two companies totalled NOK 116m (91m) in the first quarter of 2020. In the fourth quarter of 2020 commissions totalled NOK 140m. The reduction from the fourth quarter is due to reduced margins on mortgages. The increase from last year is due to a larger volume of loans sold to SpareBank 1 Boligkreditt.

The increase of NOK 214m in other commission income compared with the first quarter of 2020 is mainly due to strong growth of NOK 194m in income on securities services at SpareBank 1 Markets. In addition, income growth of NOK 20m is recorded on estate agency services.

Reduced incomes from payments and credit cards are due to less travel and lower activity levels in general.

A high proportion of multi-product customers is important for SpareBank 1 SMN. It makes for high customer satisfaction and a diversified income flow for the group.



### Return on financial investments

Overall return on financial investments in the first quarter of 2021 came to NOK 158m (minus 124m). This breaks down as follows compared with last year's first quarter:

- Capital gains on shares came to NOK 102m (loss of 42m) and are gains on shareholdings in SpareBank 1 Invest
- Gains on financial instruments, including bonds and CDs, totalled NOK 20m in the first quarter (loss of 161m). The first quarter of 2020 was marked by substantial market uncertainty after the lockdown on 12 March
- Income of NOK 15m (65m) from forex transactions comprises income from currency trading at SpareBank 1 Markets
- Capital gains on shares and derivatives of shares at SpareBank 1 Markets totalled NOK 20m (14m)

| Return on financial investments (NOKm)                             | 1Q 2021    | 4Q 2020   | 1Q 2020     |
|--|------------|-----------|-------------|
| Capital gains/losses shares  | 102        | -3        | -42         |
| Gain/(loss) on financial instruments                               | 20         | 51        | -161        |
| Foreign exchange gain/(loss)                                       | 15         | 3         | 65          |
| Gain/(loss) on shares and share derivatives at SpareBank 1 Markets | 20         | 2         | 14          |
| <b>Net return on financial instruments</b>                         | <b>158</b> | <b>53</b> | <b>-124</b> |

### Product companies and other related companies

The product companies provide the banks with a broader product range and commission incomes, as well as return on invested capital. The overall result of the product companies and other related companies was a net profit of NOK 128m (217m) in the first quarter of 2021. In the first quarter of 2020 SpareBank 1 SMN recorded a gain of NOK 340m on the transfer of personal risk products from SpareBank 1 Forsikring to Fremtind Livsforsikring.

| Income from investment in associated companies        | 1Q 2021    | 4Q 2020    | 1Q 2020    |
|---|------------|------------|------------|
| SpareBank 1 Gruppen (19,5%)                           | 67         | 87         | -115       |
| Gain Fremtind   | -          | -          | 340        |
| SpareBank 1 Boligkreditt (22,4%)                      | 4          | -4         | -31        |
| SpareBank 1 Næringskreditt (29,8%)                    | 3          | 5          | 2          |
| SpareBank 1 Kreditt (19,2%)                           | 0          | 0          | 0          |
| BN Bank (35,0%)                                       | 40         | 36         | 23         |
| SpareBank 1 Betaling (21,5%)                          | -1         | 1          | -2         |
| Other companies                                       | 14         | -9         | 0          |
| <b>Income from investment in associated companies</b> | <b>128</b> | <b>117</b> | <b>217</b> |

### SpareBank 1 Gruppen

SpareBank 1 Gruppen owns 100 per cent of the shares of SpareBank 1 Forsikring, ODIN Forvaltning and SpareBank 1 Gruppen Finans, and 65 per cent of the non-life insurer Fremtind Forsikring. DNB owns the remainder shares in Fremtind.

SpareBank 1 Gruppen's post-tax profit in the first quarter of 2021 was NOK 507m (minus 780m). The first quarter of 2020 was heavily affected by the Covid crisis, substantial insurance provisioning, high costs and negative financial return on all asset classes, along with write-downs of property portfolios.

Fremtind Forsikring recorded a creditable profit of NOK 624m (minus 659m) in the first quarter of 2021. Both the insurance result and the financial result were satisfactory.

SpareBank 1 Forsikring recorded a deficit of NOK 26m (minus 252m) due to a weak risk outcome.

ODIN Forvaltning achieved a profit of NOK 48m (25m). The profit growth is largely attributable to growth in new subscriptions in 2021.

The profit share from SpareBank 1 Gruppen in the first quarter of 2021 totalled NOK 67m (minus 115m). In 2020 a profit effect of NOK 340m from the Fremtind Forsikring merger was included in the profit.

### **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 31 March 2021 the bank had sold loans totalling NOK 46.3bn (42.0bn) to SpareBank 1 Boligkreditt, corresponding to 36.9 per cent (35.9 per cent) of the bank's overall lending to retail customers.

The bank's share of the company's profit for the first quarter of 2021 was NOK 4m (minus 31m).

### **SpareBank 1 Næringskreditt**

SpareBank 1 Næringskreditt was established along the same lines and with the same administration as SpareBank 1 Boligkreditt. As at 31 March 2021, loans worth NOK 1.5bn (1.5bn) had been sold to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's share of the company's profit for the first quarter of 2021 was NOK 3m (2m). The bank's holding reflects the bank's relative share of sold loans to commercial property and the bank's stake in BN Bank.

### **SpareBank 1 Kreditt**

SpareBank 1 SMN's share of the profit for the first quarter of 2021 was NOK 0.2m (0.4m), and the bank's share of the portfolio is NOK 882m (882m). A weak profit performance is due mainly to lower activity levels among the general public and thus lower credit card turnover.

### **BN Bank**

BN Bank specialises in residential mortgages and loans to commercial property, and its main market is Oslo and south-eastern Norway.

BN Bank's result for the first quarter of 2021 was NOK 117m (69m), yielding a return on equity of 10.5 per cent (6.5 per cent). The profit growth is attributable to lower losses. SpareBank 1 SMN's share of BN Bank's profit for the first quarter of 2021 was NOK 40m (23m) adjusted for interest on hybrid capital.

### **SpareBank 1 Betaling**

SpareBank 1 Betaling is the SpareBank 1 banks' parent company for Vipps' payment solutions. Vipps aims to take its place as the Nordic region's leading financial technology company, and for SpareBank 1 SMN Vipps will be important with a view to retaining customer relationships after the introduction of PSD2 (Revised Payment Services Directive).

SpareBank 1 Betaling recorded a deficit of NOK 4m in the first quarter of 2021 (deficit of 11m), and SpareBank 1 SMN's share of the deficit is NOK 0.8m (minus 2.3m).

### Operating expenses

Overall group operating expenses came to NOK 806m (716m) in the first quarter of 2021, an increase of NOK 90m compared with the same period of 2020, corresponding to 12.6 per cent.

| Operating expenses                  | 1 Q 21     | 4 Q 20     | 1 Q 20     |
|-------------------------------------|------------|------------|------------|
| Staff costs                         | 538        | 570        | 443        |
| IT costs                            | 89         | 84         | 86         |
| Marketing                           | 20         | 15         | 24         |
| Ordinary depreciation               | 54         | 45         | 42         |
| Operating expenses, real properties | 18         | 21         | 9          |
| Purchased services                  | 47         | 56         | 53         |
| Other operating expense             | 41         | 55         | 58         |
| <b>Total operating expenses</b>     | <b>806</b> | <b>845</b> | <b>716</b> |

At the parent bank, costs were reduced by NOK 23m to NOK 344m compared with the first quarter of 2020. The reduction measures 6.2 per cent. Reduced costs are a result of efficiency gains, less travel and measures implemented under the improvement programme One SMN. Costs were NOK 39m lower than in the fourth quarter of 2020, however a provision of NOK 83m for readjustments was included in the fourth quarter. The cost growth in the first quarter refers in all essentials to SpareBank 1 Markets. In the first quarter of 2021 the company saw very strong income growth compared with the first quarter of 2020, and has set aside NOK 119m for variable remuneration (zero in the first quarter of 2020).

SpareBank 1 Finans Midt-Norge and SpareBank 1 Spire Finans were merged in the first quarter, and the merged entity carries lower costs. The group's cost-income ratio was 46 per cent (52 per cent) while the parent bank's cost-income ratio was 36 per cent (44 per cent). The other subsidiaries report the same cost level as in 2020, although the activity level is higher.

### Reduced losses

Loan losses in the first quarter of 2021 totalled NOK 59m (308m).

| Impairment losses              | 1 Q 21    | 4 Q 20     | 1 Q 20     |
|--------------------------------|-----------|------------|------------|
| RM                             | -2        | 6          | 49         |
| CM                             | 61        | 236        | 259        |
| Of which                       |           |            |            |
| Offshore                       | 56        | 155        | 42         |
| Tourism                        | -         | 8          | -          |
| <b>Total impairment losses</b> | <b>59</b> | <b>242</b> | <b>308</b> |

Losses of NOK 61m (259m) were recorded on loans to the group's corporate customers. The losses refer mainly to customers in the offshore portfolio. Net loan losses measure 0.13 per cent (0.73 per cent) of total outstanding loans.

Overall losses on loans to retail customers totalled minus NOK 2m (loss of 49m). This is largely attributable to migration from stage 2 which entails reduced loss provisioning.

Write-downs on loans and guarantees totalled NOK 1,665m (1,276m) as at 31 March 2021.

Problem loans (stage 3) amount to NOK 3,073m (2,746m), corresponding to 1.66 per cent (1.61 per cent) of gross outstanding loans, including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

The increase in problem loans relates essentially to the implementation of a new default definition as from 1 January 2021. See the description in note 1.

The new default definition has not altered the group's assessment of credit risk attending the individual exposures, and thus has no significant effect on the group's first-quarter losses.

No changes are made in scenario weighting or other assumptions in the group's loss model.

A small proportion of the bank's overall loan exposure is in sectors most affected by the Covid crisis and the oil crisis, and only 5 per cent of the overall exposure is to sectors regarded as highly exposed – oil, offshore, wholesale and retail trade, hotels and service industries.

### **Total assets of NOK 194bn**

The bank's assets totalled NOK 194bn (185bn) as at 31 March 2021, having risen by NOK 9bn, i.e. by 4.7 per cent, over the last 12 months. Total assets have risen as a result of higher lending and higher liquidity reserves.

As at 31 March 2021 loans worth a total of NOK 48bn (43bn) had been sold from SpareBank 1 SMN to SpareBank 1 Boligkreditt and to SpareBank 1 Næringskreditt. These loans are not recognised as loans in the bank's balance sheet. The comments covering lending growth do however take account of loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

### **Lending**

Total outstanding loans rose in the last 12 months by NOK 14.6bn (9.7bn) to reach NOK 185.3bn (170.8bn) as at 31 March 2021. This corresponds to growth of 8.5 per cent (6.0 per cent). Growth in the first quarter was 1.4 per cent (1.8 per cent).

- Lending to personal customers rose in the last 12 months by NOK 8.5bn (8.3bn) to NOK 125.5bn (117.0bn). Growth in the period was 7.3 per cent (7.6 per cent). Growth in the first quarter was 0.8 per cent (1.7 per cent)
- Lending to corporate customers rose in the last 12 months by NOK 6.1bn (1.4bn) to NOK 59.8bn (53.8bn). Growth in the period was 11.3 per cent (2.7 per cent). Growth in the first quarter was 2.6 per cent (1.9 per cent)
- Lending to personal customers accounted for 68 per cent (69 per cent) of total outstanding loans to customers as at 31 March 2021

The group shows good growth in loans to personal customers and is strengthening its market position, and a substantial portion of the growth is in the LO (Norwegian Trade Union Confederation) segment. The growth in lending to corporate customers is mainly to small and medium-sized businesses across the entire market area. In addition growth is noted in lending to a small number of large customers in the property and aquaculture segments, with no consequent increase in concentration risk in the portfolio.

(For distribution by sector, see note 5).

### **Deposits**

Customer deposits increased in the last 12 months by NOK 14.2bn (7.0bn) to NOK 102.4bn (88.2bn). This represents a growth of 16.2 per cent (8.7 per cent). Growth in the first quarter was 5.0 per cent (2.6 per cent).



- Personal deposits rose by NOK 8.5bn (3.1bn), or 7.3 per cent (9.2 per cent), to reach NOK 37.2bn. Growth in the first quarter was 1.8 per cent (4.3 per cent)
- Corporate deposits rose by NOK 10.1bn (3.9bn), or 19.8 per cent (8.3 per cent), to reach NOK 61.1bn. Growth in the first quarter was 7.3 per cent (1.4 per cent)
- The deposit-to-loan ratio including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 55 per cent (52 per cent)

The growth in deposits by retail customers was very high in 2020 due to reduced consumption. Growth is expected to be somewhat lower in 2021 as the economy reopens. Very high growth in deposits by corporate customers is also noted. Growth in deposits by public sector customers is noted, but also by other corporate customers across the entire market area.

(For distribution by sector, see note 9).

### Retail Banking

Of the group's business lines, the bank's personal banking business and EiendomsMegler 1 offer private individuals a broad range of financial services. Continual improvement of the interaction between the banking and estate agency arms aims to provide customers with a better service offering and to contribute to increased growth for the group.

| Result before tax                 | 1Q 21 | 4Q 20 | 1Q 20 |
|-----------------------------------|-------|-------|-------|
| Personal market                   | 280   | 320   | 260   |
| EiendomsMegler 1 Midt-Norge (87%) | 21    | 2     | -0    |

**The Bank's Personal banking business** achieved a profit before tax of the first quarter of 2021 of NOK 280m (260m). Return on capital employed in the personal segment was 12.5 per cent (12.0 per cent).

Overall lending to personal customers stands at NOK 130bn (121bn) and deposits total NOK 48bn (44bn) as at 31 March 2021. These are loans to and deposits by wage earners, agricultural customers and sole proprietorships.

Operating income totalled NOK 496m (550m) in the first quarter of 2021. Net interest income accounted for NOK 346m (354m) and commission income for NOK 149m (196m). Net interest income declined mainly as a result of lower return on the business line's share of the group's equity capital and a reduced deposit margin. Increased lending and deposits partially compensate for this. Commission income is reduced as a result of lower commissions from SpareBank 1 Boligkreditt.

The lending margin in the first quarter of 2021 was 1.59 per cent (1.63 per cent), while the deposit margin was 0.08 per cent (0.50 per cent) measured against three-month NIBOR. The market interest rate in terms of three-month NIBOR rose in the fourth quarter of 2020 and the first quarter of 2021, which has reduced the lending margin and increased the deposit margin in the latest quarters.

Lending to and deposits by personal customers grew by 7.4 per cent (7.3 per cent) and 10.2 per cent (7.9 per cent) respectively in the last 12 months.

Lending to retail borrowers consistently carries low risk, as reflected in continued low losses. The loan portfolio is secured by residential property. Net incomings of NOK 12m (loss of 44m) were noted on loan losses in the first quarter of 2021.

In the first quarter, adjustments as regards organisation and distribution structure have been at centre-stage at the same time as staffing reductions are being carried out. 17 finance houses are under establishment with the key aim of co-locating banking, estate agency and accounting services. This is a demanding process which has yet to realise gains. Gains will however ensue, and customer recruitment, sales efficiencies and gains resulting from increased interaction between the personal banking business and EiendomsMegler 1 will be strengthened.

**Eiendomsmegler 1 Midt-Norge** is the market leader in Trøndelag and in Møre and Romsdal. Operating income in the first quarter of 2021 totalled NOK 114m (83m), while operating expenses were NOK 93m (83m). EiendomsMegler 1 Midt-Norge recorded a pre-tax profit of NOK 21m (NOK 0) in the first quarter of 2021. Activity in the housing market is very high, and sales (dwelling and commercial units) in the first quarter of 2021 totalled 1,830 compared with 1,459 in the same period of 2020. The company's market share as at 31 March 2020 was 36 per cent (37.0 per cent).

### Corporate Banking

The Corporate Banking business at SpareBank 1 SMN comprises the bank's corporate banking arm, SpareBank 1 SMN Regnskapshuset, SpareBank 1 Finans Midt-Norge and SpareBank 1 Markets. These lines provide business and industry in the region with a complete range of banking and capital market services. There is a particular potential for additional growth in clientele that are customers of both the bank's corporate banking arm and SpareBank 1 SMN Regnskapshuset.

| Result before tax                      | 1Q 21 | 4Q 20 | 1Q 20 |
|--|-------|-------|-------|
| Corporate banking                      | 167   | -31   | 3     |
| SpareBank 1 Regnskapshuset SMN (88,7%) | 27    | 22    | 27    |
| SpareBank 1 Finans Midt-Norge (61,2%)  | 55    | 52    | 39    |
| SpareBank 1 Markets (66,7%)            | 125   | 90    | -15   |

**The bank's corporate banking arm** achieved a profit before tax of NOK 167m (3m) for the first quarter. The profit growth is due to lower losses. Return on capital employed for the corporate segment was 9.6 per cent (0.2 per cent) in the first quarter of 2021.

Outstanding loans to corporates total NOK 46bn (41bn) and deposits total NOK 53bn (43bn) as at 31 March 2021. This is a diversified portfolio of loans to and deposits from corporate customers in Trøndelag and in Møre and Romsdal.

Operating income totalled NOK 337m (373m) in the first quarter of 2021. Net interest income came to NOK 273m (308m), and commission income to NOK 64m (65m). Reduced return on the business line's share of the group's equity capital and reduced deposit margins explains most of the decline. This is partially compensated for by increased lending and deposits.

The lending margin was 2.68 per cent (2.69 per cent) and the deposit margin was minus 0.29 per cent (plus 0.04 per cent) in the first quarter of 2021. Lending increased by 13.0 per cent (1.2 per cent) and deposits by 24.6 per cent (8.2 per cent) in the last 12 months.

Net losses in the corporate segment amounted to NOK 62m (258m) in the first quarter.

SpareBank 1 SMN and SpareBank 1 SMN Regnskapshuset each have a large share of businesses in the market area as customers. The bank wishes to develop the customer offering to encourage customers to avail themselves to a greater degree of the services of both entities.

The first quarter of 2021 has seen good recruitment of new customers both in the branch network and in digital channels. This is a result of a heightened focus on the SMB segment. Corporate customers have strong links to the bank, and customer turnover is very low.

Increased interaction between the banking and the accounting business has a high priority. This work is still at an early stage, but the bank is seeing an increase in the number of shared customers.

**SpareBank 1 Finans Midt-Norge** delivered a pre-tax profit of NOK 55m in the first quarter of 2021 (39m). In the first quarter SpareBank 1 Finans Midt-Norge merged with SpareBank 1 Spire Finans. SpareBank 1 Finans Midt-Norge's focal areas are accordingly leasing to SMB customers, car loans to personal customers and invoice purchases from small businesses. Last year's figures include SpareBank 1 Spire Finans.

The company has shown good income growth with incomes totalling NOK 90.9m (76.0m). Cost gains were achieved by the merger, and costs in the first quarter of 2021 came to NOK 29m. Losses in the first quarter of 2021 totalled NOK 7.1m (4.9m).

As at 31 March 2021 the company manages leases worth NOK 3.9bn (3.5bn) and car loan worth NOK 5.5bn (5.2bn).

**SpareBank 1 Regnskapshuset SMN** posted a pre-tax profit of NOK 27.0m (27.3m) in the first quarter of 2021. Both operating income and expenses are at the same level as in last year's first quarter, i.e. NOK 150m and NOK 123m respectively.

