

Third quarter 2021

29. October 2021

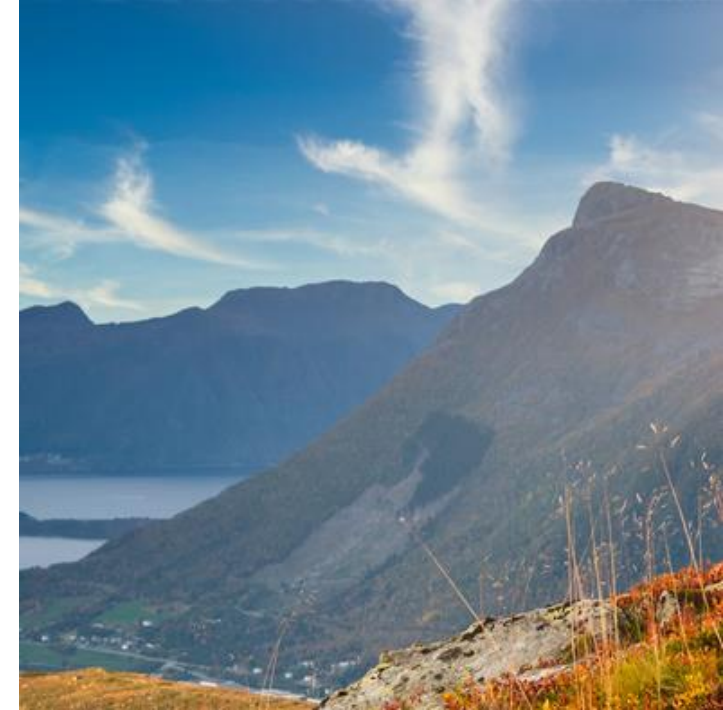
Kjell Fordal
CFO



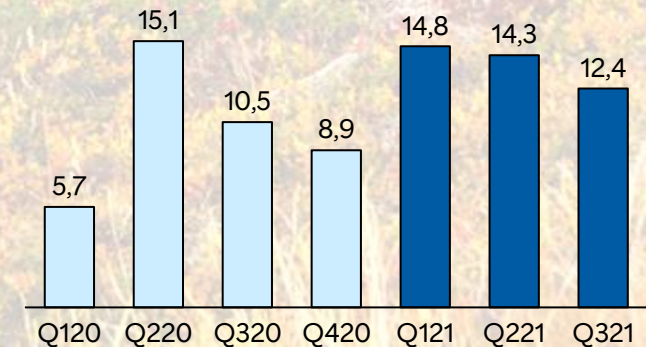
Q3 2021

Good profitability

- **Return on equity of 12.4% in Q3** – another strong quarter due to sound operations in the bank and subsidiaries
- **Loan losses stabilised at a lower level**
- **Broad-based and profitable growth** within personal and corporate banking. Key policy rate hike strengthens the bank's NII
- **Visible presence in finance centres and digitally**, with a more efficient distribution, new customer offerings and good cost control
- **Dividend of NOK 3.10 to be paid in Q4 2021.** A dividend of NOK 4.40 is declared for 2020, of which NOK 3.10 is to be paid on 9. November 2021
- **Increased optimism in the Norwegian economy.** As the market leader in Mid-Norway SMN has good prospects of achieving growth in the years to come



Return on equity per quarter (%)



Q3 2021

Net profit

NOK 675m (519) in Q3
NOK 2 199m (1 528) YTD

Return on equity

12.4% (10.5) in Q3
13.8% (10.4) YTD

CET1 ratio

18.1% (17.6)

Pre-loss result of core business NOK 633m (645)
Losses NOK 31m (231)

Lending growth
1.6% (2.5) in Q3 and 7.0% (8.5) YOY

Deposit growth
-0.4% (1.2) in Q3 and 15.0% (14.0) YOY

Book value per EC NOK 103.57 (92.73)
Earnings per EC NOK 3.22 (2.35)

Mid-Norway has reopened

With events in cities and local communities throughout the region



Endelig
folkeliv

og levning

10,000

Members of the community voiced their opinion:
«Help speed up the reopening»