SpareBank 1 SMN Regnskapshuset works continuously to achieve efficiency gains in order to increase operating income per person-year, while at the same time maintaining a strong focus on costs to keep the underlying cost trend well under control. The company can point to growth and profitability in excess of the industry average. In addition, the company is working to create new income flows beyond the traditional accounting industry.

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

**SpareBank 1 Markets** is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It has 138 FTEs. SpareBank 1 Markets wholly owns SpareBank 1 Kapitalforvaltning. That company has assets of NOK 20bn under management and 21 FTEs.

SpareBank 1 Markets' pre-tax profit was NOK 125m (minus 15m). High activity in the business areas has yielded higher incomes than a normal first quarter. Incomes from Investment Banking have been strong due to a large number of stock issues. SpareBank 1 Markets was largest in terms of stock exchange introductions in the first quarter. This also entailed high earnings from primary share trading. SpareBank 1 Kapitalforvaltning's income is on a par with preceding quarters. Overall group income came to NOK 357m (105m). This is the company's best ever quarter. The first quarter of 2020 was affected by Covid-19 which had a markedly negative impact on profit. Operating expenses were NOK 227m (118m). The increase in operating expenses is due to allocations to variable remuneration as a result of the good results achieved.

SpareBank 1 Markets is the leading capital market unit in SpareBank 1 SMN's market area.

#### **Other businesses**

Other business consists of SpareBank 1 SMN Invest and the real estate companies SpareBank 1 SMN Kvartalet, SpareBank 1 Bygget Steinkjer and St. Olavs plass.

**Sparebank 1 SMN Invest** invests in shares, mainly in regional businesses. In the first quarter of 2021 the company posted a pre-tax profit of NOK 108.5m (minus 18.8m). The first-quarter profit is mainly related to unrealised capital gains on the share portfolio, and to contributions from a stake in a development project.

The company holds shares worth NOK 548m (405m) as at 31 March 2021. The portfolio result from the company's shareholding accounts for NOK 100m, and incomes from the stake in Grilstad Marina for NOK 9m, of the company's result for the first quarter. SpareBank 1 SMN is in the process of winding up SpareBank 1 SMN Invest. Investing in shares is no longer a part of the group's strategy. The share portfolio will be managed together with other long-term shareholdings of the bank and will be scaled back over time.

### **Satisfactory funding and good liquidity**

The bank follows a conservative liquidity strategy maintaining liquidity reserves that ensure the bank's ability to survive 12 months of ordinary operation without need of fresh external funding.

The government authorities require all credit institutions 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 190 per cent as at 31 March 2021 (185 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 31 March 2021, including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, was 55 per cent (52 per cent).

The bank's funding sources and products are amply diversified. At end-March 2021 the proportion of the bank's overall money market funding in excess of one year's maturity was 89 per cent (89 per cent).

SpareBank 1 Boligkreditt is the bank's most important funding source, and residential mortgages totalling NOK 46bn (42bn) had been sold to the company as at 31 March 2021.

SpareBank 1 SMN has established a framework for issuing green bonds. The framework is verified by the rating agency Sustainalytics.

SpareBank 1 SMN issued in February 2021 a senior green bond of EUR 500m with a 7-year maturity. More than 100 investors participated. The issuance supports the bank's ESG strategy, provides a broader investor base and reduces the bank's funding risk in euros.

### **Rating**

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

### **Financial soundness**

The CET1 ratio at 31 March 2021 was 18.0 per cent (16.3 per cent). The CET1 requirement is 14.4 per cent, including combined buffer requirements, and a Pillar 2 requirement of 1.9 per cent. Finanstilsynet (Norway's FSA) will set new Pillar 2 requirements for SpareBank 1 SMN in the course of 2021.

SpareBank 1 SMN aims for a management buffer of about 1 per cent over and above the combined Pillar 1 and Pillar 2 requirements with a view to absorbing fluctuations in risk weighted assets and in the group's financial results.



The Ministry of Finance increased the systemic risk buffer for IRB banks by 1.5 per cent to 4.5 per cent with effect from 31 December 2020. The group includes a full countercyclical buffer in its planning, and aims for a CET1 ratio of 16.9 per cent.

The CET1 ratio declined by 0.3 percentage point to 18 per cent in the first quarter of 2021. Risk weighted assets increased by 1.7 percentage point in the first quarter of 2021. CET1 capital remains unchanged in 2021 despite a sound performance in the first quarter. This is mainly due to one-time effects of the introduction of a new default definition entailing an increased deduction for expected loss in the IRB models. A payout ratio of 50 per cent of the period's net profit is assumed.

A leverage ratio of 7.0 per cent (6.9 per cent) shows that the bank is financially very solid. The bank will continue to focus on capital efficiency and effectiveness with a view to strengthening its profitability and financial soundness.

### **The bank's equity certificate (MING)**

The book value of the equity certificate (EC) at 31 March 2021 was NOK 96.70 (86.85), and earnings per EC were NOK 3.40 (1.26).

The Price / Income ratio was 7.91 (13.46) and the Price / Book ratio was 1.11 (0.78).

At quarter-end the EC was priced at NOK 107.40 (67.60). A dividend of NOK 4.40 (5.00) per EC was set for 2020. Of this, a dividend of NOK 1.30 per EC was paid for the year 2020 in light of the Ministry of Finance's recommendation. The board of directors is authorised to pay out all or parts of the remaining dividend and community dividend after 30 September 2021 if conditions permit.

### **Outlook**

Good progress made in the rollout of vaccines in Norway gives cause for increased optimism. There are clear signs that society can return to normal, with a positive impact on the Norwegian economy. Norges Bank has signalled an interest rate hike in the autumn, which is expected to increase the bank's net interest income.

Disease-protection measures have created challenges for some industries. Covid-related loan losses have thus far been low. Unemployment has fallen from a high level, but the development ahead will depend on the pace of reopening. The bank has limited exposure to industries that are particularly exposed, but monitors these closely with any measures.

Good results across all business lines provided a very high return on equity in the first quarter of 2021, and have demonstrated the value of a broadly diversified business model.

The improvement project One SMN has progressed to an implementation phase. The board of directors expect better interaction between the business lines to provide increased customer recruitment, increased cross-sales, an improved customer offering and reduced costs.

Sustainability is important for ensuring long-term return and a basis for value creation. The group will stimulate sustainable development by being a driver for the green transition, a partner for the inclusive development of society and a guide to building a responsible business culture. In the first quarter the strategy was concretised in terms of five main goals with associated key targets.

At the end of the first quarter the bank is well positioned in the market, very solid, and its liquidity position is good. This provides the scope for action needed to achieve the group's ambitions. The group's financial goals remain unchanged.

Of the dividend of NOK 4.40 set aside for 2020, NOK 1.30 has been paid per equity certificate. The board of directors is authorised to pay out all or parts of the remaining dividend and community dividend, and assume that it will be disbursed in the course of the fourth quarter given the present assessment of prospects for the future.

Trondheim, 6. May 2021  
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal  
(chair)

Christian Stav  
(deputy chair)

Freddy Aursø

Mette Kamsvåg

Morten Loktu

Janne Thyø Thomsen

Tonje Eskeland Foss

Inge Lindseth  
(employee rep.)

Christina Straub  
(employee rep.)

Jan-Frode Janson  
(Group CEO)

## Income statement

| Parent bank  |            |            | (NOKm)   | Note | Group        |              |              |
|--------------|------------|------------|--|------|--------------|--------------|--------------|
| Jan-March    |            | 2021       |  |      | Jan-March    |              | 2020         |
| 2020         | 2020       | 2021       |  |      | 2021         | 2020         | 2020         |
| 3,274        | 1,002      | 729        | Interest income effective interest method          |      | 843          | 1,102        | 3,722        |
| 478          | 149        | 97         | Other interest income                              |      | 96           | 148          | 475          |
| 1,423        | 533        | 267        | Interest expenses                                  |      | 271          | 540          | 1,439        |
| <b>2,329</b> | <b>618</b> | <b>558</b> | <b>Net interest</b>                                | 10   | <b>668</b>   | <b>710</b>   | <b>2,759</b> |
| 1,205        | 286        | 310        | Commission income                                  |      | 392          | 349          | 1,510        |
| 97           | 25         | 22         | Commission expenses                                |      | 51           | 50           | 207          |
| 41           | 9          | 9          | Other operating income                             |      | 468          | 271          | 1,269        |
| <b>1,149</b> | <b>270</b> | <b>297</b> | <b>Commission income and other income</b>          | 11   | <b>808</b>   | <b>570</b>   | <b>2,572</b> |
| 528          | 76         | 114        | Dividends  |      | 4            | 8            | 39           |
| -            | -          | -          | Income from investment in related companies        | 3    | 128          | 217          | 681          |
| 14           | -139       | -19        | Net return on financial investments                | 3    | 158          | -124         | 230          |
| <b>542</b>   | <b>-62</b> | <b>95</b>  | <b>Net return on financial investments</b>         | 13   | <b>289</b>   | <b>101</b>   | <b>951</b>   |
| <b>4,019</b> | <b>826</b> | <b>951</b> | <b>Total income</b>                                |      | <b>1,766</b> | <b>1,381</b> | <b>6,281</b> |
| 732          | 176        | 166        | Staff costs  |      | 538          | 443          | 1,883        |
| 744          | 191        | 177        | Other operating expenses                           |      | 269          | 273          | 1,069        |
| <b>1,477</b> | <b>367</b> | <b>344</b> | <b>Total operating expenses</b>                    | 12   | <b>806</b>   | <b>716</b>   | <b>2,952</b> |
| <b>2,543</b> | <b>459</b> | <b>607</b> | <b>Result before losses</b>                        |      | <b>960</b>   | <b>665</b>   | <b>3,329</b> |
| 902          | 302        | 51         | Loss on loans, guarantees etc.                     | 6,7  | 59           | 308          | 951          |
| <b>1,641</b> | <b>157</b> | <b>556</b> | <b>Result before tax</b>                           | 3    | <b>901</b>   | <b>357</b>   | <b>2,378</b> |
| 284          | 51         | 106        | Tax charge   |      | 133          | 67           | 400          |
| -            | -          | -          | Result investment held for sale, after tax         | 2,3  | 0            | 0            | 1            |
| <b>1,356</b> | <b>106</b> | <b>450</b> | <b>Net profit</b>                                  |      | <b>768</b>   | <b>290</b>   | <b>1,978</b> |
| 56           | 23         | 19         | Attributable to additional Tier 1 Capital holders  |      | 20           | 24           | 59           |
| 831          | 53         | 276        | Attributable to Equity capital certificate holders |      | 439          | 162          | 1,147        |
| 469          | 30         | 155        | Attributable to the saving bank reserve            |      | 247          | 91           | 646          |
|              |            |            | Attributable to non-controlling interests          |      | 61           | 12           | 126          |
| <b>1,356</b> | <b>106</b> | <b>450</b> | <b>Net profit</b>                                  |      | <b>768</b>   | <b>290</b>   | <b>1,978</b> |
|              |            |            | Profit/diluted profit per ECC                      | 19   | 3.40         | 1.26         | 8.87         |

## Other comprehensive income

| Parent bank   |            |            |   | Group      |            |              |
|---|------------|------------|---|------------|------------|--------------|
| Jan-March   |            |            |   | Jan-March  |            |              |
| 2020  | 2020       | 2021       | (NOKm)  | 2021       | 2020       | 2020         |
| 1,356   | 106        | 450        | Net profit  | 768        | 290        | 1,978        |
| <b>Items that will not be reclassified to profit/loss</b> |            |            |   |            |            |              |
| -34   | -40        | -          | - Actuarial gains and losses pensions                                 | -          | -40        | -34          |
| 8   | 10         | -          | - Tax   | -          | 10         | 8            |
| -   | -          | -          | - Share of other comprehensive income of associates and joint venture | 0          | 3          | 15           |
| <b>-25</b>  | <b>-30</b> | <b>-</b>   | <b>Total</b>  | <b>0</b>   | <b>-26</b> | <b>-11</b>   |
| <b>Items that will be reclassified to profit/loss</b>     |            |            |   |            |            |              |
| 9   | 3          | -1         | -1 Value changes on loans measured at fair value                      | -1         | 3          | 9            |
| -   | -          | -          | - Share of other comprehensive income of associates and joint venture | -28        | 8          | 16           |
| <b>9</b>  | <b>3</b>   | <b>-1</b>  | <b>Total</b>  | <b>-29</b> | <b>11</b>  | <b>25</b>    |
| <b>-16</b>  | <b>-27</b> | <b>-1</b>  | <b>Net other comprehensive income</b>                                 | <b>-28</b> | <b>-16</b> | <b>15</b>    |
| <b>1,340</b>  | <b>79</b>  | <b>450</b> | <b>Total other comprehensive income</b>                               | <b>739</b> | <b>274</b> | <b>1,993</b> |
| 56  | 23         | 19         | Attributable to additional Tier 1 Capital holders                     | 20         | 24         | 59           |
| 821   | 36         | 275        | Attributable to Equity capital certificate holders                    | 421        | 152        | 1,156        |
| 463   | 20         | 155        | Attributable to the saving bank reserve                               | 237        | 86         | 652          |
|   |            |            | Attributable to non-controlling interests                             | 61         | 12         | 126          |
| <b>1,340</b>  | <b>79</b>  | <b>450</b> | <b>Total other comprehensive Income</b>                               | <b>739</b> | <b>274</b> | <b>1,993</b> |



## Balance sheet

| Parent bank    |                |                |  |      | Group          |                |                |
|----------------|----------------|----------------|--|------|----------------|----------------|----------------|
| 31 Dec 2020    | 31 March 2020  | 31 March 2021  | (NOKm)   | Note | 31 March 2021  | 31 March 2020  | 31 Dec 2020    |
| 2,764          | 5,848          | 37             | Cash and receivables from central banks        |      | 37             | 5,848          | 2,764          |
| 12,901         | 9,408          | 17,265         | Deposits with and loans to credit institutions |      | 9,487          | 2,239          | 5,091          |
| 124,214        | 117,784        | 126,954        | Net loans to and receivables from customers    | 5    | 135,919        | 126,128        | 133,131        |
| 26,684         | 27,473         | 30,953         | Fixed-income CDs and bonds                     | 17   | 30,875         | 27,395         | 26,606         |
| 7,175          | 11,379         | 4,345          | Derivatives                                    | 17   | 4,395          | 11,757         | 7,226          |
| 319            | 358            | 296            | Shares, units and other equity interests       | 17   | 2,051          | 1,437          | 2,366          |
| 4,933          | 4,525          | 4,922          | Investment in related companies                |      | 7,374          | 6,652          | 7,324          |
| 2,317          | 2,362          | 2,339          | Investment in group companies                  |      | -              | -              | -              |
| 82             | 82             | 82             | Investment held for sale                       | 2    | 40             | 40             | 41             |
| 515            | 507            | 511            | Intangible assets                              |      | 889            | 876            | 905            |
| 963            | 1,654          | 1,108          | Other assets                                   | 14   | 2,754          | 2,810          | 2,457          |
| <b>182,870</b> | <b>181,379</b> | <b>188,813</b> | <b>Total assets</b>                            |      | <b>193,822</b> | <b>185,182</b> | <b>187,912</b> |
| 12,630         | 12,740         | 12,016         | Deposits from credit institutions              |      | 12,166         | 13,150         | 13,095         |
| 98,166         | 89,007         | 103,094        | Deposits from and debt to customers            | 9    | 102,390        | 88,152         | 97,529         |
| 43,919         | 49,303         | 47,273         | Debt created by issue of securities            | 16   | 47,273         | 49,303         | 43,919         |
| 6,845          | 7,932          | 4,671          | Derivatives                                    | 17   | 4,879          | 8,004          | 7,179          |
| 1,466          | 3,503          | 1,748          | Other liabilities                              | 15   | 3,584          | 4,900          | 3,084          |
| -              | -              | -              | Investment held for sale                       | 2    | 0              | 1              | 1              |
| 1,752          | 2,026          | 1,752          | Subordinated loan capital                      | 16   | 1,795          | 2,071          | 1,795          |
| <b>164,778</b> | <b>164,513</b> | <b>170,554</b> | <b>Total liabilities</b>                       |      | <b>172,088</b> | <b>165,582</b> | <b>166,602</b> |
| 2,597          | 2,597          | 2,597          | Equity capital certificates                    |      | 2,597          | 2,597          | 2,597          |
| -0             | -0             | -0             | Own holding of ECCs                            |      | -12            | -12            | -9             |
| 895            | 895            | 895            | Premium fund                                   |      | 895            | 895            | 895            |
| 6,556          | 6,338          | 6,556          | Dividend equalisation fund                     |      | 6,511          | 6,311          | 6,536          |
| 569            | -              | 401            | Recommended dividends                          |      | 401            | -              | 569            |
| 321            | -              | 226            | Provision for gifts                            |      | 226            | -              | 321            |
| 5,664          | 5,541          | 5,664          | Ownerless capital                              |      | 5,664          | 5,541          | 5,664          |
| 239            | 189            | 239            | Unrealised gains reserve                       |      | 239            | 189            | 239            |
| -              | -27            | -1             | Other equity capital                           |      | 2,282          | 1,760          | 2,366          |
| 1,250          | 1,227          | 1,231          | Additional Tier 1 Capital                      |      | 1,273          | 1,268          | 1,293          |
|                | 106            | 450            | Profit for the period                          |      | 768            | 290            |                |
|                |                |                | Non-controlling interests                      |      | 891            | 760            | 838            |
| <b>18,092</b>  | <b>16,866</b>  | <b>18,259</b>  | <b>Total equity capital</b>                    |      | <b>21,734</b>  | <b>19,600</b>  | <b>21,310</b>  |
| <b>182,870</b> | <b>181,379</b> | <b>188,813</b> | <b>Total liabilities and equity</b>            |      | <b>193,822</b> | <b>185,182</b> | <b>187,912</b> |