NOK 100 million

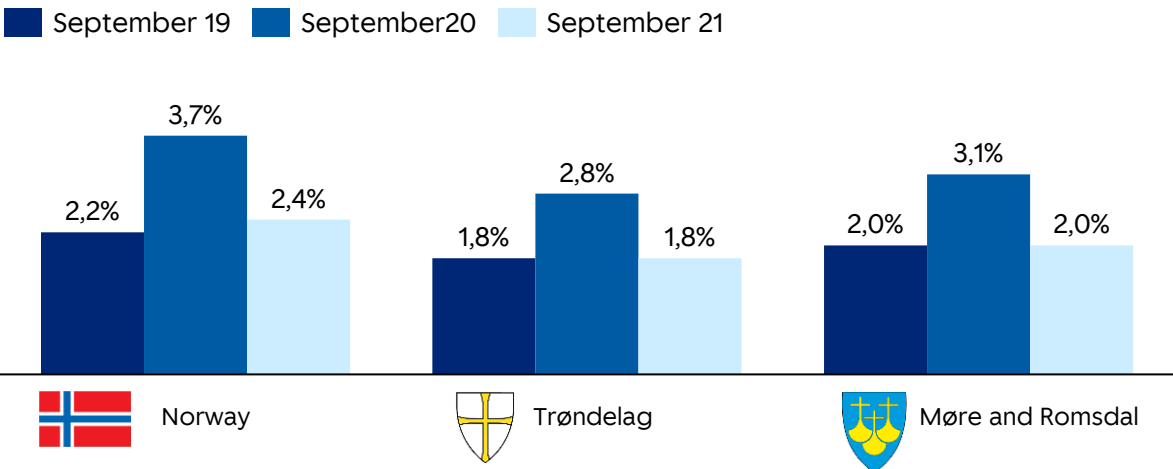
Of the community's share of the net profit goes to the voluntary sector, organisations, towns, local communities and business – to reclaim our everyday lives

A three-week

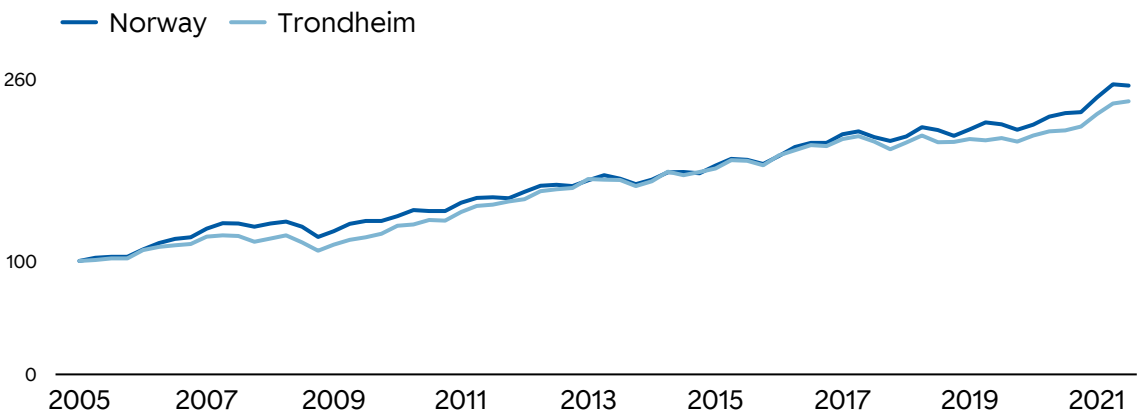
Reopening party in Trondheim, and events across all of Mid-Norway during the autumn

The market in Mid-Norway looks strong

Low unemployment



Housing prices



Optimism in business and industry

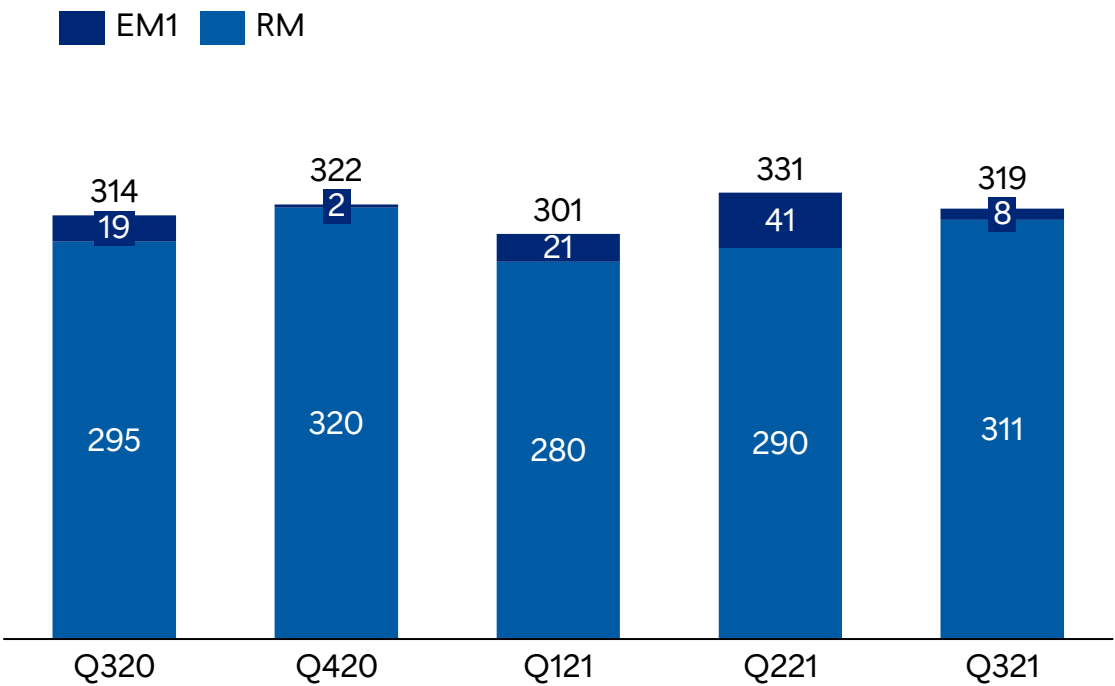


Source: Industry indicator SMN, 2nd half 2021

High activity in the housing market

Personal Banking

Profit before tax (NOKm)





National growth through the LO-agreement

- LO favør-customers are mostly recruited without physical presence
- Competitive prices for young adults

28%

of the growth in LO favør is from LO-members residing outside Trøndelag and Møre and Romsdal

Lending LO-favør (NOKbn)

Quarter	Lending LO-favør (NOKbn)
Q320	37
Q321	43

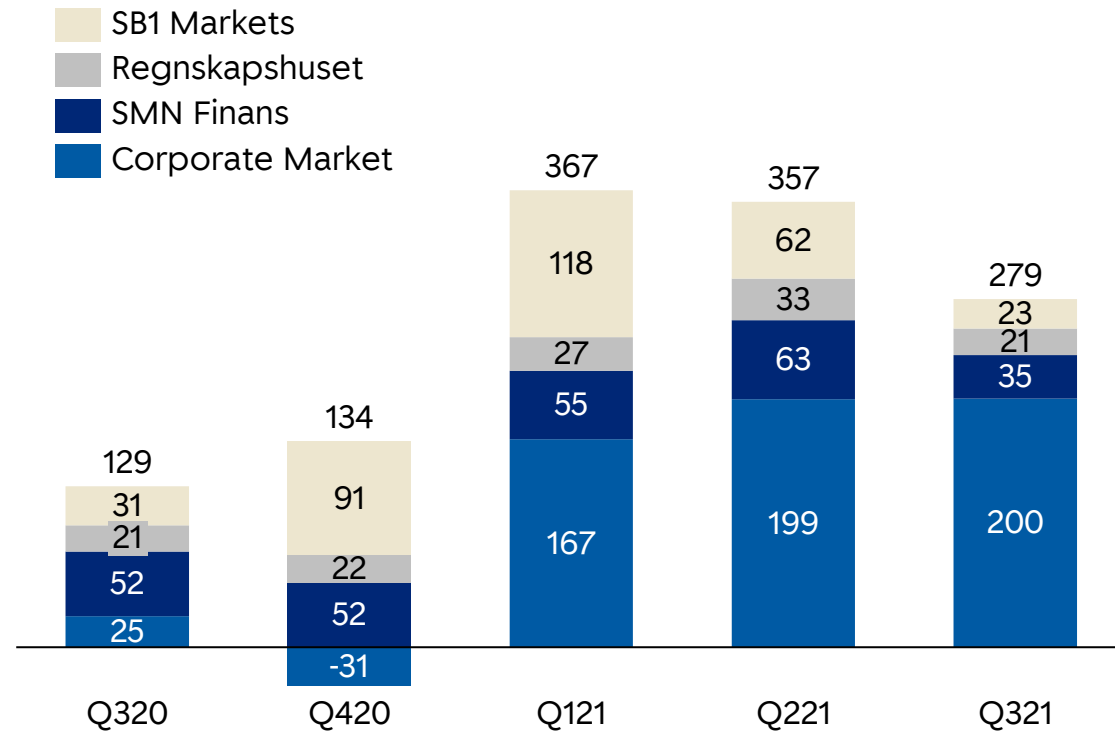
+6



Growth and new offerings to corporate segments

Corporate Banking

Profit before tax (NOKm)