## Cash flow statement

| Parent bank  |              |               |  | Group         |               |              |
|--------------|--------------|---------------|--|---------------|---------------|--------------|
| Jan-March    |              |               |  | Jan-March     |               |              |
| 2020         | 2020         | 2021          | (NOKm)   | 2021          | 2020          | 2020         |
| 1,356        | 106          | 450           | Net profit   | 768           | 290           | 1,978        |
| 102          | 109          | 24            | Depreciations and write-downs on fixed assets                | 54            | 172           | 166          |
| 902          | 302          | 51            | Losses on loans and guarantees                               | 59            | 308           | 951          |
| <b>2,360</b> | <b>517</b>   | <b>526</b>    | <b>Net cash increase from ordinary operations</b>            | <b>880</b>    | <b>770</b>    | <b>3,096</b> |
| -4,093       | -8,936       | 2,691         | Decrease/(increase) other receivables                        | 2,566         | -9,527        | -4,681       |
| 3,582        | 6,707        | -1,893        | Increase/(decrease) short term debt                          | -1,801        | 6,537         | 3,896        |
| -8,075       | -1,051       | -2,791        | Decrease/(increase) loans to customers                       | -2,847        | -1,155        | -8,795       |
| -3,721       | -227         | -4,364        | Decrease/(increase) loans credit institutions                | -4,396        | -129          | -2,981       |
| 11,296       | 2,137        | 4,928         | Increase/(decrease) deposits to customers                    | 4,861         | 2,235         | 11,611       |
| 5,045        | 5,155        | -614          | Increase/(decrease) debt to credit institutions              | -929          | 4,297         | 4,242        |
| -3,490       | -4,278       | -4,269        | Increase/(decrease) in short term investments                | -4,269        | -4,281        | -3,491       |
| <b>2,905</b> | <b>24</b>    | <b>-5,785</b> | <b>A) Net cash flow from operations</b>                      | <b>-5,933</b> | <b>-1,252</b> | <b>2,896</b> |
| -38          | 270          | -25           | Increase in tangible fixed assets                            | -71           | 414           | -136         |
| -418         | -52          | -11           | Paid-up capital, associated companies                        | -87           | -229          | -873         |
| 37           | -2           | 23            | Net investments in long-term shares and partnerships         | 315           | 1,516         | 587          |
| <b>-420</b>  | <b>216</b>   | <b>-13</b>    | <b>B) Net cash flow from investments</b>                     | <b>158</b>    | <b>1,701</b>  | <b>-422</b>  |
| -295         | -21          | 0             | Increase/(decrease) in subordinated loan capital             | -0            | -19           | -295         |
| 3            | -0           | -0            | Increase/(decrease) in equity                                | -23           | -2            | 14           |
| -647         | -647         | -168          | Dividend cleared   | -168          | -647          | -647         |
| -364         | -364         | -95           | Disbursed from gift fund                                     | -95           | -364          | -364         |
| -56          | -23          | -19           | Increase/(decrease) in Additional Tier 1 capital             | -20           | -24           | -59          |
| 877          | 5,902        | 3,354         | Increase/(decrease) in other long term loans                 | 3,354         | 5,694         | 880          |
| <b>-482</b>  | <b>4,847</b> | <b>3,071</b>  | <b>C) Net cash flow from financial activities</b>            | <b>3,048</b>  | <b>4,638</b>  | <b>-470</b>  |
| <b>2,003</b> | <b>5,086</b> | <b>-2,727</b> | <b>A) + B) + C) Net changes in cash and cash equivalents</b> | <b>-2,727</b> | <b>5,086</b>  | <b>2,003</b> |
| 761          | 761          | 2,764         | Cash and cash equivalents at 1.1                             | 2,764         | 761           | 761          |
| 2,764        | 5,848        | 37            | Cash and cash equivalents at end of quarter                  | 37            | 5,848         | 2,764        |
| <b>2,003</b> | <b>5,086</b> | <b>-2,727</b> | <b>Net changes in cash and cash equivalents</b>              | <b>-2,727</b> | <b>5,086</b>  | <b>2,003</b> |

## Change in equity

| Parent Bank<br>(NOKm)                       | Issued equity |                 | Earned equity             |                           |                       |                                     |                 |              | Additional<br>Tier 1<br>Capital | Total equity |
|---|---------------|-----------------|---------------------------|---------------------------|-----------------------|-------------------------------------|-----------------|--------------|---------------------------------|--------------|
|   | EC<br>capital | Premium<br>fund | Owner-<br>less<br>capital | Equali-<br>sation<br>fund | Dividend<br>and gifts | Un-<br>realised<br>gains<br>reserve | Other<br>equity |              |                                 |              |
| <b>Equity at 1 January 2020</b>             | <b>2,597</b>  | <b>895</b>      | <b>5,432</b>              | <b>6,144</b>              | <b>1,314</b>          | <b>189</b>                          | -               | <b>1,250</b> | <b>17,822</b>                   |              |
| Net profit                                  | -             | -               | 130                       | 230                       | 890                   | 50                                  | -               | 56           | 1,356                           |              |
| <b>Other comprehensive income</b>           |               |                 |                           |                           |                       |                                     |                 |              |                                 |              |
| Financial assets through OCI                | -             | -               | -                         | -                         | -                     | -                                   | 9               | -            | 9                               |              |
| Actuarial gains (losses), pensions          | -             | -               | -                         | -                         | -                     | -                                   | -25             | -            | -25                             |              |
| Other comprehensive income                  | -             | -               | -                         | -                         | -                     | -                                   | -16             | -            | -16                             |              |
| Total other comprehensive income            | -             | -               | 130                       | 230                       | 890                   | 50                                  | -16             | 56           | 1,340                           |              |
| <b>Transactions with owners</b>             |               |                 |                           |                           |                       |                                     |                 |              |                                 |              |
| Dividend declared for 2019                  | -             | -               | -                         | 194                       | -840                  | -                                   | -               | -            | -647                            |              |
| To be disbursed from gift fund              | -             | -               | 109                       | -                         | -474                  | -                                   | -               | -            | -364                            |              |
| Interest payments additional Tier 1 capital | -             | -               | -                         | -                         | -                     | -                                   | -               | -56          | -56                             |              |
| Purchase and sale of own ECCs               | -0            | -               | -                         | -                         | -                     | -                                   | -               | -            | -0                              |              |
| Direct recognitions in equity               | -             | -               | -7                        | -12                       | -                     | -                                   | 16              | -            | -3                              |              |
| Total transactions with owners              | -0            | -               | 103                       | 182                       | -1,314                | -                                   | 16              | -56          | -1,070                          |              |
| <b>Equity at 31 December 2020</b>           | <b>2,597</b>  | <b>895</b>      | <b>5,664</b>              | <b>6,556</b>              | <b>890</b>            | <b>239</b>                          | -               | <b>1,250</b> | <b>18,092</b>                   |              |

| (NOKm)  | Issued equity |                 | Earned equity             |                           |                       |                                     |                 |              | Additional<br>Tier 1<br>Capital | Total<br>equity |
|---|---------------|-----------------|---------------------------|---------------------------|-----------------------|-------------------------------------|-----------------|--------------|---------------------------------|-----------------|
|   | EC<br>capital | Premium<br>fund | Owner-<br>less<br>capital | Equali-<br>sation<br>fund | Dividend<br>and gifts | Un-<br>realised<br>gains<br>reserve | Other<br>equity |              |                                 |                 |
| <b>Equity at 1 January 2021</b>               | <b>2,597</b>  | <b>895</b>      | <b>5,664</b>              | <b>6,556</b>              | <b>890</b>            | <b>239</b>                          | -               | <b>1,250</b> | <b>18,092</b>                   |                 |
| Net profit                                    | -             | -               | -                         | -                         | -                     | -                                   | 450             | -            | 450                             |                 |
| <b>Other comprehensive income</b>             |               |                 |                           |                           |                       |                                     |                 |              |                                 |                 |
| Value changes on loans measured at fair value | -             | -               | -                         | -                         | -                     | -                                   | -1              | -            | -1                              |                 |
| Actuarial gains (losses), pensions            | -             | -               | -                         | -                         | -                     | -                                   | -               | -            | -                               |                 |
| Other comprehensive income                    | -             | -               | -                         | -                         | -                     | -                                   | -1              | -            | -1                              |                 |
| Total other comprehensive income              | -             | -               | -                         | -                         | -                     | -                                   | 450             | -            | 450                             |                 |
| <b>Transactions with owners</b>               |               |                 |                           |                           |                       |                                     |                 |              |                                 |                 |
| Dividend declared for 2020                    | -             | -               | -                         | -                         | -168                  | -                                   | -               | -            | -168                            |                 |
| To be disbursed from gift fund                | -             | -               | -                         | -                         | -95                   | -                                   | -               | -            | -95                             |                 |
| Interest payments additional Tier 1 capital   | -             | -               | -                         | -                         | -                     | -                                   | -               | -19          | -19                             |                 |
| Purchase and sale of own ECCs                 | 0             | -               | -                         | -0                        | -                     | -                                   | -               | -            | -0                              |                 |
| Direct recognitions in equity                 | -             | -               | -                         | -                         | -                     | -                                   | -               | -            | -                               |                 |
| Total transactions with owners                | 0             | -               | -                         | -0                        | -263                  | -                                   | -               | -19          | -282                            |                 |
| <b>Equity at 31 March 2021</b>                | <b>2,597</b>  | <b>895</b>      | <b>5,664</b>              | <b>6,556</b>              | <b>627</b>            | <b>239</b>                          | <b>450</b>      | <b>1,231</b> | <b>18,259</b>                   |                 |

| 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 | Non-controlling interests | Total equity  |
| <b>Equity at 1 January 2020</b>                                      | <b>2,586</b>                                  | <b>895</b>   | <b>5,432</b>       | <b>6,123</b>      | <b>1,314</b>       | <b>189</b>                | <b>1,827</b> | <b>1,293</b>              | <b>761</b>                | <b>20,420</b> |
| Net profit   | -   | -            | 130                | 230               | 890                | 50                        | 493          | 59                        | 126                       | 1,978         |
| <b>Other comprehensive income</b>                                    |   |              |                    |                   |                    |                           |              |                           |                           |               |
| Share of other comprehensive income of associates and joint ventures | -   | -            | -                  | -                 | -                  | -                         | 31           | -                         | -                         | 31            |
| Value changes on loans measured at fair value                        | -   | -            | -                  | -                 | -                  | -                         | 9            | -                         | -                         | 9             |
| Actuarial gains (losses), pensions                                   | -   | -            | -                  | -                 | -                  | -                         | -25          | -                         | -                         | -25           |
| Other comprehensive income   | -   | -            | -                  | -                 | -                  | -                         | 15           | -                         | -                         | 15            |
| Total other comprehensive income                                     | -   | -            | 130                | 230               | 890                | 50                        | 508          | 59                        | 126                       | 1,993         |
| <b>Transactions with owners</b>                                      |   |              |                    |                   |                    |                           |              |                           |                           |               |
| Dividend declared for 2019   | -   | -            | -                  | 194               | -840               | -                         | -            | -                         | -                         | -647          |
| To be disbursed from gift fund                                       | -   | -            | 109                | -                 | -474               | -                         | -            | -                         | -                         | -364          |
| Interest payments additional Tier 1 capital                          | -   | -            | -                  | -                 | -                  | -                         | -            | -59                       | -                         | -59           |
| Purchase and sale of own ECCs  | -0  | -            | -                  | -0                | -                  | -                         | -            | -                         | -                         | -0            |
| Own ECC held by SB1 Markets*)  | 2   | -            | -                  | 2                 | -                  | -                         | -11          | -                         | -                         | 14            |
| Direct recognitions in equity  | -   | -            | -7                 | -12               | -                  | -                         | 17           | -                         | -                         | -             |
| Share of other transactions from associates and joint ventures       | -   | -            | -                  | -                 | -                  | -                         | 3            | -                         | -                         | 3             |
| Change in non-controlling interests                                  | -   | -            | -                  | -                 | -                  | -                         | -            | -                         | -49                       | -49           |
| Total transactions with owners                                       | 2   | -            | 103                | 183               | -1,314             | -                         | 31           | -59                       | -49                       | -1,103        |
| <b>Equity at 31 December 2020</b>                                    | <b>2,588</b>                                  | <b>895</b>   | <b>5,664</b>       | <b>6,536</b>      | <b>890</b>         | <b>239</b>                | <b>2,366</b> | <b>1,293</b>              | <b>838</b>                | <b>21,310</b> |

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



| (NOKm)   | Attributable to parent company equity holders |              |                    |                   |                    |                           |              |                           |                           |               |
|--|---|--------------|--------------------|-------------------|--------------------|---------------------------|--------------|---------------------------|---------------------------|---------------|
|  | Issued equity                                 |              | Earned equity      |                   |                    |                           |              |                           |                           |               |
|  | EC capital                                    | Premium fund | Owner-less capital | Equalisation fund | Dividend and gifts | Un-realised gains reserve | Other equity | Additional Tier 1 Capital | Non-controlling interests | Total equity  |
| <b>Equity at 1 January 2021</b>                                      | <b>2,588</b>                                  | <b>895</b>   | <b>5,664</b>       | <b>6,536</b>      | <b>890</b>         | <b>239</b>                | <b>2,366</b> | <b>1,293</b>              | <b>838</b>                | <b>21,310</b> |
| Net profit   | -   | -            | -                  | -                 | -                  | -                         | 706          | -                         | 61                        | 768           |
| <b>Other comprehensive income</b>                                    |   |              |                    |                   |                    |                           |              |                           |                           |               |
| Share of other comprehensive income of associates and joint ventures | -   | -            | -                  | -                 | -                  | -                         | -28          | -                         | -                         | -28           |
| Value changes on loans measured at fair value                        | -   | -            | -                  | -                 | -                  | -                         | -1           | -                         | -                         | -1            |
| Actuarial gains (losses), pensions                                   | -   | -            | -                  | -                 | -                  | -                         | -            | -                         | -                         | -             |
| <b>Other comprehensive income</b>                                    | <b>-</b>                                      | <b>-</b>     | <b>-</b>           | <b>-</b>          | <b>-</b>           | <b>-</b>                  | <b>-28</b>   | <b>-</b>                  | <b>-</b>                  | <b>-28</b>    |
| <b>Total other comprehensive income</b>                              | <b>-</b>                                      | <b>-</b>     | <b>-</b>           | <b>-</b>          | <b>-</b>           | <b>-</b>                  | <b>678</b>   | <b>-</b>                  | <b>61</b>                 | <b>739</b>    |
| <b>Transactions with owners</b>                                      |   |              |                    |                   |                    |                           |              |                           |                           |               |
| Dividend declared for 2020   | -   | -            | -                  | -                 | -168               | -                         | -            | -                         | -                         | -168          |
| To be disbursed from gift fund                                       | -   | -            | -                  | -                 | -95                | -                         | -            | -                         | -                         | -95           |
| Interest payments additional Tier 1 capital                          | -   | -            | -                  | -                 | -                  | -                         | -            | -20                       | -                         | -20           |
| Purchase and sale of own ECCs  | 0   | -            | -                  | -0                | -                  | -                         | -            | -                         | -                         | -0            |
| Own ECC held by SB1 Markets*)  | -3  | -            | -                  | -25               | -                  | -                         | 6            | -                         | -                         | -23           |
| Direct recognitions in equity  | -   | -            | -                  | -                 | -                  | -                         | 2            | -                         | -                         | 2             |
| Share of other transactions from associates and joint ventures       | -   | -            | -                  | -                 | -                  | -                         | -3           | -                         | -                         | -3            |
| Change in non-controlling interests                                  | -   | -            | -                  | -                 | -                  | -                         | -            | -                         | -9                        | -9            |
| <b>Total transactions with owners</b>                                | <b>-3</b>                                     | <b>-</b>     | <b>-</b>           | <b>-25</b>        | <b>-263</b>        | <b>-</b>                  | <b>6</b>     | <b>-20</b>                | <b>-9</b>                 | <b>-315</b>   |
| <b>Equity at 31 March 2021</b>                                       | <b>2,584</b>                                  | <b>895</b>   | <b>5,664</b>       | <b>6,511</b>      | <b>627</b>         | <b>239</b>                | <b>3,050</b> | <b>1,273</b>              | <b>891</b>                | <b>21,734</b> |

\*) 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 2020. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts with the exception noted below.

### Definition of default

The group implemented a new definition of default on 1 January 2021.

The new definition is formulated in accordance with the European Banking Authority's guidelines on how banks should apply the definition of default in the Capital Requirements Regulation (CRR) and clarifications in the Norwegian CRR/CRD IV regulations.

Default is defined in two categories: 1) payment default or 2) default based on manual default marking.

1) Payment default is defined as material payment arrears or overdrafts of more than 90 days' duration. Threshold values for material arrears or overdrafts are set out in the Norwegian CRR/CRD IV regulations.

2) Default resulting from manual default marking is based to a larger degree on individual credit assessments, and to a lesser degree on automatic mechanisms. Events included in this category are provision for loss on a customer loan, bankruptcy/debt restructuring, forbearance assessments, deferment of interest and instalment payments for more than 180 days, or other indications suggesting considerable doubt as to whether the borrower will perform his obligations.

The new default definition entails the introduction of a 'waiting period' during which borrowers are categorised as still in default after the default has been rectified. The waiting period is three months or 12 months depending on the underlying cause of the default.

Furthermore, rules on default marking at group level are introduced whereby corporate customers in default to a group company (e.g. SpareBank 1 SMN Finans Midt-Norge) will also be considered to be in default to the bank. For personal customers, threshold values are specified for default contagion in the group. Where a defaulted exposure exceeds 20% of total exposure, the exposure will be considered to be in default at group level.

The group has with effect from 1 January 2021 also applied the new default definition for accounting purposes for transfer of loans to stage 3. As at 31 March 2021 this entailed an increase of NOK 818m in loan volume in stage 3, primarily as a result of the new definition. However, there was no significant change in the underlying credit risk over the course of the first quarter of 2021. Comparatives have not been restated.

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

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

### Pensions

Sparebank1 SMN Group has one pension arrangement; defined contribution plan. For a further description of the pension scheme, see note 25 in the 2020 annual report.

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

A new calculation of the Group's pension liabilities has not been carried out as per 31 March 2021.

### 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.

| 2021 Q1 (NOKm)             | Assets    | Liabilities | Revenue  | Expenses | Profit   | Ownership |
|----------------------------|-----------|-------------|----------|----------|----------|-----------|
| Mavi XV AS Group           | 40        | 0           | 1        | 1        | -        | 100 %     |
| <b>Total Held for sale</b> | <b>40</b> | <b>0</b>    | <b>1</b> | <b>1</b> | <b>-</b> |           |

### 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 2020.

In the first quarter 2020 some changes were made in the input in the credit loss model as a result of changed expectations due to the corona situation. The crisis and the significant increase in macroeconomic uncertainty have made the assessments extra demanding. We are in the early stages of the crisis and the consequences for the bank's customers and the industries we are exposed to are difficult to estimate. The regulators have emphasized the importance of focusing on the expected long-term effects of the crisis and this has also been the bank's focus.

In the first quarter 2020 the bank changed the assumptions for the base scenario in a negative direction. This has been continued for the rest of 2020 and in the first quarter of 2021. The bank's exposure to hotels and tourism, including commercial real estate with the income mainly towards this industry, is 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 development in the base scenario is prepared using adjustment factors where the development in the business cycle is projected by assumptions about how much the probability of default (PD) or loss of default (LGD) will increase or decrease compared to the base scenario in a five-year period. We expect increased losses related to debtors that have a demanding starting point before the crisis - typically debtors in stage 2. We have therefore chosen to increase the trajectories for PD and LGD as well as reduce expected repayments in the base scenario, especially from year 2 onwards, since this will affect expected losses mainly for debtors in stage 2. To adjust for migration into stage 2, PD and LGD estimates are also increased in the first year. No first year repayments are assumed for all portfolios in the downside scenario.

The applied scenario weighting was changed in the fourth quarter of 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. This has been continued in first quarter 2021.

The effect of changes in input assumptions is shown as "Effect of changed assumptions in ECL model" in note 7. The effect is NOK 11 million for the Bank and 5 million for the Group.

### Sensitivities

The first part of the table below show total calculated expected credit loss as of 31 March 2021 in each of the three scenarios, distributed in the portfolios retail market (RM) corporate market (CM), and offshore, travel and agriculture which adds up to parent bank. In addition the subsidiary SB 1 Finans Midt-norge is included. ECL for the parent bank and the subsidiary is summed up in the column "Group"

The second part of the table show the ECL distributed by portfolio using the scenario weight applied, in addition to an alternative weighting where worst case have been doubled.