Banking + Accounting = More customers and a better customer experience

- Assembles banking, systems and accounting in one place
- Close follow-up with a focus on relationship and customer satisfaction
- Access to the finance centre's range of services
- ERP system gives freedom of choice



Bank+Regnskap =

enklere hverdag, noen å snakke med

Med Bank+Regnskap blir alt rundt bedriftens økonomi samlet på ett sted, og det blir lettere å lykkes med bedriften din.

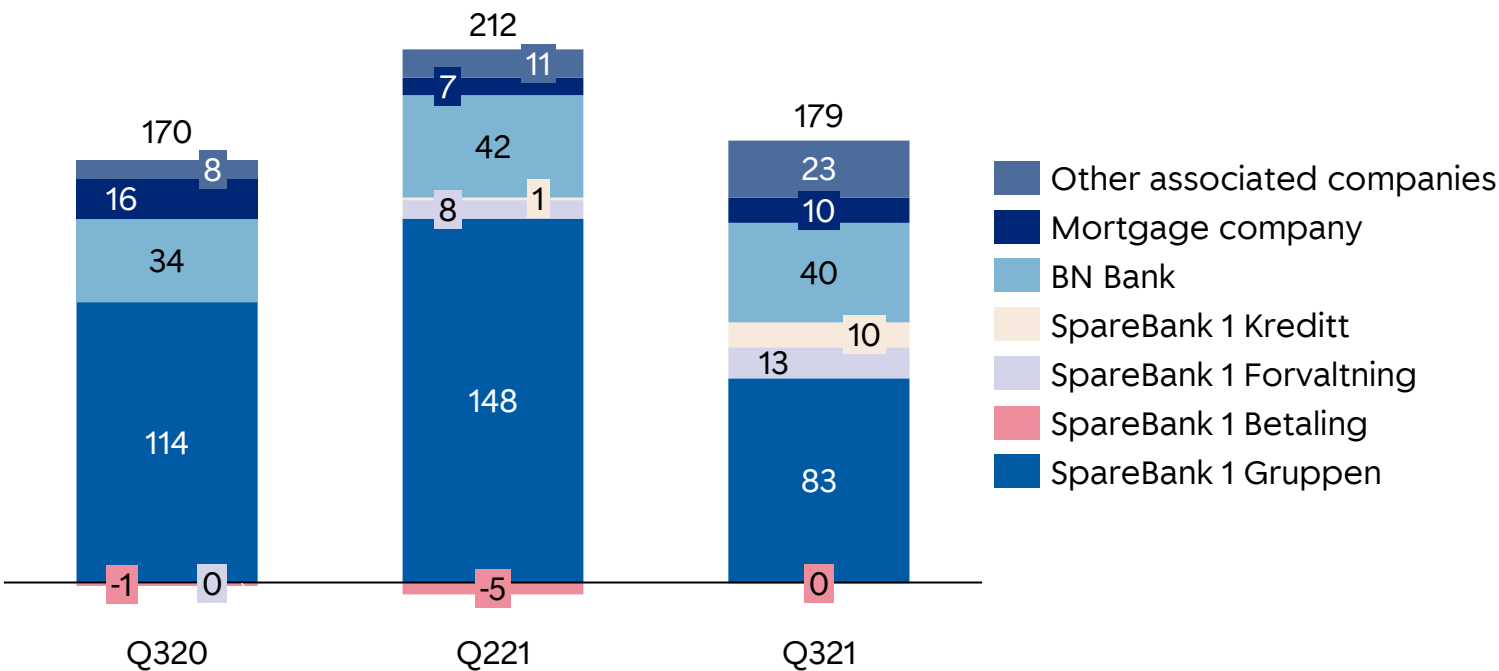
- ✓ Regnskapsfører og rådgivning når du trenger det.
- ✓ Regnskapsprogram som er enkelt og fleksibelt.

Jeg ønsker å vite mer om Bank+Regnskap

Broad product range and good return on ownership interests

Ownership interests

Profits after tax (NOKm)



Strong brands



SpareBank 1 Gruppen
Alliance collaboration on products under a joint brand

SpareBank 1 Forvaltning
ODIN Forvaltning
SpareBank 1 Kapitalforvaltning

SpareBank 1 Kreditt

SpareBank 1 Betaling
SpareBank 1's holding company for their share of Vipps payment solutions

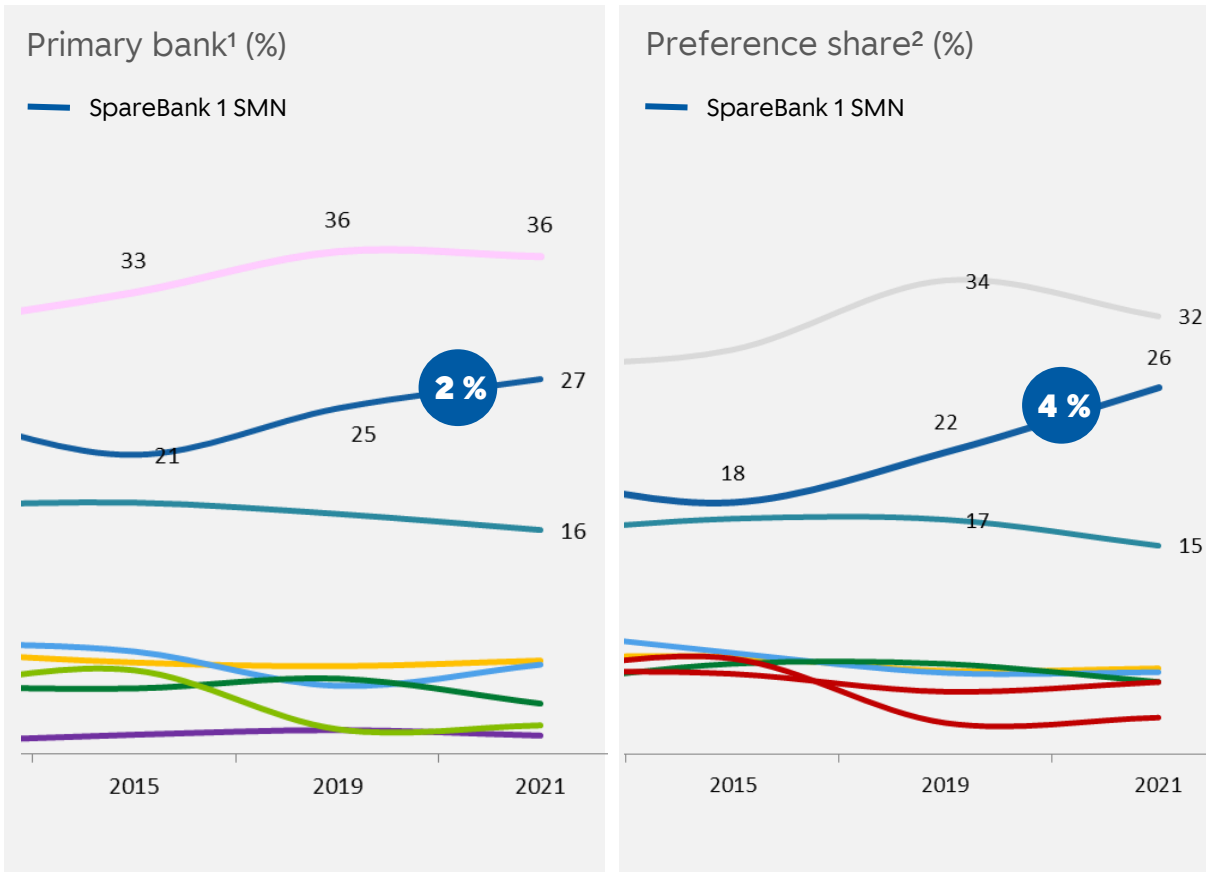
BN Bank
Nationwide bank in the retail and corporate market