If the downside scenario's probability were doubled at the expense of the baseline scenario at the end of March 2021, this would have entailed an increase in loss provisions of NOK 284 million for the parent bank and NOK 291 million for the group.

|   | CM (excl offshore and agriculture) |            |             |           |           | Total parent | SB 1 Finans MN Group |              |
|---|------------------------------------|------------|-------------|-----------|-----------|--------------|----------------------|--------------|
|   | RM                                 | Offshore   | Agriculture | Tourism   |           |              |                      |              |
| ECL base case   | 346                                | 92         | 836         | 26        | 47        | 1,346        | 63                   | 1,408        |
| ECL worst case  | 1,215                              | 314        | 1,086       | 88        | 94        | 2,797        | 130                  | 2,927        |
| ECL best case   | 278                                | 41         | 708         | 14        | 11        | 1,052        | 47                   | 1,099        |
|   | -                                  | -          | -           | -         | -         | -            | -                    | -            |
| ECL with scenario weights used 80/10/10               | -                                  | -          | -           | -         | -         | -            | 68                   | 69           |
| ECL with scenario weights used 65/25/15               | 509                                | -          | 867         | 36        | -         | 1,412        | -                    | 1,412        |
| ECL with scenario weights used 60/30/10               | -                                  | -          | -           | -         | 57        | 57           | -                    | 57           |
| ECL with scenario weights used 70/15/15               | -                                  | 118        | -           | -         | -         | 118          | -                    | 118          |
| <b>Total ECL used</b>                                 | <b>509</b>                         | <b>118</b> | <b>867</b>  | <b>36</b> | <b>57</b> | <b>1,554</b> | <b>68</b>            | <b>1,656</b> |
|   | -                                  | -          | -           | -         | -         | -            | -                    | -            |
| ECL alternative scenario weights 70/20/10             | -                                  | -          | -           | -         | -         | -            | 75                   | 76           |
| ECL alternative scenario weights 45/40/15             | 683                                | -          | 917         | 49        | -         | 1,649        | -                    | 1,649        |
| ECL alternative scenario weights 30/60/10             | -                                  | -          | -           | -         | 71        | 71           | -                    | 71           |
| ECL alternative scenario weights 55/30/15             | -                                  | 151        | -           | -         | -         | 151          | -                    | 151          |
| <b>Total ECL alternative weights</b>                  | <b>683</b>                         | <b>151</b> | <b>917</b>  | <b>49</b> | <b>71</b> | <b>1,871</b> | <b>75</b>            | <b>1,946</b> |
| <b>Change in ECL if alternative weights were used</b> | <b>174</b>                         | <b>33</b>  | <b>50</b>   | <b>13</b> | <b>14</b> | <b>284</b>   | <b>7</b>             | <b>291</b>   |

The Tourism portfolio includes commercial real estate with more than 50% of the income from actors in hotels and tourism companies.

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 80 per cent of the ECL in the expected scenario. The downside scenario gives about double the ECL than in the expected scenario. Applied scenario weighting gives about 18 percent higher ECL than in the expected scenario

### Note 3 - Account by business line

For the subsidiaries the figures refer to the respective company accounts, while for joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

#### Group 31 March 2021

| Profit and loss account (NOKm)                              | RM            | CM            | SB 1         |            | SB 1         | SB 1       | SB 1         | BN           | Un-           | Total          |
|---|---------------|---------------|--------------|------------|--------------|------------|--------------|--------------|---------------|----------------|
|   |               |               | Markets      | EM 1       | Finans       | Regnskaps- |              |              |               |                |
| Net interest  | 337           | 270           | -5           | 0          | 113          | 0          | -            | -            | -47           | 668            |
| Interest from allocated capital                             | 9             | 3             | -            | -          | -            | -          | -            | -            | -12           | -              |
| <b>Total interest income</b>                                | <b>346</b>    | <b>273</b>    | <b>-5</b>    | <b>0</b>   | <b>113</b>   | <b>0</b>   | <b>-</b>     | <b>-</b>     | <b>-59</b>    | <b>668</b>     |
| Comission income and other income                           | 149           | 59            | 321          | 103        | -22          | 155        | -            | -            | 42            | 808            |
| Net return on financial investments **)                     | 0             | 5             | 37           | 10         | -            | -          | 67           | 40           | 130           | 289            |
| <b>Total income</b>   | <b>496</b>    | <b>337</b>    | <b>353</b>   | <b>114</b> | <b>91</b>    | <b>155</b> | <b>67</b>    | <b>40</b>    | <b>114</b>    | <b>1,766</b>   |
| <b>Total operating expenses</b>                             | <b>228</b>    | <b>107</b>    | <b>227</b>   | <b>93</b>  | <b>29</b>    | <b>128</b> | <b>-</b>     | <b>-</b>     | <b>-6</b>     | <b>806</b>     |
| <b>Ordinary operating profit</b>                            | <b>268</b>    | <b>230</b>    | <b>125</b>   | <b>21</b>  | <b>62</b>    | <b>27</b>  | <b>67</b>    | <b>40</b>    | <b>119</b>    | <b>960</b>     |
| Loss on loans, guarantees etc.                              | -12           | 62            | -            | -          | 7            | -          | -            | -            | 1             | 59             |
| <b>Result before tax including held for sale</b>            | <b>280</b>    | <b>167</b>    | <b>125</b>   | <b>21</b>  | <b>55</b>    | <b>27</b>  | <b>67</b>    | <b>40</b>    | <b>118</b>    | <b>901</b>     |
| <b>Post-tax-return on equity *)</b>                         | <b>12.5 %</b> | <b>9.6 %</b>  |              |            |              |            |              |              |               | <b>14,8 %</b>  |
| <b>Balance</b>  |               |               |              |            |              |            |              |              |               |                |
| Loans and advances to customers                             | 130,296       | 46,190        | -            | -          | 9,678        | -          | -            | -            | -821          | 185,342        |
| Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt | -46,611       | -1,360        | -            | -          | -            | -          | -            | -            | 100           | -47,871        |
| Allowance for credit loss                                   | -130          | -1,351        | -            | -          | -69          | -          | -            | -            | -3            | -1,553         |
| Other assets  | 119           | 12,286        | 3,112        | 376        | 76           | 553        | 2,230        | 1,554        | 37,598        | 57,903         |
| <b>Total assets</b>   | <b>83,674</b> | <b>55,765</b> | <b>3,112</b> | <b>376</b> | <b>9,685</b> | <b>553</b> | <b>2,230</b> | <b>1,554</b> | <b>36,874</b> | <b>193,822</b> |
| Deposits to customers                                       | 48,439        | 53,200        | -            | -          | -            | -          | -            | -            | 751           | 102,390        |
| Other liabilities and equity                                | 35,235        | 2,565         | 3,112        | 376        | 9,685        | 553        | 2,230        | 1,554        | 36,123        | 91,432         |
| <b>Total liabilities and equity</b>                         | <b>83,674</b> | <b>55,765</b> | <b>3,112</b> | <b>376</b> | <b>9,685</b> | <b>553</b> | <b>2,230</b> | <b>1,554</b> | <b>36,874</b> | <b>193,822</b> |



## Group 31 March 2020

| Profit and loss account (NOKm)                               | RM            | CM            | SB 1         |            | SB 1         | SB 1       | SB 1         | BN           | Un-           | Total          |
|--|---------------|---------------|--------------|------------|--------------|------------|--------------|--------------|---------------|----------------|
|  |               |               | Markets      | EM 1       | Finans       | Regnskaps- |              |              |               |                |
|  |               |               |              |            | huset SMN    | gruppen    | Bank         | collated     |               |                |
| Net interest   | 301           | 271           | -2           | -0         | 82           | 0          | -            | -            | 59            | 710            |
| Interest from allocated capital                              | 53            | 38            | -            | -          | -            | -          | -            | -            | -91           | -              |
| <b>Total interest income</b>                                 | <b>354</b>    | <b>308</b>    | <b>-2</b>    | <b>-0</b>  | <b>82</b>    | <b>0</b>   | <b>-</b>     | <b>-</b>     | <b>-32</b>    | <b>710</b>     |
| Commission income and other income                           | 198           | 54            | 60           | 83         | -6           | 156        | -            | -            | 24            | 570            |
| Net return on financial investments **)                      | -2            | 10            | 45           | -          | -            | -          | -115         | 23           | 140           | 101            |
| <b>Total income</b>  | <b>550</b>    | <b>373</b>    | <b>103</b>   | <b>83</b>  | <b>76</b>    | <b>156</b> | <b>-115</b>  | <b>23</b>    | <b>132</b>    | <b>1,381</b>   |
| <b>Total operating expenses</b>                              | <b>246</b>    | <b>113</b>    | <b>118</b>   | <b>83</b>  | <b>24</b>    | <b>129</b> | <b>-</b>     | <b>-</b>     | <b>2</b>      | <b>716</b>     |
| <b>Ordinary operating profit</b>                             | <b>304</b>    | <b>261</b>    | <b>-15</b>   | <b>-0</b>  | <b>52</b>    | <b>27</b>  | <b>-115</b>  | <b>23</b>    | <b>130</b>    | <b>665</b>     |
| Loss on loans, guarantees etc.                               | 44            | 258           | -            | -          | 5            | -          | -            | -            | 1             | 308            |
| <b>Result before tax including held for sale</b>             | <b>260</b>    | <b>3</b>      | <b>-15</b>   | <b>-0</b>  | <b>47</b>    | <b>27</b>  | <b>-115</b>  | <b>23</b>    | <b>128</b>    | <b>357</b>     |
| <b>Post-tax return on equity*)</b>                           | <b>9.5 %</b>  | <b>0.2 %</b>  |              |            |              |            |              |              |               | <b>5.7 %</b>   |
| <b>Balance</b>   |               |               |              |            |              |            |              |              |               |                |
| Loans and advances to customers                              | 121,269       | 41,174        | -            | -          | 8,957        | -          | -            | -            | -629          | 170,771        |
| Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt | -42,254       | -1,245        | -            | -          | -            | -          | -            | -            | -0            | -43,498        |
| Allowance for credit losses                                  | -157          | -930          | -            | -          | -52          | -          | -            | -            | -6            | -1,144         |
| Other assets   | 197           | 7,932         | 2,636        | 301        | 23           | 551        | 1,834        | 1,449        | 44,132        | 59,054         |
| <b>Total assets</b>  | <b>79,055</b> | <b>46,931</b> | <b>2,636</b> | <b>301</b> | <b>8,928</b> | <b>551</b> | <b>1,834</b> | <b>1,449</b> | <b>43,497</b> | <b>185,182</b> |
| Deposits to customers  | 43,961        | 42,710        | -            | -          | -            | -          | -            | -            | 1,482         | 88,152         |
| Other liabilities and equity                                 | 35,095        | 4,222         | 2,636        | 301        | 8,928        | 551        | 1,834        | 1,449        | 42,015        | 97,030         |
| <b>Total liabilities and equity</b>                          | <b>79,055</b> | <b>46,931</b> | <b>2,636</b> | <b>301</b> | <b>8,928</b> | <b>551</b> | <b>1,834</b> | <b>1,449</b> | <b>43,497</b> | <b>185,182</b> |

## Group 31 December 2020

| Profit and loss account (NOKm)                              | RM            | CM            | SB 1         |            | SB 1         |            | SB 1       | BN           | Un-          | Total         |                |
|---|---------------|---------------|--------------|------------|--------------|------------|------------|--------------|--------------|---------------|----------------|
|   |               |               | Markets      | EM 1       | Finans       | Regnskaps- |            |              |              |               |                |
|   |               |               |              |            | MN           | huset SMN  | Gruppen    | Bank         | collated     |               |                |
| Net interest  | 1,112         | 1,085         | -14          | 2          | 371          |            | 1          | -            | -            | 202           | 2,759          |
| Interest from allocated capital                             | 101           | 63            | -            | -          | -            |            | -          | -            | -            | -165          | -              |
| <b>Total interest income</b>                                | <b>1,213</b>  | <b>1,149</b>  | <b>-14</b>   | <b>2</b>   | <b>371</b>   |            | <b>1</b>   | <b>-</b>     | <b>-</b>     | <b>37</b>     | <b>2,759</b>   |
| Comission income and other income                           | 867           | 211           | 693          | 392        | -22          |            | 533        | -            | -            | -102          | 2,572          |
| Net return on financial investments **)                     | -2            | 21            | 137          | -          | -            |            | -          | 194          | 120          | 481           | 951            |
| <b>Total income</b>   | <b>2,078</b>  | <b>1,381</b>  | <b>816</b>   | <b>394</b> | <b>349</b>   |            | <b>533</b> | <b>194</b>   | <b>120</b>   | <b>416</b>    | <b>6,281</b>   |
| <b>Total operating expenses</b>                             | <b>929</b>    | <b>422</b>    | <b>637</b>   | <b>342</b> | <b>86</b>    |            | <b>423</b> | <b>-</b>     | <b>-</b>     | <b>114</b>    | <b>2,952</b>   |
| <b>Ordinary operating profit</b>                            | <b>1,149</b>  | <b>959</b>    | <b>179</b>   | <b>52</b>  | <b>263</b>   |            | <b>110</b> | <b>194</b>   | <b>120</b>   | <b>301</b>    | <b>3,329</b>   |
| Loss on loans, guarantees etc.                              | 56            | 846           | -            | -          | 49           |            | -          | -            | -            | 1             | 951            |
| <b>Result before tax</b>                                    | <b>1,093</b>  | <b>113</b>    | <b>179</b>   | <b>52</b>  | <b>214</b>   |            | <b>110</b> | <b>194</b>   | <b>120</b>   | <b>301</b>    | <b>2,378</b>   |
| <b>Post-tax-return on equity *)</b>                         | <b>13.4 %</b> | <b>2.1 %</b>  |              |            |              |            |            |              |              |               | <b>10.0 %</b>  |
| <b>Balance</b>  |               |               |              |            |              |            |            |              |              |               |                |
| Loans and advances to customers                             | 129,149       | 44,845        | -            | -          | 9,549        |            | -          | -            | -            | -742          | 182,801        |
| Adv.of this sold to SB1 Boligkreditt and SB1 Næringskreditt | -46,899       | -1,354        | -            | -          | -            |            | -          | -            | -            | 100           | -48,153        |
| Allowance for credit loss                                   | -148          | -1,298        | -            | -          | -67          |            | -          | -            | -            | -4            | -1,517         |
| Other assets  | 156           | 10,471        | 3,265        | 357        | 116          |            | 592        | 2,151        | 1,514        | 36,160        | 54,781         |
| <b>Total assets</b>   | <b>82,258</b> | <b>52,663</b> | <b>3,265</b> | <b>357</b> | <b>9,598</b> |            | <b>592</b> | <b>2,151</b> | <b>1,514</b> | <b>35,514</b> | <b>187,912</b> |
| Deposits to customers                                       | 47,478        | 49,420        | -            | -          | -            |            | -          | -            | -            | 631           | 97,529         |
| Other liabilities and equity                                | 34,780        | 3,244         | 3,265        | 357        | 9,598        |            | 592        | 2,151        | 1,514        | 34,883        | 90,383         |
| <b>Total liabilities and equity</b>                         | <b>82,258</b> | <b>52,663</b> | <b>3,265</b> | <b>357</b> | <b>9,598</b> |            | <b>592</b> | <b>2,151</b> | <b>1,514</b> | <b>35,514</b> | <b>187,912</b> |

\*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 16.9 percent to be in line with the capital plan during the year

|  | 31 March 2021 | 31 March 2020 | 31 Dec 2020 |
|--|---------------|---------------|-------------|
| **) Specification of net return on financial investments (NOKm)    |               |               |             |
| <b>Dividends</b>   | <b>4</b>      | <b>8</b>      | <b>39</b>   |
| Capital gains/losses shares  | 102           | -42           | -4          |
| Gain/(loss) on certificates and bonds                              | -84           | 50            | 103         |
| Gain/(loss) on derivatives   | 105           | -148          | 32          |
| Gain/(loss) on financial instruments related to hedging            | -11           | -6            | 1           |
| Gain/(loss) on other financial instruments at fair value (FVO)     | 10            | -57           | -11         |
| Foreign exchange gain/(loss)                                       | 15            | 65            | 82          |
| Gain/(loss) on shares and share derivatives at SpareBank 1 Markets | 20            | 14            | 28          |
| <b>Net return on financial instruments</b>                         | <b>158</b>    | <b>-124</b>   | <b>230</b>  |
| SpareBank 1 Gruppen  | 67            | -115          | 194         |
| Gain Fremtind Forsikring   |               | 340           | 340         |
| SpareBank 1 Boligkreditt   | 4             | -31           | 18          |
| SpareBank 1 Næringskreditt   | 3             | 2             | 18          |
| BN Bank  | 40            | 23            | 120         |
| SpareBank 1 Kredittkort  | 0             | 0             | 2           |
| SpareBank 1 Betaling   | -1            | -2            | -2          |
| Other companies  | 14            | -0            | -10         |
| <b>Income from investment in associates and joint ventures</b>     | <b>128</b>    | <b>217</b>    | <b>681</b>  |
| <b>Total net return on financial investments</b>                   | <b>289</b>    | <b>101</b>    | <b>951</b>  |
| <b>Fair value hedging</b>  |               |               |             |
| Changes in fair value on hedging instrument                        | -293          | 359           | 467         |
| Changes in fair value on hedging item                              | 282           | -365          | -465        |
| <b>Net Gain or Loss from hedge accounting</b>                      | <b>-11</b>    | <b>-6</b>     | <b>1</b>    |

## Note 4 - Capital adequacy

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

As of 31 March 2021 the overall minimum requirement on CET1 capital is 12.5 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 1.0 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.