Mortgage companies
SpareBank 1 Boligkreditt
SpareBank 1 Næringskreditt

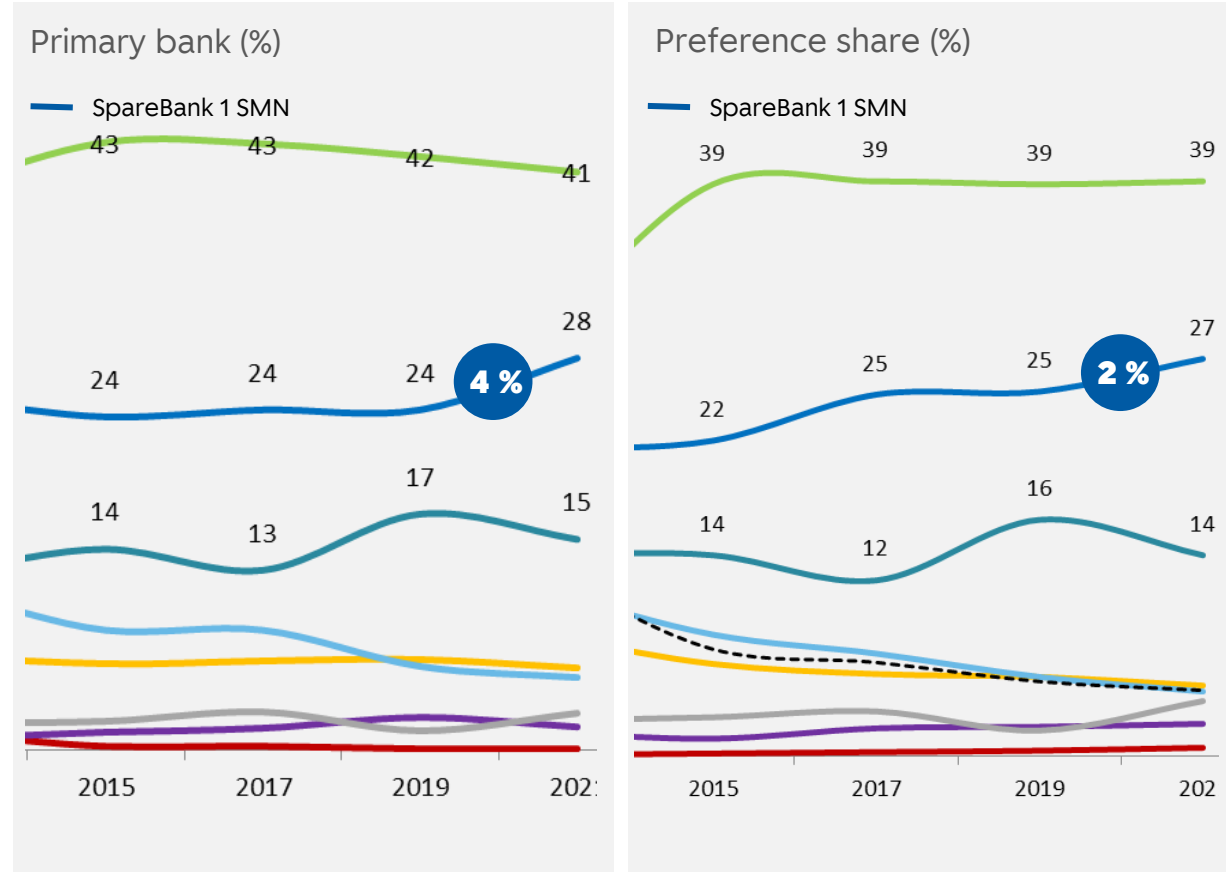
SMN shows strongest progress in latest standings

Growth winner and strengthened attractiveness in retail and corporate segment alike