The systemic risk buffer stands at 4.5 per cent for the Norwegian exposures. For exposures in other countries, the particular country's systemic buffer rate shall be employed. As of 31 March 2021 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. For the first quarter of 2021 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 2020   | 31 Mar 2020   | 31 Mar 2021   | (NOKm)   | 31 Mar 2021   | 31 Mar 2020   | 31 Dec 2020   |
| 18,092        | 16,866        | 18,259        | Total book equity  | 21,734        | 19,600        | 21,310        |
| -1,250        | -1,227        | -1,231        | Additional Tier 1 capital instruments included in total equity                                   | -1,273        | -1,268        | -1,293        |
| -515          | -507          | -511          | Deferred taxes, goodwill and other intangible assets   | -1,027        | -1,059        | -1,044        |
| -890          | -             | -627          | Deduction for allocated dividends and gifts  | -627          | -             | -890          |
| -             | -             | -             | Non-controlling interests recognised in other equity capital                                     | -891          | -760          | -838          |
| -             | -             | -             | Non-controlling interests eligible for inclusion in CET1 capital                                 | 489           | 398           | 488           |
| -             | -106          | -450          | Net profit   | -768          | -290          | -             |
| -             | 83            | 57            | Year-to-date profit included in core capital (50 per cent (50 per cent) pre tax of group profit) | 374           | 266           | -             |
| -43           | -50           | -43           | Value adjustments due to requirements for prudent valuation                                      | -56           | -62           | -56           |
| -47           | -293          | -263          | Positive value of adjusted expected loss under IRB Approach                                      | -292          | -329          | -74           |
| -             | -             | -             | Cash flow hedge reserve  | 8             | 13            | 10            |
| -186          | -185          | -186          | Deduction for common equity Tier 1 capital in significant investments in financial institutions  | -629          | -353          | -572          |
| <b>15,160</b> | <b>14,582</b> | <b>15,005</b> | <b>Common equity Tier 1 capital</b>  | <b>17,042</b> | <b>16,155</b> | <b>17,041</b> |
| 1,250         | 1,250         | 1,250         | Additional Tier 1 capital instruments  | 1,595         | 1,637         | 1,595         |
| <b>16,410</b> | <b>15,832</b> | <b>16,255</b> | <b>Tier 1 capital</b>  | <b>18,636</b> | <b>17,792</b> | <b>18,636</b> |
|               |               |               | <b>Supplementary capital in excess of core capital</b>   |               |               |               |
| 1,750         | 1,750         | 1,750         | Subordinated capital   | 2,259         | 2,240         | 2,262         |
| -139          | -153          | -154          | Deduction for significant investments in financial institutions                                  | -154          | -153          | -139          |
| <b>1,611</b>  | <b>1,597</b>  | <b>1,596</b>  | <b>Additional Tier 2 capital instruments</b>   | <b>2,105</b>  | <b>2,087</b>  | <b>2,123</b>  |
| <b>18,020</b> | <b>17,429</b> | <b>17,851</b> | <b>Total eligible capital</b>  | <b>20,741</b> | <b>19,879</b> | <b>20,759</b> |

|               |               |               |   |               |               |               |
|---------------|---------------|---------------|---|---------------|---------------|---------------|
|               |               |               | <b>Minimum requirements subordinated capital</b>        |               |               |               |
| 1,053         | 964           | 1,112         | Specialised enterprises                                 | 1,292         | 1,153         | 1,240         |
| 920           | 1,269         | 982           | Corporate   | 992           | 1,279         | 930           |
| 1,511         | 1,625         | 1,463         | Mass market exposure, property                          | 2,218         | 2,310         | 2,261         |
| 107           | 97            | 100           | Other mass market                                       | 102           | 100           | 110           |
| 1,026         | 987           | 1,025         | Equity positions IRB                                    | 1             | 1             | 1             |
| <b>4,617</b>  | <b>4,942</b>  | <b>4,682</b>  | <b>Total credit risk IRB</b>                            | <b>4,606</b>  | <b>4,842</b>  | <b>4,541</b>  |
| 1             | 2             | 3             | Central government                                      | 5             | 4             | 2             |
| 93            | 101           | 107           | Covered bonds   | 146           | 152           | 142           |
| 441           | 567           | 485           | Institutions  | 336           | 466           | 332           |
| -             | -             | -             | Local and regional authorities, state-owned enterprises | 28            | 15            | 27            |
| 32            | 30            | 32            | Corporate   | 270           | 227           | 281           |
| 20            | 17            | 18            | Mass market   | 484           | 474           | 476           |
| 11            | 16            | 12            | Exposures secured on real property                      | 131           | 174           | 136           |
| 272           | 240           | 272           | Equity positions  | 428           | 383           | 408           |
| 99            | 115           | 89            | Other assets  | 159           | 150           | 159           |
| <b>970</b>    | <b>1,088</b>  | <b>1,018</b>  | <b>Total credit risk standardised approach</b>          | <b>1,986</b>  | <b>2,045</b>  | <b>1,962</b>  |
| 30            | 47            | 43            | Debt risk   | 44            | 48            | 31            |
| -             | -             | -             | Equity risk   | 9             | 7             | 18            |
| -             | -             | -             | Currency risk and risk exposure for settlement/delivery | 1             | 3             | 3             |
| 421           | 407           | 421           | Operational risk  | 772           | 720           | 770           |
| 25            | 98            | 32            | Credit value adjustment risk (CVA)                      | 153           | 240           | 123           |
| <b>6,063</b>  | <b>6,583</b>  | <b>6,196</b>  | <b>Minimum requirements subordinated capital</b>        | <b>7,571</b>  | <b>7,907</b>  | <b>7,448</b>  |
| <b>75,785</b> | <b>82,282</b> | <b>77,455</b> | <b>Risk weighted assets (RWA)</b>                       | <b>94,633</b> | <b>98,832</b> | <b>93,096</b> |
| 3,410         | 3,703         | 3,485         | Minimum requirement on CET1 capital, 4.5 per cent       | 4,258         | 4,447         | 4,189         |
|               |               |               | <b>Capital Buffers</b>                                  |               |               |               |
| 1,895         | 2,057         | 1,936         | Capital conservation buffer, 2.5 per cent               | 2,366         | 2,471         | 2,327         |
| 3,410         | 2,468         | 3,485         | Systemic risk buffer, 4.5 per cent (3.0 per cent)       | 4,258         | 2,965         | 4,189         |
| 758           | 823           | 775           | Countercyclical buffer, 1.0 per cent (2.5 per cent)     | 946           | 988           | 931           |
| <b>6,063</b>  | <b>5,348</b>  | <b>6,196</b>  | <b>Total buffer requirements on CET1 capital</b>        | <b>7,571</b>  | <b>6,424</b>  | <b>7,448</b>  |
| <b>5,687</b>  | <b>5,531</b>  | <b>5,323</b>  | <b>Available CET1 capital after buffer requirements</b> | <b>5,212</b>  | <b>5,284</b>  | <b>5,404</b>  |
|               |               |               | <b>Capital adequacy</b>                                 |               |               |               |
| 20.0 %        | 17.7 %        | 19.4 %        | Common equity Tier 1 capital ratio                      | 18.0 %        | 16.3 %        | 18.3 %        |
| 21.7 %        | 19.2 %        | 21.0 %        | Tier 1 capital ratio                                    | 19.7 %        | 18.0 %        | 20.0 %        |
| 23.8 %        | 21.2 %        | 23.0 %        | Capital ratio   | 21.9 %        | 20.1 %        | 22.3 %        |
|               |               |               | <b>Leverage ratio</b>                                   |               |               |               |
| 178,219       | 177,198       | 181,720       | Balance sheet items                                     | 258,536       | 249,366       | 256,978       |
| 6,190         | 7,719         | 8,793         | Off-balance sheet items                                 | 9,568         | 8,702         | 7,514         |
| -606          | -1,033        | -817          | Regulatory adjustments                                  | -1,844        | -1,820        | -1,577        |
| 183,803       | 183,884       | 189,696       | Calculation basis for leverage ratio                    | 266,260       | 256,248       | 262,915       |
| 16,410        | 15,832        | 16,255        | Core capital  | 18,636        | 17,792        | 18,636        |
| <b>8.9 %</b>  | <b>8.6 %</b>  | <b>8.6 %</b>  | <b>Leverage Ratio</b>                                   | <b>7.0 %</b>  | <b>6.9 %</b>  | <b>7.1 %</b>  |

## Note 5 - Distribution of loans by sector/industry

| Parent Bank    |                |                |   | Group          |                |                |
|----------------|----------------|----------------|---|----------------|----------------|----------------|
| 31 Dec<br>2020 | 31 Mar<br>2020 | 31 Mar<br>2021 | (NOKm)  | 31 Mar<br>2021 | 31 Mar<br>2020 | 31 Dec<br>2020 |
| 9,160          | 8,584          | 9,134          | Agriculture and forestry                                      | 9,568          | 8,946          | 9,591          |
| 5,243          | 4,893          | 5,344          | Fisheries and hunting   | 5,362          | 4,907          | 5,259          |
| 1,704          | 756            | 2,005          | Sea farming industries  | 2,268          | 1,053          | 2,100          |
| 2,234          | 1,870          | 2,326          | Manufacturing   | 2,848          | 2,255          | 2,646          |
| 3,195          | 3,025          | 3,080          | Construction, power and water supply                          | 4,016          | 3,837          | 4,077          |
| 2,289          | 2,266          | 2,537          | Retail trade, hotels and restaurants                          | 2,832          | 2,607          | 2,586          |
| 4,537          | 5,177          | 4,822          | Maritime sector   | 4,822          | 5,177          | 4,537          |
| 15,427         | 14,614         | 16,512         | Property management   | 16,595         | 14,689         | 15,509         |
| 3,644          | 2,454          | 3,641          | Business services   | 3,434          | 2,158          | 3,423          |
| 6,032          | 5,546          | 5,377          | Transport and other services provision                        | 6,298          | 6,379          | 6,942          |
| 9              | 6              | 2              | Public administration   | 29             | 17             | 33             |
| 1,626          | 1,718          | 1,746          | Other sectors   | 1,757          | 1,742          | 1,638          |
| <b>55,099</b>  | <b>50,909</b>  | <b>56,525</b>  | <b>Gross loans in Corporate market</b>                        | <b>59,830</b>  | <b>53,767</b>  | <b>58,340</b>  |
| 118,714        | 111,460        | 119,780        | Wage earners  | 125,512        | 117,004        | 124,461        |
| <b>173,814</b> | <b>162,369</b> | <b>176,305</b> | <b>Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt</b> | <b>185,342</b> | <b>170,771</b> | <b>182,801</b> |
| 46,613         | 41,972         | 46,337         | of which SpareBank 1 Boligkreditt                             | 46,337         | 41,972         | 46,613         |
| 1,540          | 1,526          | 1,533          | of which SpareBank 1 Næringskreditt                           | 1,533          | 1,526          | 1,540          |
| <b>125,660</b> | <b>118,871</b> | <b>128,435</b> | <b>Gross loans in balance sheet</b>                           | <b>137,471</b> | <b>127,272</b> | <b>134,648</b> |
| 1,351          | 964            | 1,380          | - Loan loss allowance on amortised cost loans                 | 1,451          | 1,019          | 1,421          |
| 96             | 123            | 101            | - Loan loss allowance on loans at FVOCI                       | 101            | 125            | 96             |
| <b>124,214</b> | <b>117,784</b> | <b>126,954</b> | <b>Net loans to and receivables from customers</b>            | <b>135,919</b> | <b>126,128</b> | <b>133,131</b> |

## Note 6 - Losses on loans and guarantees

|   | Jan-Mar   |           |           | Jan-Mar   |            |            | Jan-Dec   |            |            |
|---|-----------|-----------|-----------|-----------|------------|------------|-----------|------------|------------|
|   | 2021      |           |           | 2020      |            |            | 2020      |            |            |
|   | RM        | CM        | Total     | RM        | CM         | Total      | RM        | CM         | Total      |
| <b>Parent Bank (NOKm)</b>                                     |           |           |           |           |            |            |           |            |            |
| Change in provision for expected credit losses for the period | -8        | 57        | 49        | 44        | 146        | 190        | 49        | 666        | 715        |
| Actual loan losses on commitments exceeding provisions made   | 2         | 1         | 3         | 1         | 112        | 112        | 14        | 197        | 212        |
| Recoveries on commitments previously written-off              | -1        | -0        | -1        | -1        | -0         | -1         | -7        | -18        | -25        |
| <b>Losses for the period on loans and guarantees</b>          | <b>-7</b> | <b>58</b> | <b>51</b> | <b>44</b> | <b>258</b> | <b>302</b> | <b>56</b> | <b>846</b> | <b>902</b> |

|   | Jan-Mar   |           |           | Jan-Mar   |            |            | Jan-Dec   |            |            |
|---|-----------|-----------|-----------|-----------|------------|------------|-----------|------------|------------|
|   | 2021      |           |           | 2020      |            |            | 2020      |            |            |
|   | RM        | CM        | Total     | RM        | CM         | Total      | RM        | CM         | Total      |
| <b>Group (NOKm)</b>   |           |           |           |           |            |            |           |            |            |
| Change in provision for expected credit losses for the period | -7        | 57        | 50        | 40        | 148        | 188        | 48        | 681        | 729        |
| Actual loan losses on commitments exceeding provisions made   | 6         | 4         | 10        | 28        | 115        | 143        | 55        | 213        | 268        |
| Recoveries on commitments previously written-off              | -1        | -0        | -2        | -19       | -4         | -22        | -25       | -21        | -46        |
| <b>Losses for the period on loans and guarantees</b>          | <b>-2</b> | <b>61</b> | <b>59</b> | <b>49</b> | <b>259</b> | <b>308</b> | <b>78</b> | <b>873</b> | <b>951</b> |



## Note 7 - Losses

| Parent Bank (NOKm)  | 1 Jan 21     | Change in provision | Net write-offs / recoveries | 31 Mar 21    |
|---|--------------|---------------------|-----------------------------|--------------|
| Loans as amortised cost- CM   | 1,377        | 57                  | -5                          | 1,429        |
| Loans as amortised cost- RM   | 35           | 7                   | -10                         | 32           |
| Loans at fair value over OCI- RM                                    | 147          | -15                 | -                           | 132          |
| Loans at fair value over OCI- CM                                    | 0            | 0                   | -                           | 1            |
| <b>Provision for expected credit losses on loans and guarantees</b> | <b>1,559</b> | <b>49</b>           | <b>-14</b>                  | <b>1,594</b> |
| <b>Presented as</b>   |              |                     |                             |              |
| Provision for loan losses   | 1,446        | 49                  | -14                         | 1,481        |
| Other debt- provisions  | 81           | 0                   | -                           | 81           |
| Other comprehensive income - fair value adjustment                  | 32           | -1                  | -                           | 31           |

| Parent Bank (NOKm)  | 1 Jan 20     | Change in provision | Net write-offs / recoveries | 31 Mar 20    |
|---|--------------|---------------------|-----------------------------|--------------|
| Loans as amortised cost- CM   | 916          | 146                 | -30                         | 1,031        |
| Loans as amortised cost- RM   | 34           | 7                   | -3                          | 39           |
| Loans at fair value over OCI- RM                                    | 109          | 37                  | -                           | 146          |
| Loans at fair value over OCI- CM                                    | 1            | -0                  | -                           | 1            |
| <b>Provision for expected credit losses on loans and guarantees</b> | <b>1,060</b> | <b>190</b>          | <b>-33</b>                  | <b>1,219</b> |
| <b>Presented as</b>   |              |                     |                             |              |
| Provision for loan losses   | 937          | 182                 | -33                         | 1,086        |
| Other debt- provisions  | 100          | 6                   | -                           | 106          |
| Other comprehensive income - fair value adjustment                  | 23           | 3                   | -                           | 26           |

| Parent Bank (NOKm)  | 1 Jan 20     | Change in provision | Net write-offs / recoveries | 31 Dec 20    |
|---|--------------|---------------------|-----------------------------|--------------|
| Loans as amortised cost- CM   | 916          | 667                 | -206                        | 1,377        |
| Loans as amortised cost- RM   | 34           | 12                  | -11                         | 35           |
| Loans at fair value over OCI- RM                                    | 109          | 38                  | -                           | 147          |
| Loans at fair value over OCI- CM                                    | 1            | -1                  | -                           | 0            |
| <b>Provision for expected credit losses on loans and guarantees</b> | <b>1,060</b> | <b>715</b>          | <b>-217</b>                 | <b>1,559</b> |
| <b>Presented as</b>   |              |                     |                             |              |
| Provision for loan losses   | 937          | 725                 | -217                        | 1,446        |
| Other debt- provisions  | 100          | -19                 | -                           | 81           |
| Other comprehensive income - fair value adjustment                  | 23           | 9                   | -                           | 32           |

| Group (NOKm)  | 1 Jan 21     | Change in provision | Net write-offs / recoveries | 31 Mar 21    |
|---|--------------|---------------------|-----------------------------|--------------|
| Loans as amortised cost- CM   | 1,421        | 57                  | -6                          | 1,472        |
| Loans as amortised cost- RM   | 62           | 8                   | -10                         | 61           |
| Loans at fair value over OCI- RM                                    | 147          | -15                 | -                           | 132          |
| Loans at fair value over OCI- CM                                    | 0            | 0                   | -                           | 1            |
| <b>Provision for expected credit losses on loans and guarantees</b> | <b>1,630</b> | <b>51</b>           | <b>-15</b>                  | <b>1,665</b> |
| <b>Presented as</b>   |              |                     |                             |              |
| Provision for loan losses   | 1,517        | 51                  | -15                         | 1,553        |
| Other debt- provisions  | 81           | 0                   | -                           | 81           |
| Other comprehensive income - fair value adjustment                  | 32           | -1                  | -                           | 31           |

| Group (NOKm)  | 1 Jan 20     | Change in provision | Net write-offs/<br>recoveries | 31 Mar 20    |
|---|--------------|---------------------|-------------------------------|--------------|
| Loans as amortised cost- CM   | 948          | 149                 | -32                           | 1,065        |
| Loans as amortised cost- RM   | 63           | 3                   | -3                            | 63           |
| Loans at fair value over OCI- RM                                    | 109          | 37                  | -                             | 146          |
| Loans at fair value over OCI- CM                                    | 1            | -0                  | -                             | 1            |
| <b>Provision for expected credit losses on loans and guarantees</b> | <b>1,121</b> | <b>190</b>          | <b>-34</b>                    | <b>1,276</b> |
| <b>Presented as</b>   |              |                     |                               |              |
| Provision for loan losses   | 998          | 180                 | -34                           | 1,144        |
| Other debt- provisions  | 100          | 6                   | -                             | 106          |
| Other comprehensive income - fair value adjustment                  | 23           | 3                   | -                             | 26           |

| Group (NOKm)  | 1 Jan 20     | Change in provision | Net write-offs<br>/recoveries | 31 Dec 20    |
|---|--------------|---------------------|-------------------------------|--------------|
| Loans as amortised cost- CM   | 948          | 682                 | -209                          | 1,421        |
| Loans as amortised cost- RM   | 63           | 10                  | -11                           | 62           |
| Loans at fair value over OCI- RM                                    | 109          | 38                  | -                             | 147          |
| Loans at fair value over OCI- CM                                    | 1            | -1                  | -                             | 0            |
| <b>Provision for expected credit losses on loans and guarantees</b> | <b>1,121</b> | <b>729</b>          | <b>-220</b>                   | <b>1,630</b> |
| <b>Presented as</b>   |              |                     |                               |              |
| Provision for loan losses   | 998          | 739                 | -220                          | 1,517        |
| Other debt- provisions  | 100          | -19                 | -                             | 81           |
| Other comprehensive income - fair value adjustment                  | 23           | 9                   | -                             | 32           |