Retail market



Corporate market

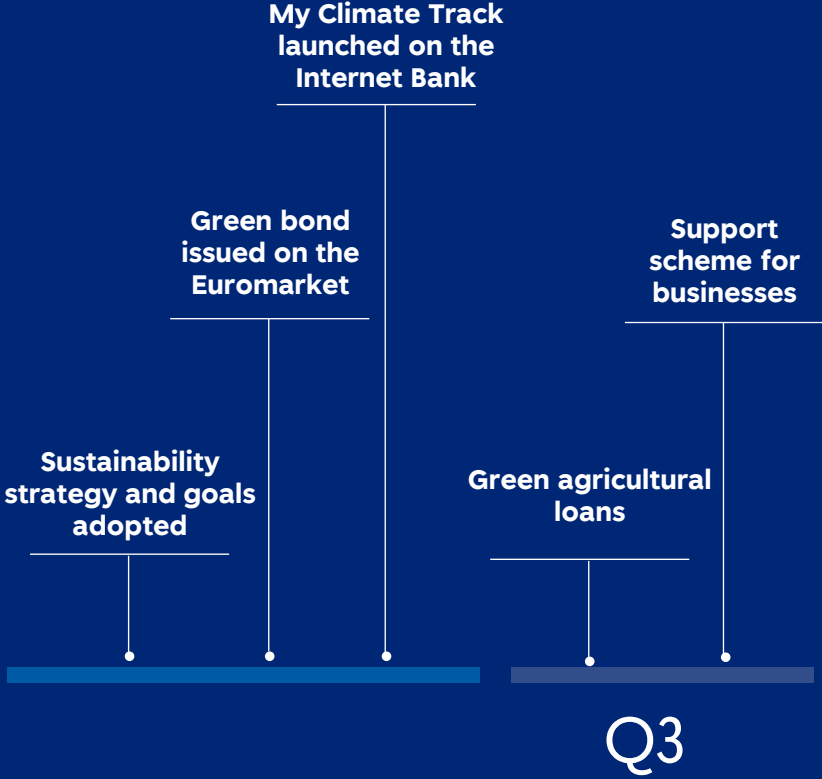


Source: KANTAR, June 2021

¹ Primary bank: The share of respondents that lists the bank as their primary bank

² Preference share: The share of respondents that lists the bank as their preferred choice as a primary bank

Green transition



Support for green transition

Can your business transition to become greener? SINTEF is now making expert assistance available to small and medium-sized businesses to help them turn good ideas into reality

Transition is imperative for success

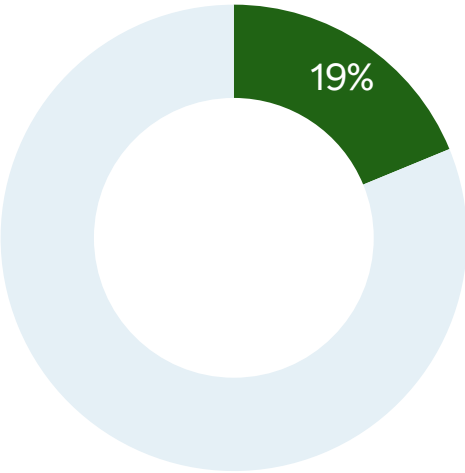
That is why – in collaboration with SINTEF – SpareBank 1 SMN will contribute with financial support to small and medium-sized businesses in Mid-Norway to digitalise, automate and become more sustainable



NOK 35bn of the loan portfolio qualifies for green bond financing

Retail Market

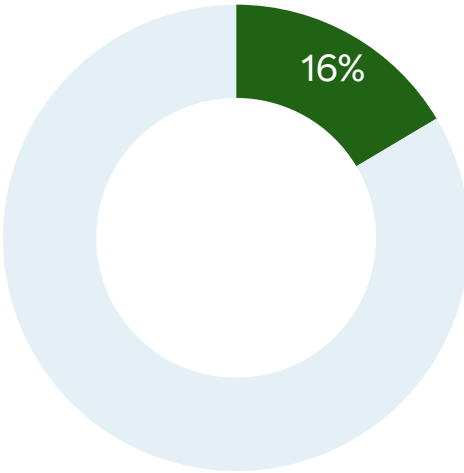
Share of lending as at 30.09.21



Green residential buildings

Corporate Market

Share of total lending as at 30.09.21



Green commercial buildings, clean transportation, renewable energy and eco-certified businesses

Goals and key targets

Engage customers and partners in the development of innovative local communities



10% annual increase qualifying for green bond financing



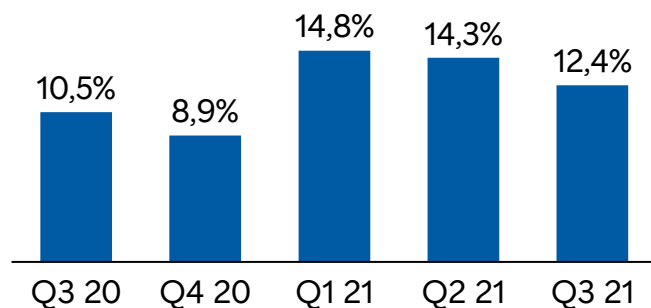
Halve the group's climate footprint by 2030. Reduction of 8% per year

Offer competence programme for customers and employees

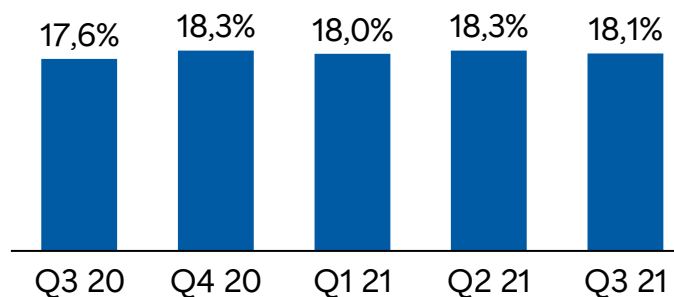
Strengthen equal opportunities in working life, everyday life and business