## Accrual for losses on loans

| Parent Bank (NOKm)                       | 31 Mar 2021 |            |            |              | 31 Mar 2020 |            |            |              | 31 Dec 2020 |            |            |              |
|--|-------------|------------|------------|--------------|-------------|------------|------------|--------------|-------------|------------|------------|--------------|
|  | Stage1      | Stage2     | Stage3     | Total        | Stage1      | Stage2     | Stage3     | Total        | Stage1      | Stage2     | Stage3     | Total        |
| <b>Retail market</b>                     |             |            |            |              |             |            |            |              |             |            |            |              |
| Opening balance                          | 35          | 97         | 47         | 180          | 25          | 73         | 45         | 143          | 25          | 73         | 45         | 143          |
| Transfer to (from) stage 1               | 16          | -16        | -0         | -            | 13          | -13        | -0         | -            | 14          | -13        | -0         | -            |
| Transfer to (from) stage 2               | -1          | 1          | -0         | -            | -2          | 2          | -0         | -            | -1          | 2          | -0         | -            |
| Transfer to (from) stage 3               | -0          | -3         | 3          | -            | -0          | -3         | 3          | -            | -0          | -3         | 3          | -            |
| Net remeasurement of loss allowances     | -15         | 17         | -11        | -10          | -15         | 12         | 9          | 6            | -17         | 12         | 9          | 5            |
| Originations or purchases                | 5           | 2          | 0          | 8            | 4           | 2          | 0          | 6            | 13          | 13         | 0          | 26           |
| Derecognitions                           | -4          | -11        | -1         | -15          | -2          | -6         | -1         | -10          | -8          | -23        | -2         | -33          |
| Changes due to changed input assumptions | 1           | 3          | -          | 4            | 5           | 38         | -          | 43           | 10          | 38         | 2          | 50           |
| Actual loan losses                       | 0           | 0          | -5         | -5           | -           | -          | -3         | -3           | 0           | 0          | -11        | -11          |
| Closing balance                          | 37          | 91         | 34         | 162          | 28          | 104        | 53         | 185          | 35          | 97         | 47         | 180          |
| <b>Corporate Market</b>                  |             |            |            |              |             |            |            |              |             |            |            |              |
| Opening balance                          | 88          | 387        | 823        | 1,299        | 66          | 210        | 540        | 816          | 66          | 210        | 540        | 816          |
| Transfer to (from) stage 1               | 7           | -7         | -0         | -            | 9           | -9         | -0         | -            | 14          | -14        | -0         | -            |
| Transfer to (from) stage 2               | -2          | 2          | -          | -            | -4          | 4          | -0         | -            | -4          | 4          | -0         | -            |
| Transfer to (from) stage 3               | -2          | -78        | 81         | -            | -0          | -1         | 1          | -            | -0          | -1         | 1          | -            |
| Net remeasurement of loss allowances     | -9          | 13         | 50         | 54           | -8          | 33         | 148        | 173          | -2          | 72         | 486        | 556          |
| Originations or purchases                | 13          | 1          | 4          | 18           | 14          | 2          | 1          | 17           | 45          | 99         | 1          | 144          |
| Derecognitions                           | -5          | -9         | -1         | -15          | -11         | -72        | -0         | -83          | -30         | -96        | -1         | -127         |
| Changes due to changed input assumptions | 1           | 4          | -          | 6            | 4           | 30         | -          | 34           | -0          | 113        | 2          | -            |
| Actual loan losses                       | -           | -          | -10        | -10          | -           | -          | -30        | -30          | -           | -          | -206       | -206         |
| Closing balance                          | 91          | 312        | 948        | 1,351        | 70          | 197        | 660        | 927          | 88          | 387        | 823        | 1,299        |
| <b>Total accrual for loan losses</b>     | <b>128</b>  | <b>403</b> | <b>981</b> | <b>1,512</b> | <b>98</b>   | <b>301</b> | <b>713</b> | <b>1,112</b> | <b>123</b>  | <b>484</b> | <b>870</b> | <b>1,478</b> |

| Group (NOKm)                             | 31 Mar 2021 |            |              |              | 31 Mar 2020 |            |            |              | 31 Dec 2020 |            |            |              |
|--|-------------|------------|--------------|--------------|-------------|------------|------------|--------------|-------------|------------|------------|--------------|
|  | Stage1      | Stage2     | Stage3       | Total        | Stage1      | Stage2     | Stage3     | Total        | Stage1      | Stage2     | Stage3     | Total        |
| <b>Retail market</b>                     |             |            |              |              |             |            |            |              |             |            |            |              |
| Opening balance                          | 42          | 107        | 58           | 207          | 32          | 84         | 56         | 172          | 32          | 84         | 56         | 172          |
| Transfer to (from) stage 1               | 17          | -17        | -0           | -            | 14          | -14        | -0         | -            | 14          | -13        | -0         | -            |
| Transfer to (from) stage 2               | -1          | 1          | -0           | -            | -2          | 3          | -1         | -            | 0           | -0         | -0         | -            |
| Transfer to (from) stage 3               | -0          | -5         | 5            | -            | -0          | -4         | 4          | -            | -1          | -2         | 3          | -            |
| Net remeasurement of loss allowances     | -16         | 19         | -9           | -6           | -16         | 12         | 11         | 8            | -17         | 11         | 11         | 5            |
| Originations or purchases                | 6           | 3          | 2            | 11           | 5           | 2          | 0          | 7            | 12          | 15         | 5          | 31           |
| Derecognitions                           | -4          | -12        | -3           | -19          | -3          | -7         | -7         | -17          | -6          | -20        | 1          | -25          |
| Changes due to changed input assumptions | 1           | 2          | -1           | 2            | 5           | 38         | -          | 43           | 7           | 33         | -6         | 35           |
| Actual loan losses                       | -           | -          | -5           | -5           | -           | -          | -3         | -3           | -           | -          | -11        | -11          |
| <b>Closing balance</b>                   | <b>43</b>   | <b>99</b>  | <b>48</b>    | <b>190</b>   | <b>35</b>   | <b>114</b> | <b>61</b>  | <b>210</b>   | <b>42</b>   | <b>107</b> | <b>58</b>  | <b>207</b>   |
| <b>Corporate Market</b>                  |             |            |              |              |             |            |            |              |             |            |            |              |
| Opening balance                          | 98          | 399        | 845          | 1,342        | 71          | 218        | 557        | 846          | 71          | 218        | 560        | 849          |
| Transfer to (from) stage 1               | 8           | -8         | 0            | -            | 9           | -9         | -0         | -            | 14          | -14        | -0         | -            |
| Transfer to (from) stage 2               | -2          | 2          | -            | -            | -4          | 4          | -0         | -            | -2          | 2          | -0         | -            |
| Transfer to (from) stage 3               | -2          | -79        | 82           | -            | -0          | -1         | 1          | -            | -1          | 0          | 1          | -            |
| Net remeasurement of loss allowances     | -10         | 14         | 53           | 57           | -9          | 33         | 151        | 175          | -2          | 72         | 484        | 555          |
| Originations or purchases                | 15          | 1          | 4            | 20           | 14          | 2          | 3          | 20           | 46          | 103        | 3          | 151          |
| Derecognitions                           | -5          | -10        | -2           | -16          | -11         | -73        | -1         | -85          | -26         | -93        | 10         | -109         |
| Changes due to changed input assumptions | -0          | 3          | -1           | 2            | 4           | 30         | -          | 34           | -2          | 111        | -4         | 106          |
| Actual loan losses                       | -           | -          | -10          | -10          | -           | -          | -31        | -31          | -           | -          | -209       | -209         |
| <b>Closing balance</b>                   | <b>101</b>  | <b>322</b> | <b>971</b>   | <b>1,394</b> | <b>75</b>   | <b>204</b> | <b>680</b> | <b>960</b>   | <b>98</b>   | <b>399</b> | <b>845</b> | <b>1,342</b> |
| <b>Total accrual for loan losses</b>     | <b>145</b>  | <b>421</b> | <b>1,019</b> | <b>1,584</b> | <b>110</b>  | <b>318</b> | <b>741</b> | <b>1,170</b> | <b>140</b>  | <b>507</b> | <b>902</b> | <b>1,549</b> |

#### Accrual for losses on guarantees and unused credit lines

| Parent Bank and Group (NOKm)             | 31 Mar 2021 |           |          |           | 31 Mar 2020 |           |           |            | 31 Dec 2020 |           |          |           |
|--|-------------|-----------|----------|-----------|-------------|-----------|-----------|------------|-------------|-----------|----------|-----------|
|  | Stage1      | Stage2    | Stage3   | Total     | Stage1      | Stage2    | Stage3    | Total      | Stage1      | Stage2    | Stage3   | Total     |
| Opening balance                          | 27          | 50        | 4        | 81        | 14          | 29        | 57        | 100        | 14          | 29        | 57       | 100       |
| Transfer to (from) stage 1               | 3           | -3        | -0       | -         | 1           | -1        | -0        | -          | 2           | -2        | -0       | -         |
| Transfer to (from) stage 2               | -6          | 6         | -        | -         | -0          | 0         | -         | -          | -0          | 0         | -0       | -         |
| Transfer to (from) stage 3               | -0          | -1        | 1        | -         | -0          | -0        | 0         | -          | -0          | -0        | 0        | -         |
| Net remeasurement of loss allowances     | -6          | 6         | -1       | -1        | -3          | 8         | -0        | 5          | 2           | 16        | -54      | -36       |
| Originations or purchases                | 3           | 1         | 0        | 4         | 2           | 0         | 0         | 3          | 11          | 8         | 0        | 19        |
| Derecognitions                           | -1          | -2        | -0       | -3        | -1          | -3        | -0        | -4         | -5          | -13       | -0       | -19       |
| Changes due to changed input assumptions | 0           | 1         | -        | 1         | 1           | 2         | -         | 3          | 3           | 12        | 0        | 16        |
| Actual loan losses                       | -           | -         | -        | -         | -           | -         | -         | -          | -           | -         | -        | -         |
| <b>Closing balance</b>                   | <b>20</b>   | <b>57</b> | <b>4</b> | <b>81</b> | <b>14</b>   | <b>36</b> | <b>57</b> | <b>106</b> | <b>27</b>   | <b>50</b> | <b>4</b> | <b>81</b> |
| Of which                                 |             |           |          |           |             |           |           |            |             |           |          |           |
| Retail market                            |             |           |          | 3         |             |           |           | 3          |             |           |          | 2         |
| Corporate Market                         |             |           |          | 79        |             |           |           | 103        |             |           |          | 79        |

#### Provision for credit losses specified by industry

| Parent Bank (NOKm)                   | 31 Mar 2021 |        |        |       | 31 Mar 2020 |        |        |       | 31 Dec 2020 |        |        |       |
|--------------------------------------|-------------|--------|--------|-------|-------------|--------|--------|-------|-------------|--------|--------|-------|
|                                      | Stage1      | Stage2 | Stage3 | Total | Stage1      | Stage2 | Stage3 | Total | Stage1      | Stage2 | Stage3 | Total |
| Agriculture and forestry             | 2           | 23     | 2      | 27    | 2           | 25     | 8      | 34    | 2           | 34     | 5      | 41    |
| Fisheries and hunting                | 8           | 2      | 0      | 10    | 4           | 0      | -      | 4     | 6           | 2      | 0      | 8     |
| Sea farming industries               | 4           | 0      | 0      | 4     | 1           | 1      | -      | 1     | 2           | 0      | 3      | 5     |
| Manufacturing                        | 7           | 20     | 9      | 36    | 4           | 22     | 3      | 28    | 8           | 25     | 2      | 35    |
| Construction, power and water supply | 11          | 12     | 37     | 60    | 11          | 7      | 16     | 34    | 11          | 27     | 17     | 55    |
| Retail trade, hotels and restaurants | 9           | 26     | 16     | 51    | 9           | 15     | 11     | 34    | 10          | 30     | 17     | 58    |
| Maritime sector                      | 14          | 190    | 657    | 862   | 4           | 101    | 588    | 692   | 10          | 180    | 614    | 804   |

|                                       |            |            |            |              |           |            |            |              |            |            |            |              |
|---------------------------------------|------------|------------|------------|--------------|-----------|------------|------------|--------------|------------|------------|------------|--------------|
| Property management                   | 20         | 49         | 34         | 102          | 19        | 41         | 26         | 86           | 20         | 56         | 38         | 114          |
| Business services                     | 12         | 12         | 194        | 218          | 7         | 5          | 27         | 38           | 12         | 56         | 142        | 210          |
| Transport and other services          | 8          | 10         | 1          | 19           | 11        | 5          | 1          | 17           | 8          | 10         | 2          | 19           |
| Public administration                 | 0          | -          | -          | 0            | 0         | -          | -          | 0            | 0          | 0          | 0          | 0            |
| Other sectors                         | 1          | 1          | -          | 1            | 0         | 0          | -          | 0            | 0          | 0          | 0          | 0            |
| Wage earners                          | 2          | 58         | 31         | 91           | 2         | 81         | 32         | 116          | 2          | 65         | 31         | 97           |
| Total provision for losses on loans   | 97         | 403        | 981        | 1,481        | 72        | 301        | 713        | 1,086        | 91         | 484        | 870        | 1,446        |
| loan loss allowance on loans at FVOCI | 31         | -          | -          | 31           | 26        | -          | -          | 26           | 32         | 0          | 0          | 32           |
| <b>Total loan loss allowance</b>      | <b>128</b> | <b>403</b> | <b>981</b> | <b>1,512</b> | <b>98</b> | <b>301</b> | <b>713</b> | <b>1,112</b> | <b>123</b> | <b>484</b> | <b>870</b> | <b>1,478</b> |

| Group (NOKm)                          | 31 Mar 2021 |            |              |              | 31 Mar 2020 |            |            |              | 31 Dec 2020 |            |            |              |
|---------------------------------------|-------------|------------|--------------|--------------|-------------|------------|------------|--------------|-------------|------------|------------|--------------|
|                                       | 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           | 25         | 3            | 31           | 3           | 25         | 9          | 37           | 3           | 36         | 5          | 44           |
| Fisheries and hunting                 | 8           | 2          | 0            | 10           | 4           | 0          | -          | 4            | 6           | 2          | 0          | 8            |
| Sea farming industries                | 4           | 1          | 0            | 5            | 1           | 1          | -          | 2            | 3           | 1          | 3          | 6            |
| Manufacturing                         | 9           | 23         | 14           | 45           | 4           | 24         | 7          | 35           | 10          | 27         | 7          | 44           |
| Construction, power and water supply  | 13          | 14         | 41           | 68           | 13          | 9          | 24         | 46           | 13          | 31         | 20         | 64           |
| Retail trade, hotels and restaurants  | 11          | 26         | 18           | 55           | 10          | 15         | 11         | 36           | 12          | 31         | 19         | 62           |
| Maritime sector                       | 14          | 190        | 657          | 862          | 4           | 101        | 588        | 692          | 10          | 180        | 614        | 804          |
| Property management                   | 20          | 49         | 34           | 103          | 19          | 41         | 26         | 86           | 20          | 56         | 39         | 115          |
| Business services                     | 13          | 13         | 198          | 224          | 7           | 6          | 28         | 41           | 13          | 57         | 143        | 213          |
| Transport and other services          | 10          | 11         | 11           | 32           | 12          | 6          | 8          | 26           | 10          | 12         | 10         | 32           |
| Public administration                 | 0           | 0          | -            | 0            | 0           | -          | -          | 0            | 0           | 0          | 0          | 0            |
| Other sectors                         | 1           | 1          | -            | 1            | 0           | 0          | 2          | 2            | 0           | 0          | 2          | 2            |
| Wage earners                          | 7           | 65         | 44           | 116          | 8           | 90         | 40         | 138          | 7           | 73         | 41         | 122          |
| Total provision for losses on loans   | 113         | 421        | 1,019        | 1,553        | 84          | 319        | 741        | 1,144        | 108         | 507        | 902        | 1,517        |
| loan loss allowance on loans at FVOCI | 31          | -          | -            | 31           | 26          | -          | -          | 26           | 32          | 0          | 0          | 32           |
| <b>Total loan loss allowance</b>      | <b>145</b>  | <b>421</b> | <b>1,019</b> | <b>1,584</b> | <b>110</b>  | <b>319</b> | <b>741</b> | <b>1,170</b> | <b>140</b>  | <b>507</b> | <b>902</b> | <b>1,549</b> |

## Note 8 - Gross Loans

| Parent Bank (NOKm)                                | 31 Mar 2021    |              |              |                | 31 Mar 2020    |              |              |                | 31 Dec 2020    |               |              |                |
|---|----------------|--------------|--------------|----------------|----------------|--------------|--------------|----------------|----------------|---------------|--------------|----------------|
|   | Stage 1        | Stage 2      | Stage 3      | Total          | Stage 1        | Stage 2      | Stage 3      | Total          | Stage 1        | Stage 2       | Stage 3      | Total          |
| <b>Retail Market</b>                              |                |              |              |                |                |              |              |                |                |               |              |                |
| Opening balance                                   | 73,297         | 4,430        | 381          | 78,108         | 69,045         | 5,129        | 487          | 74,661         | 69,045         | 5,129         | 487          | 74,661         |
| Transfer to stage 1                               | 1,034          | -1,033       | -1           | -              | 1,082          | -1,071       | -11          | -              | 1,050          | -1,019        | -31          | -              |
| Transfer to stage 2                               | -752           | 753          | -0           | -              | -1,148         | 1,206        | -57          | -              | -1,433         | 1,470         | -38          | -              |
| Transfer to stage 3                               | -30            | -52          | 82           | -              | -18            | -79          | 97           | -              | -30            | -47           | 77           | -              |
| Net increase/decrease amount existing loans       | -1,127         | -57          | -7           | -1,190         | -1,019         | -52          | -5           | -1,076         | -2,093         | -136          | -7           | -2,237         |
| New loans   | 12,982         | 175          | 29           | 13,186         | 15,166         | 311          | 58           | 15,535         | 49,001         | 1,464         | 111          | 50,575         |
| Derecognitions                                    | -10,075        | -540         | -57          | -10,672        | -13,602        | -751         | -63          | -14,416        | -42,243        | -2,429        | -196         | -44,867        |
| Financial assets with actual loan losses          | 0              | 0            | -7           | -7             | -              | -            | -4           | -4             | -1             | -2            | -22          | -24            |
| Closing balance                                   | 75,330         | 3,676        | 420          | 79,426         | 69,506         | 4,693        | 503          | 74,701         | 73,297         | 4,430         | 381          | 78,108         |
| <b>Corporate Market</b>                           |                |              |              |                |                |              |              |                |                |               |              |                |
| Opening balance                                   | 35,587         | 5,979        | 1,702        | 43,268         | 33,190         | 3,971        | 1,470        | 38,632         | 33,190         | 3,971         | 1,470        | 38,632         |
| Transfer to stage 1                               | 220            | -218         | -2           | -              | 400            | -400         | -            | -              | 521            | -521          | -0           | -              |
| Transfer to stage 2                               | -286           | 286          | -            | -              | -650           | 666          | -15          | -              | -2,605         | 2,614         | -9           | -              |
| Transfer to stage 3                               | -86            | -474         | 559          | -              | -61            | -521         | 582          | -              | -70            | -685          | 754          | -              |
| Net increase/decrease amount existing loans       | 197            | -17          | -10          | 170            | -642           | 152          | 66           | -424           | -1,541         | -208          | 38           | -1,711         |
| New loans   | 3,735          | 28           | 302          | 4,064          | 5,065          | 71           | 26           | 5,162          | 17,141         | 1,672         | 328          | 19,141         |
| Derecognitions                                    | -2,548         | -137         | -138         | -2,823         | -3,392         | -100         | -35          | -3,527         | -11,046        | -753          | -862         | -12,662        |
| Financial assets with actual loan losses          | 0              | 0            | -10          | -10            | 0              | -110         | -0           | -110           | -2             | -111          | -19          | -132           |
| Closing balance                                   | 36,818         | 5,448        | 2,403        | 44,668         | 33,910         | 3,729        | 2,093        | 39,732         | 35,587         | 5,979         | 1,702        | 43,268         |
| Fixed interest loans at FV                        | 4,341          | -            | -            | 4,341          | 4,438          | -            | -            | 4,438          | 4,285          | -             | -            | 4,285          |
| <b>Total gross loans at the end of the period</b> | <b>116,489</b> | <b>9,123</b> | <b>2,823</b> | <b>128,435</b> | <b>107,853</b> | <b>8,421</b> | <b>2,596</b> | <b>118,871</b> | <b>113,169</b> | <b>10,409</b> | <b>2,083</b> | <b>125,660</b> |

| Group (NOKm)                                      | 31 Mar 2021    |               |              |                | 31 Mar 2020    |              |              |                | 31 Dec 2020    |               |              |                |
|---|----------------|---------------|--------------|----------------|----------------|--------------|--------------|----------------|----------------|---------------|--------------|----------------|
|   | Stage 1        | Stage 2       | Stage 3      | Total          | Stage 1        | Stage 2      | Stage 3      | Total          | Stage 1        | Stage 2       | Stage 3      | Total          |
| <b>Retail Market</b>                              |                |               |              |                |                |              |              |                |                |               |              |                |
| Opening balance                                   | 78,206         | 5,208         | 453          | 83,867         | 73,675         | 5,924        | 570          | 80,265         | 73,675         | 5,924         | 570          | 80,169         |
| Transfer to stage 1                               | 1,141          | -1,139        | -1           | -              | 1,181          | -1,168       | -13          | -              | 1,260          | -1,225        | -35          | -              |
| Transfer to stage 2                               | -886           | 888           | -1           | -              | -1,306         | 1,378        | -71          | -0             | -1,731         | 1,785         | -54          | -              |
| Transfer to stage 3                               | -37            | -105          | 142          | -              | -21            | -118         | 139          | -              | -44            | -89           | 133          | -              |
| Net increase/decrease amount existing loans       | -1,132         | -63           | -10          | -1,205         | -1,022         | -62          | -5           | -1,105         | -2,136         | -196          | -15          | -2,346         |
| New loans   | 13,740         | 192           | 29           | 13,961         | 15,824         | 328          | 58           | 16,211         | 51,383         | 1,702         | 119          | 53,204         |
| Derecognitions                                    | -10,687        | -622          | -74          | -11,383        | -14,032        | -915         | -95          | -14,756        | -43,512        | -2,624        | -239         | -46,375        |
| Financial assets with actual loan losses          | -0             | -             | -7           | -7             | -              | -            | -4           | -4             | -689           | -70           | -25          | -784           |
| Closing balance                                   | 80,345         | 4,358         | 531          | 85,233         | 74,300         | 5,367        | 579          | 80,245         | 78,206         | 5,208         | 453          | 83,867         |
| <b>Corporate Market</b>                           |                |               |              |                |                |              |              |                |                |               |              |                |
| Opening balance                                   | 38,107         | 6,587         | 1,802        | 46,496         | 35,466         | 4,426        | 1,539        | 41,431         | 35,466         | 4,426         | 1,539        | 41,431         |
| Transfer to stage 1                               | 308            | -305          | -3           | -              | 415            | -414         | -0           | -              | 693            | -690          | -4           | -              |
| Transfer to stage 2                               | -314           | 314           | -            | -              | -682           | 697          | -16          | -              | -2,897         | 2,909         | -11          | -              |
| Transfer to stage 3                               | -91            | -508          | 599          | -              | -78            | -531         | 609          | -              | -107           | -695          | 801          | -              |
| Net increase/decrease amount existing loans       | 173            | -19           | -14          | 139            | -599           | 149          | 66           | -384           | -1,589         | -265          | 34           | -1,819         |
| New loans   | 4,090          | 37            | 302          | 4,429          | 5,349          | 80           | 27           | 5,456          | 18,238         | 1,875         | 349          | 20,462         |
| Derecognitions                                    | -2,657         | -169          | -142         | -2,968         | -3,691         | -55          | -56          | -3,802         | -11,287        | -815          | -883         | -12,985        |
| Financial assets with actual loan losses          | -159           | -38           | -1           | -198           | 0              | -110         | -0           | -110           | -410           | -159          | -24          | -593           |
| Balance at 31 December                            | 39,457         | 5,898         | 2,543        | 47,897         | 36,180         | 4,241        | 2,168        | 42,589         | 38,107         | 6,587         | 1,802        | 46,496         |
| Closing balance                                   |                |               |              |                |                |              |              |                |                |               |              |                |
| Fixed interest loans at FV                        | 4,341          | -             | -            | 4,341          | 4,438          | -            | -            | 4,438          | 4,285          | -             | -            | 4,285          |
| <b>Total gross loans at the end of the period</b> | <b>124,142</b> | <b>10,256</b> | <b>3,073</b> | <b>137,471</b> | <b>114,918</b> | <b>9,608</b> | <b>2,747</b> | <b>127,272</b> | <b>120,598</b> | <b>11,794</b> | <b>2,255</b> | <b>134,648</b> |

## Note 9 - Distribution of customer deposits by sector/industry

| Parent Bank    |                  |                  |  | Group            |                  |                |
|----------------|------------------|------------------|--|------------------|------------------|----------------|
| 31 Dec<br>2020 | 31 March<br>2021 | 31 March<br>2021 | (NOKm)                                 | 31 March<br>2021 | 31 March<br>2020 | 31 Dec<br>2020 |
| 2,269          | 2,523            | 2,691            | Agriculture and forestry               | 2,691            | 2,523            | 2,269          |
| 1,210          | 1,055            | 1,455            | Fisheries and hunting                  | 1,455            | 1,055            | 1,210          |
| 1,305          | 923              | 1,295            | Sea farming industries                 | 1,295            | 923              | 1,305          |
| 1,796          | 1,525            | 1,761            | Manufacturing                          | 1,761            | 1,525            | 1,796          |
| 3,799          | 3,026            | 4,337            | Construction, power and water supply   | 4,337            | 3,026            | 3,799          |
| 5,461          | 3,810            | 5,341            | Retail trade, hotels and restaurants   | 5,341            | 3,810            | 5,461          |
| 1,182          | 295              | 1,118            | Maritime sector                        | 1,118            | 295              | 1,182          |
| 5,821          | 5,631            | 5,664            | Property management                    | 5,603            | 5,318            | 5,750          |
| 9,286          | 7,633            | 9,548            | Business services                      | 9,548            | 7,633            | 9,286          |
| 8,930          | 9,847            | 9,863            | Transport and other services provision | 9,509            | 9,479            | 8,518          |
| 12,711         | 12,004           | 13,928           | Public administration                  | 13,928           | 12,004           | 12,711         |
| 3,795          | 3,545            | 4,758            | Other sectors                          | 4,469            | 3,370            | 3,641          |
| <b>57,566</b>  | <b>51,817</b>    | <b>61,760</b>    | <b>Total</b>                           | <b>61,056</b>    | <b>50,962</b>    | <b>56,928</b>  |
| 40,600         | 37,190           | 41,334           | Wage earners                           | 41,334           | 37,190           | 40,600         |
| <b>98,166</b>  | <b>89,007</b>    | <b>103,094</b>   | <b>Total deposits</b>                  | <b>102,390</b>   | <b>88,152</b>    | <b>97,529</b>  |



## Note 10 - Net interest income

| Parent bank     |              |            |  | Group           |              |              |
|-----------------|--------------|------------|--|-----------------|--------------|--------------|
| January - March |              |            |  | January - March |              |              |
| 2020            | 2020         | 2021       | (NOKm)   | 2021            | 2020         | 2020         |
|                 |              |            | <b>Interest income</b>   |                 |              |              |
| 171             | 67           | 35         | Interest income from loans to and claims on central banks and credit institutions (amortised cost) | 12              | 22           | 42           |
| 1,584           | 430          | 384        | Interest income from loans to and claims on customers (amortised cost)                             | 512             | 565          | 2,120        |
| 1,519           | 505          | 310        | Interest income from loans to and claims on customers (FVOCI)                                      | 313             | 509          | 1,534        |
| 129             | 33           | 29         | Interest income from loans to and claims on customers (FVPL)                                       | 29              | 33           | 129          |
| 349             | 116          | 67         | Interest income from money market instruments, bonds and other fixed income securities             | 67              | 115          | 346          |
| -               | -            | -          | Other interest income  | 6               | 7            | 27           |
| <b>3,752</b>    | <b>1,151</b> | <b>826</b> | <b>Total interest income</b>   | <b>939</b>      | <b>1,250</b> | <b>4,197</b> |
|                 |              |            | <b>Interest expense</b>  |                 |              |              |
| 84              | 45           | 11         | Interest expenses on liabilities to credit institutions  | 12              | 52           | 92           |
| 731             | 301          | 125        | Interest expenses relating to deposits from and liabilities to customers                           | 123             | 295          | 719          |
| 484             | 148          | 104        | Interest expenses related to the issuance of securities  | 104             | 148          | 484          |
| 48              | 20           | 8          | Interest expenses on subordinated debt   | 9               | 21           | 50           |
| 8               | 2            | 2          | Other interest expenses  | 5               | 9            | 25           |
| 67              | 16           | 17         | Guarantee fund levy  | 17              | 16           | 67           |
| <b>1,423</b>    | <b>533</b>   | <b>267</b> | <b>Total interest expense</b>  | <b>271</b>      | <b>540</b>   | <b>1,439</b> |
| <b>2,329</b>    | <b>618</b>   | <b>558</b> | <b>Net interest income</b>   | <b>668</b>      | <b>710</b>   | <b>2,759</b> |



## Note 12 - Operating expenses

| Parent bank     |            |            |                                       | Group           |            |              |
|-----------------|------------|------------|---------------------------------------|-----------------|------------|--------------|
| January - March |            |            |                                       | January - March |            |              |
| 2020            | 2020       | 2021       | (NOKm)                                | 2021            | 2020       | 2020         |
| 246             | 63         | 64         | IT costs                              | 89              | 86         | 340          |
| 15              | 4          | 2          | Postage and transport of valuables    | 3               | 5          | 19           |
| 52              | 15         | 14         | Marketing                             | 20              | 24         | 73           |
| 102             | 27         | 24         | Ordinary depreciation                 | 54              | 42         | 166          |
| 39              | 7          | 13         | Operating expenses, real properties   | 18              | 9          | 62           |
| 150             | 38         | 30         | Purchased services                    | 47              | 53         | 221          |
| 140             | 37         | 31         | Other operating expense               | 38              | 53         | 187          |
| <b>744</b>      | <b>191</b> | <b>177</b> | <b>Total other operating expenses</b> | <b>269</b>      | <b>273</b> | <b>1,069</b> |

## Note 13 - Net return on financial investments

| Parent Bank                                     |             |           | (NOK million)   | Group      |            |            |
|---|-------------|-----------|---|------------|------------|------------|
| Jan-March                                       |             |           |   | Jan-March  |            |            |
| 2020  | 2020        | 2021      |   | 2021       | 2020       | 2020       |
| <b>Valued at fair value through profit/loss</b> |             |           |   |            |            |            |
| -74   | 33          | -128      | Value change in interest rate instruments   | -83        | 52         | 103        |
| Value change in derivatives/hedging             |             |           |   |            |            |            |
| 1   | -6          | -11       | Net value change in hedged bonds and derivatives  | -11        | -6         | 1          |
| -11   | -57         | 10        | Net value change in hedged fixed rate loans and derivatives                                       | 10         | -57        | -11        |
| 32  | -148        | 105       | Other derivatives   | 125        | -134       | 59         |
| Income from equity instruments                  |             |           |   |            |            |            |
| -   | -           | -         | Income from owner interests   | 128        | 217        | 681        |
| 492   | 74          | 74        | Dividend from owner instruments   | -          | -          | -          |
| -15   | -3          | -3        | Value change and gain/loss on owner instruments   | 0          | -3         | -9         |
| 36  | 3           | 40        | Dividend from equity instruments  | 4          | 8          | 39         |
| -1  | -22         | -6        | Value change and gain/loss on equity instruments  | 102        | -39        | 5          |
| <b>460</b>                                      | <b>-126</b> | <b>80</b> | <b>Total net income from financial assets and liabilities at fair value through profit/(loss)</b> | <b>275</b> | <b>38</b>  | <b>868</b> |
| <b>Valued at amortised cost</b>                 |             |           |   |            |            |            |
| Value change in interest rate instruments       |             |           |   |            |            |            |
| -6  | -3          | -1        | Value change in interest rate instruments held to maturity  | -1         | -3         | -6         |
| <b>-6</b>                                       | <b>-3</b>   | <b>-1</b> | <b>Total net income from financial assets and liabilities at amortised cost</b>                   | <b>-1</b>  | <b>-3</b>  | <b>-6</b>  |
| <b>89</b>                                       | <b>67</b>   | <b>16</b> | <b>Total net gain from currency trading</b>   | <b>15</b>  | <b>66</b>  | <b>89</b>  |
| <b>542</b>                                      | <b>-62</b>  | <b>95</b> | <b>Total net return on financial investments</b>  | <b>289</b> | <b>101</b> | <b>951</b> |

## Note 14 - Other assets

| Parent Bank |               |               | (NOKm)                          | Group         |               |              |
|-------------|---------------|---------------|---------------------------------|---------------|---------------|--------------|
| 31 Dec 2020 | 31 March 2020 | 31 March 2021 |                                 | 31 March 2021 | 31 March 2020 | 31 Dec 2020  |
| -           | -             | -             | Deferred tax asset              | 129           | 156           | 129          |
| 67          | 79            | 80            | Fixed assets                    | 206           | 215           | 194          |
| 298         | 338           | 291           | Right to use assets             | 492           | 488           | 470          |
| 135         | 134           | 94            | Earned income not yet received  | 215           | 186           | 185          |
| 11          | 422           | 122           | Accounts receivable, securities | 828           | 1,102         | 678          |
| 112         | 109           | 112           | Pension assets                  | 112           | 109           | 112          |
| 340         | 571           | 409           | Other assets                    | 773           | 554           | 690          |
| <b>963</b>  | <b>1,654</b>  | <b>1,108</b>  | <b>Total other assets</b>       | <b>2,754</b>  | <b>2,810</b>  | <b>2,457</b> |

## Note 15 - Other liabilities

| Parent Bank  |               |               | (NOKm)  | Group         |               |              |
|--------------|---------------|---------------|---|---------------|---------------|--------------|
| 31 Dec 2020  | 31 March 2020 | 31 March 2021 |   | 31 March 2021 | 31 March 2020 | 31 Dec 2020  |
| 8            | 38            | 8             | Deferred tax                                      | 82            | 103           | 81           |
| 322          | 120           | 74            | Payable tax                                       | 130           | 179           | 408          |
| 11           | 10            | 11            | Capital tax                                       | 11            | 10            | 11           |
| 101          | 246           | 109           | Accrued expenses and received, non-accrued income | 681           | 602           | 671          |
| 301          | 291           | 365           | Provision for accrued expenses and commitments    | 365           | 291           | 301          |
| 81           | 106           | 81            | Losses on guarantees and unutilised credits       | 81            | 106           | 81           |
| 10           | 16            | 10            | Pension liabilities                               | 10            | 16            | 10           |
| 303          | 344           | 297           | Lease liabilities                                 | 501           | 494           | 479          |
| 74           | 42            | 133           | Drawing debt                                      | 133           | 42            | 74           |
| 3            | 5             | 2             | Creditors   | 63            | 58            | 45           |
| 13           | 1,097         | 110           | Debt from securities                              | 720           | 1,677         | 568          |
| -            | -             | -             | Equity Instruments                                | 30            | 34            | -            |
| 239          | 1,188         | 547           | Other liabilities                                 | 776           | 1,286         | 355          |
| <b>1,466</b> | <b>3,503</b>  | <b>1,748</b>  | <b>Total other liabilities</b>                    | <b>3,584</b>  | <b>4,900</b>  | <b>3,084</b> |





## Note 17 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

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

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

### Level 2: Valuation based on observable market data

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

### Level 3: Valuation based on other than observable data

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

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

| <b>Assets (NOKm)</b>                                     | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|--|----------------|----------------|----------------|----------------|
| Financial assets at fair value through profit/loss       |                |                |                |                |
| - Derivatives  | 2              | 4,394          | -              | 4,395          |
| - Bonds and money market certificates                    | 2,225          | 28,650         | -              | 30,875         |
| - Equity instruments                                     | 1,536          | 5              | 510            | 2,015          |
| - Fixed interest loans                                   | -              | 43             | 4,298          | 4,341          |
| Financial assets through other comprehensive income      |                |                |                |                |
| - Loans at fair value through other comprehensive income | -              | -              | 76,297         | 76,297         |
| <b>Total assets</b>                                      | <b>3,762</b>   | <b>33,091</b>  | <b>81,105</b>  | <b>117,958</b> |
|  |                |                |                |                |
| <b>Liabilities</b>                                       | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
| Financial liabilities through profit/loss                |                |                |                |                |
| - Derivatives  | 1              | 4,878          | -              | 4,879          |
| - Equity instruments                                     | 30             | -              | -              | 30             |
| <b>Total liabilities</b>                                 | <b>31</b>      | <b>4,878</b>   | <b>-</b>       | <b>4,909</b>   |

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2020:

| <b>Assets (NOKm)</b>                                     | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|--|----------------|----------------|----------------|----------------|
| Financial assets at fair value through profit/loss       |                |                |                |                |
| - Derivatives  | 2              | 11,755         | -              | 11,757         |
| - Bonds and money market certificates                    | 3,121          | 24,274         | -              | 27,395         |
| - Equity instruments                                     | 989            | 42             | 406            | 1,437          |
| - Fixed interest loans                                   | -              | 43             | 4,396          | 4,439          |
| Financial assets through other comprehensive income      |                |                |                |                |
| - Loans at fair value through other comprehensive income | -              | -              | 71,584         | 71,584         |
| <b>Total assets</b>                                      | <b>4,112</b>   | <b>36,114</b>  | <b>76,386</b>  | <b>116,612</b> |
|  |                |                |                |                |
| <b>Liabilities</b>                                       | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
| Financial liabilities through profit/loss                |                |                |                |                |
| - Derivatives  | 18             | 7,986          | -              | 8,004          |
| - Equity instruments                                     | 34             | -              | -              | 34             |
| <b>Total liabilities</b>                                 | <b>52</b>      | <b>7,986</b>   | <b>-</b>       | <b>8,038</b>   |

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2020:

| <b>Assets (NOKm)</b>                                     | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|--|----------------|----------------|----------------|----------------|
| Financial assets at fair value through profit/loss       |                |                |                |                |
| - Derivatives  | 1              | 7,225          | -              | 7,226          |
| - Bonds and money market certificates                    | 4,865          | 21,741         | -              | 26,606         |
| - Equity instruments                                     | 1,928          | 6              | 432            | 2,366          |
| - Fixed interest loans                                   | -              | 43             | 4,242          | 4,285          |
| Financial assets through other comprehensive income      |                |                |                |                |
| - Loans at fair value through other comprehensive income | -              | -              | 74,761         | 74,761         |
| <b>Total assets</b>                                      | <b>6,793</b>   | <b>29,015</b>  | <b>79,435</b>  | <b>115,244</b> |
| <b>Liabilities</b>                                       | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
| Financial liabilities through profit/loss                |                |                |                |                |
| - Derivatives  | 2              | 7,177          | -              | 7,179          |
| - Equity instruments                                     | -              | -              | -              | -              |
| <b>Total liabilities</b>                                 | <b>2</b>       | <b>7,177</b>   | <b>-</b>       | <b>7,179</b>   |

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

| <b>(NOKm)</b>                         | <b>Equity instruments through profit/loss</b> | <b>Fixed interest loans</b> | <b>Loans at fair value through OCI</b> | <b>Total</b>  |
|---------------------------------------|---|-----------------------------|--|---------------|
| Opening balance 1 January             | 432   | 4,242                       | 74,761                                 | 79,435        |
| Investment in the period              | 4   | 337                         | 11,848                                 | 12,190        |
| Disposals in the period               | -0  | -238                        | -10,318                                | -10,556       |
| Expected credit loss                  | -   | -                           | 6                                      | 6             |
| Gain or loss on financial instruments | 74  | -44                         | 0                                      | 30            |
| <b>Closing balance</b>                | <b>510</b>                                    | <b>4,298</b>                | <b>76,297</b>                          | <b>81,105</b> |

The following table presents the changes in the instruments classified in level 3 as at 31 March 2020:

| <b>(NOKm)</b>                         | <b>Equity instruments through profit/loss</b> | <b>Fixed interest loans</b> | <b>Loans at fair value through OCI</b> | <b>Total</b>  |
|---------------------------------------|---|-----------------------------|--|---------------|
| Opening balance 1 January             | 405   | 4,636                       | 71,336                                 | 76,377        |
| Investment in period                  | 6   | 91                          | 14,264                                 | 14,361        |
| Disposals in the period               | -11   | -284                        | -14,016                                | -14,421       |
| Expected credit loss                  | -   | -                           | -3                                     | -3            |
| Gain or loss on financial instruments | 5   | 64                          | 3                                      | 72            |
| <b>Closing balance</b>                | <b>406</b>                                    | <b>4,396</b>                | <b>71,584</b>                          | <b>76,386</b> |

The following table presents the changes in the instruments classified in level 3 as at 31 December 2020:

| <b>(NOKm)</b>                         | <b>Equity instruments through profit/loss</b> | <b>Fixed interest loans</b> | <b>Loans at fair value through OCI</b> | <b>Total</b>  |
|---------------------------------------|---|-----------------------------|--|---------------|
| Opening balance 1 January             | 405   | 4,636                       | 71,336                                 | 76,377        |
| Investment in period                  | 48  | 731                         | 47,183                                 | 47,962        |
| Disposals in the period               | -14   | -1,206                      | -43,754                                | -44,973       |
| Expected credit loss                  | -   | -                           | -13                                    | -13           |
| Gain or loss on financial instruments | -7  | 81                          | 7                                      | 81            |
| <b>Closing balance</b>                | <b>432</b>                                    | <b>4,242</b>                | <b>74,761</b>                          | <b>79,435</b> |

**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)*

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued based on carrying amounts and expected credit losses. Mortgages without significant increase in credit risk since initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With a double likelihood of the worst case scenario in the expected credit loss model, the calculated fair value is reduced by NOK 7 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 291 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank 1 SMN Invest AS. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions.

*Financial derivatives (level 2)*

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

**Sensitivity analyses, level 3 as at 31 March 2021:**

| <b>(NOKm)</b>  | <b>Book value</b> | <b>Effect from<br/>change in reasonable<br/>possible alternative<br/>assumptions</b> |
|--|-------------------|--|
| Fixed interest loans                                   | 4,298             | -12  |
| Equity instruments through profit/loss*                | 510               | -  |
| Loans at fair value through other comprehensive income | 76,297            | -7   |

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

## Note 18 - Liquidity risk

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

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

The average residual maturity on debt created by issue of securities at the end of the first quarter 2021 was 3.8 years. The overall LCR at the same point was 190 per cent and the average overall LCR in the first quarter was 188 per cent. The LCR in Norwegian kroner and euro at quarter-end was 188 and 173 per cent respectively.

## Note 19 - Earnings per EC

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

| (NOKm)   | Jan-March   |             | 2020        |
|--|-------------|-------------|-------------|
|  | 2021        | 2020        |             |
| Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1) | 687         | 254         | 1,793       |
| Allocated to ECC Owners 2)   | 439         | 162         | 1,147       |
| Issues Equity Capital Certificates adjusted for own certificates               | 129,305,359 | 129,261,369 | 129,347,626 |
| <b>Earnings per Equity Capital Certificate</b>                                 | <b>3.40</b> | <b>1.26</b> | <b>8.87</b> |

| 1) Adjusted Net Profit                                     | Jan-March  |            | 2020         |
|--|------------|------------|--------------|
|  | 2021       | 2020       |              |
| Net Profit for the group                                   | 768        | 290        | 1,978        |
| Adjusted for non-controlling interests share of net profit | -61        | -12        | -126         |
| Adjusted for Tier 1 capital holders share of net profit    | -20        | -24        | -59          |
| <b>Adjusted Net Profit</b>                                 | <b>687</b> | <b>254</b> | <b>1,793</b> |

| 2) Equity capital certificate ratio (parent bank) (NOKm) | 31 March 2021 | 31 March 2020 | 31 Dec 2020   |
|--|---------------|---------------|---------------|
| ECC capital  | 2,597         | 2,597         | 2,597         |
| Dividend equalisation reserve                            | 6,556         | 6,338         | 6,556         |
| Premium reserve  | 895           | 895           | 895           |
| Unrealised gains reserve                                 | 153           | 121           | 153           |
| Other equity capital                                     | -0            | -17           | -             |
| <b>A. The equity capital certificate owners' capital</b> | <b>10,201</b> | <b>9,934</b>  | <b>10,201</b> |
| Ownerless capital  | 5,664         | 5,541         | 5,664         |
| Unrealised gains reserve                                 | 86            | 68            | 86            |
| Other equity capital                                     | -0            | -10           | -             |
| <b>B. The saving bank reserve</b>                        | <b>5,750</b>  | <b>5,599</b>  | <b>5,750</b>  |
| To be disbursed from gift fund                           | 226           | -             | 321           |
| Dividend declared  | 401           | -             | 569           |
| <b>Equity ex. profit</b>                                 | <b>16,578</b> | <b>15,533</b> | <b>16,842</b> |
| <b>Equity capital certificate ratio A/(A+B)</b>          | <b>64.0 %</b> | <b>64.0 %</b> | <b>64.0 %</b> |
| <b>Equity capital certificate ratio for distribution</b> | <b>64.0 %</b> | <b>64.0 %</b> | <b>64.0 %</b> |

## Results from quarterly accounts

| Group (NOKm)                                | 1Q           | 4Q           | 3Q           | 2Q           | 1Q           | 4Q           | 3Q           | 2Q           | 1Q           |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2021         | 2020         | 2020         | 2020         | 2020         | 2019         | 2019         | 2019         | 2019         |
| Interest income effective interest method   | 939          | 945          | 971          | 1,031        | 1,250        | 1,235        | 1,190        | 1,127        | 1,075        |
| Interest expenses                           | 271          | 258          | 276          | 365          | 540          | 538          | 512          | 463          | 426          |
| <b>Net interest</b>                         | <b>668</b>   | <b>688</b>   | <b>695</b>   | <b>666</b>   | <b>710</b>   | <b>697</b>   | <b>678</b>   | <b>664</b>   | <b>649</b>   |
| Commission income                           | 392          | 416          | 414          | 331          | 349          | 371          | 374          | 363          | 329          |
| Commission expenses                         | 51           | 58           | 52           | 47           | 50           | 47           | 55           | 51           | 40           |
| Other operating income                      | 468          | 399          | 277          | 323          | 271          | 255          | 235          | 294          | 262          |
| <b>Commission income and other income</b>   | <b>808</b>   | <b>757</b>   | <b>638</b>   | <b>607</b>   | <b>570</b>   | <b>579</b>   | <b>554</b>   | <b>606</b>   | <b>551</b>   |
| Dividends                                   | 4            | 27           | 2            | 2            | 8            | 1            | 1            | 11           | 2            |
| Income from investment in related companies | 128          | 117          | 170          | 177          | 217          | 8            | 85           | 231          | 555          |
| Net return on financial investments         | 158          | 53           | 32           | 269          | -124         | 8            | 35           | 95           | 169          |
| <b>Net return on financial investments</b>  | <b>289</b>   | <b>197</b>   | <b>205</b>   | <b>448</b>   | <b>101</b>   | <b>17</b>    | <b>121</b>   | <b>336</b>   | <b>727</b>   |
| <b>Total income</b>                         | <b>1,766</b> | <b>1,642</b> | <b>1,538</b> | <b>1,721</b> | <b>1,381</b> | <b>1,292</b> | <b>1,353</b> | <b>1,607</b> | <b>1,926</b> |
| Staff costs                                 | 538          | 570          | 422          | 449          | 443          | 411          | 404          | 438          | 447          |
| Other operating expenses                    | 269          | 275          | 263          | 258          | 273          | 309          | 269          | 263          | 257          |
| <b>Total operating expenses</b>             | <b>806</b>   | <b>845</b>   | <b>685</b>   | <b>706</b>   | <b>716</b>   | <b>720</b>   | <b>673</b>   | <b>701</b>   | <b>704</b>   |
| <b>Result before losses</b>                 | <b>960</b>   | <b>797</b>   | <b>853</b>   | <b>1,015</b> | <b>665</b>   | <b>572</b>   | <b>680</b>   | <b>907</b>   | <b>1,223</b> |
| Loss on loans, guarantees etc.              | 59           | 242          | 231          | 170          | 308          | 103          | 71           | 59           | 67           |
| <b>Result before tax</b>                    | <b>901</b>   | <b>554</b>   | <b>621</b>   | <b>845</b>   | <b>357</b>   | <b>469</b>   | <b>609</b>   | <b>848</b>   | <b>1,155</b> |
| Tax charge                                  | 133          | 104          | 102          | 126          | 67           | 123          | 121          | 165          | 109          |
| Result investment held for sale, after tax  | 0            | 0            | 0            | -0           | 0            | 0            | -0           | 0            | 0            |
| <b>Net profit</b>                           | <b>768</b>   | <b>450</b>   | <b>519</b>   | <b>719</b>   | <b>290</b>   | <b>346</b>   | <b>488</b>   | <b>683</b>   | <b>1,046</b> |

## Key figures from quarterly accounts

| Group (NOKm)   | 1Q<br>2021 | 4Q<br>2020 | 3Q<br>2020 | 2Q<br>2020 | 1Q<br>2020 | 4Q<br>2019 | 3Q<br>2019 | 2Q<br>2019 | 1Q<br>2019 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Profitability</b>   |            |            |            |            |            |            |            |            |            |
| Return on equity per quarter <sup>1)</sup>   | 14.8%      | 8.9%       | 10.5%      | 15.1%      | 5.7%       | 7.1%       | 10.2%      | 14.9%      | 23.3%      |
| Cost-income ratio <sup>1)</sup>  | 46 %       | 51 %       | 45 %       | 41 %       | 52 %       | 56 %       | 50 %       | 44 %       | 37 %       |
| <b>Balance sheet figures</b>   |            |            |            |            |            |            |            |            |            |
| Gross loans to customers   | 137,471    | 134,648    | 133,640    | 130,627    | 127,272    | 126,277    | 123,967    | 121,895    | 120,100    |
| Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt                                  | 185,342    | 182,801    | 179,423    | 175,100    | 170,771    | 167,777    | 165,380    | 163,627    | 161,091    |
| Deposits from customers  | 102,390    | 97,529     | 95,391     | 94,289     | 88,152     | 85,917     | 83,641     | 86,553     | 81,111     |
| Total assets   | 193,822    | 187,912    | 186,900    | 190,484    | 185,182    | 166,662    | 166,475    | 167,289    | 164,641    |
| Quarterly average total assets   | 190,867    | 187,406    | 188,692    | 187,833    | 175,922    | 166,569    | 166,882    | 165,965    | 162,673    |
| Growth in loans incl. SB1 Boligkreditt and SB1 Næringskreditt last 12 months <sup>1)</sup> | 10.5 %     | 9.0 %      | 8.5 %      | 7.0 %      | 6.0 %      | 6.3 %      | 6.8 %      | 5.7 %      | 6.6 %      |
| Growth in deposits last 12 months  | 16.2 %     | 13.5 %     | 14.0 %     | 8.9 %      | 8.7 %      | 10.8 %     | 4.1 %      | 7.7 %      | 6.8 %      |
| <b>Losses in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt</b>            |            |            |            |            |            |            |            |            |            |
| Impairment losses ratio <sup>1)</sup>  | 0.13 %     | 0.54 %     | 0.52 %     | 0.39 %     | 0.73 %     | 0.25 %     | 0.17 %     | 0.14 %     | 0.17 %     |
| Stage 3 as a percentage of gross loans <sup>1)</sup>                                       | 1.66 %     | 1.23 %     | 1.30 %     | 1.35 %     | 1.61 %     | 1.26 %     | 1.28 %     | 1.22 %     | 1.17 %     |
| <b>Solidity <sup>2)</sup></b>  |            |            |            |            |            |            |            |            |            |
| Common equity Tier 1 capital ratio   | 18.0 %     | 18.3 %     | 17.6 %     | 17.2 %     | 16.3 %     | 17.2 %     | 15.1 %     | 15.0 %     | 14.8 %     |
| Tier 1 capital ratio   | 19.7 %     | 20.0 %     | 19.2 %     | 18.9 %     | 18.0 %     | 19.3 %     | 16.7 %     | 16.6 %     | 16.4 %     |
| Capital ratio  | 21.9 %     | 22.3 %     | 21.4 %     | 21.1 %     | 20.1 %     | 21.6 %     | 18.9 %     | 18.8 %     | 18.6 %     |
| Tier 1 capital   | 18,636     | 18,636     | 18,290     | 18,182     | 17,792     | 17,742     | 17,417     | 17,284     | 16,775     |
| Total eligible capital   | 20,741     | 20,759     | 20,373     | 20,266     | 19,879     | 19,854     | 19,765     | 19,634     | 19,115     |
| Liquidity Coverage Ratio (LCR)   | 190 %      | 171 %      | 140 %      | 163 %      | 185 %      | 148 %      | 181 %      | 165 %      | 180 %      |
| Leverage Ratio   | 7.0 %      | 7.1 %      | 7.1 %      | 6.9 %      | 6.9 %      | 7.5 %      | 7.4 %      | 7.5 %      | 7.4 %      |
| <b>Key figures ECC</b>   |            |            |            |            |            |            |            |            |            |
| ECC share price at end of period (NOK)   | 107.40     | 97.60      | 84.30      | 78.30      | 67.60      | 100.20     | 98.50      | 97.70      | 87.40      |
| Number of certificates issued, millions <sup>1)</sup>                                      | 129.22     | 129.39     | 129.44     | 129.39     | 129.22     | 129.30     | 129.48     | 129.66     | 129.41     |
| Booked equity capital per ECC (including dividend) <sup>1)</sup>                           | 96.70      | 94.71      | 92.73      | 90.37      | 86.85      | 90.75      | 89.36      | 87.04      | 83.86      |
| Profit per ECC, majority <sup>1)</sup>   | 3.40       | 1.99       | 2.35       | 3.27       | 1.26       | 1.60       | 2.30       | 3.21       | 5.02       |
| Price-Earnings Ratio <sup>1)</sup>   | 7.91       | 12.28      | 8.96       | 5.98       | 13.46      | 15.67      | 10.69      | 7.61       | 4.35       |
| Price-Book Value Ratio <sup>1)</sup>   | 1.11       | 1.03       | 0.91       | 0.87       | 0.78       | 1.10       | 1.10       | 1.12       | 1.04       |

<sup>1)</sup> Defined as alternative performance measures, see attachment to the quarterly report

<sup>2)</sup> Comparables have not been restated since revised distribution of profit for 2019.



# Equity capital certificates

## Stock price compared with OSEBX and OSEEX

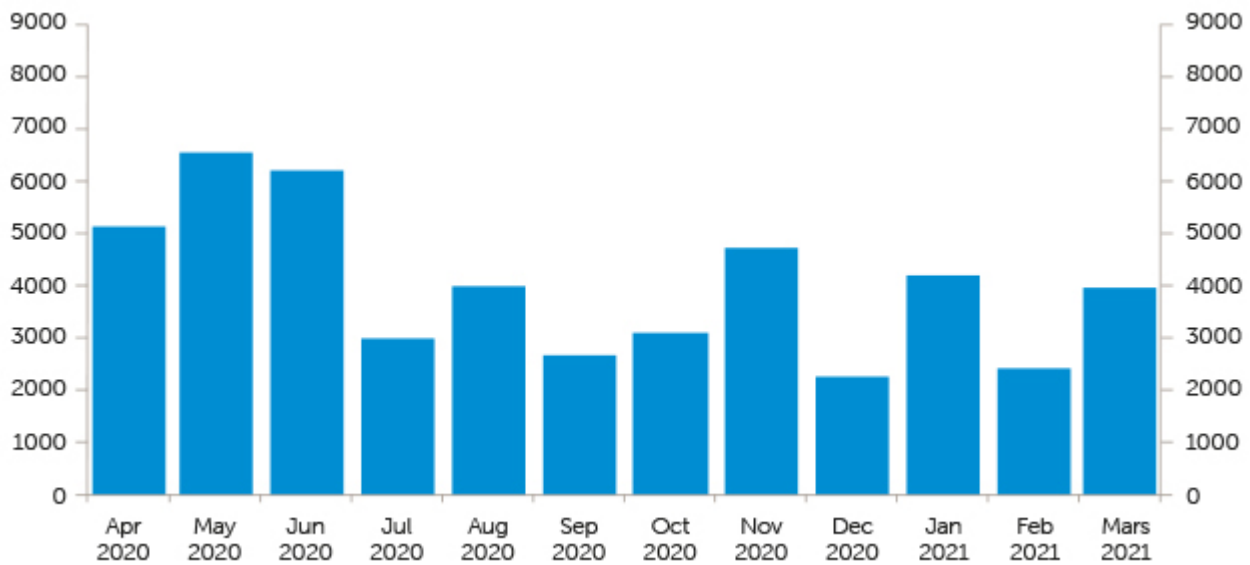
1 April 2019 to 31 March 2021



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

## Trading statistics

1 April 2020 to 31 March 2021



Total number of ECs traded (1000)

| <b>20 largest ECC holders</b>                   | <b>Number</b>      | <b>Share</b>    |
|---|--------------------|-----------------|
| State Street Bank and Trust Comp (nominee)      | 4,245,154          | 3.27 %          |
| Sparebankstiftelsen SMN                         | 3,965,391          | 3.05 %          |
| VPF Odin Norge                                  | 3,342,919          | 2.57 %          |
| VPF Alfred Berg Gambak                          | 2,889,914          | 2.23 %          |
| Danske invest norske aksjer institusjon II.     | 2,863,847          | 2.21 %          |
| VPF Nordea Norge                                | 2,739,844          | 2.11 %          |
| VPF Pareto aksje Norge                          | 2,569,766          | 1.98 %          |
| State Street Bank and Trust Comp (nominee)      | 2,112,844          | 1.63 %          |
| J. P. Morgan Chase Bank, N.A., London (nominee) | 2,038,996          | 1.57 %          |
| Forsvarets personellservice                     | 1,942,946          | 1.50 %          |
| Morgan Stanley & Co. International              | 1,940,689          | 1.49 %          |
| VPF Eika egenkapitalbevis                       | 1,935,968          | 1.49 %          |
| Pareto invest AS                                | 1,811,807          | 1.40 %          |
| J. P. Morgan Bank Luxembourg S.A. (nominee)     | 1,564,474          | 1.20 %          |
| J. P. Morgan Bank Luxembourg S.A. (nominee)     | 1,521,185          | 1.17 %          |
| VPF Nordea kapital                              | 1,390,601          | 1.07 %          |
| MP pensjon PK                                   | 1,352,771          | 1.04 %          |
| J. P. Morgan Bank Luxembourg S.A. (nominee)     | 1,329,700          | 1.02 %          |
| VPF Nordea avkastning                           | 1,249,111          | 0.96 %          |
| Danske invest norske aksjer institusjon         | 1,244,975          | 0.96 %          |
| <b>The 20 largest ECC holders in total</b>      | <b>44,052,902</b>  | <b>33.93 %</b>  |
| Others  | 85,783,541         | 66.07 %         |
| <b>Total issued ECCs</b>                        | <b>129,836,443</b> | <b>100.00 %</b> |

### 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 Directors 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 31 March 2021, the income statement, the statement of total comprehensive income, the statement of changes in equity and the cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation 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 31 March 2021, and its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Trondheim, 6. May 2021  
**PricewaterhouseCoopers AS**

Rune Kenneth S. Lædre  
State Authorised Public Accountant

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