Profitable and solid with reduced losses

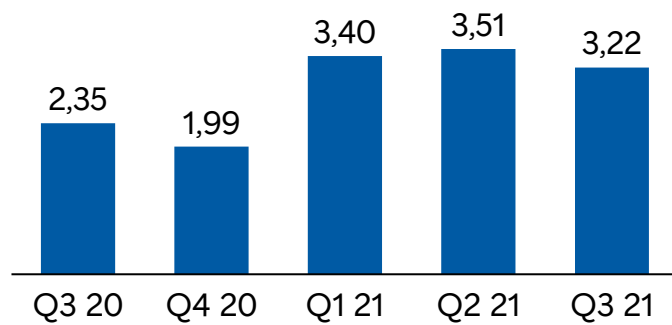
Return on equity



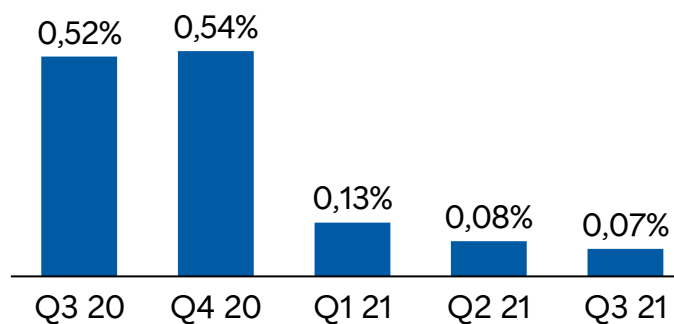
CET1 ratio



Earnings per equity certificate



Loan losses in per cent of total lending



Lending growth

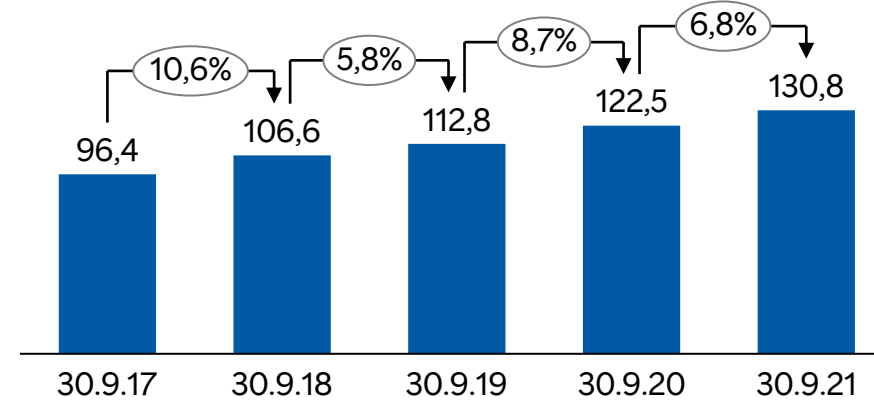
Total loans NOK 192bn,
YOY growth of 7.0 per cent

Market growth in mortgages
5.2 per cent (C2) YOY

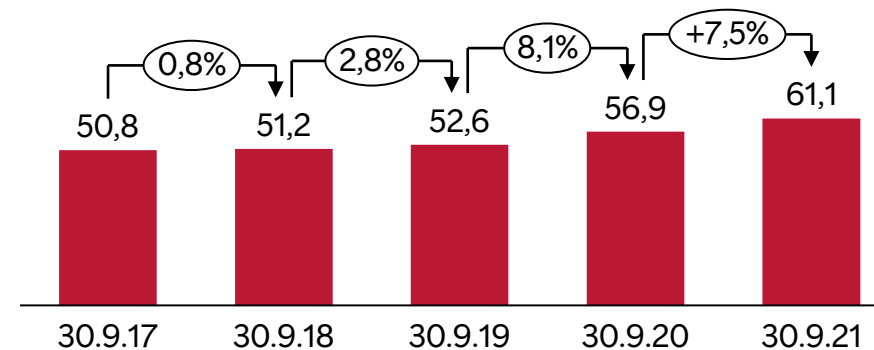
Good growth in residential
mortgages

High business banking lending,
growth spread both
geographically and across a
wide range of customers

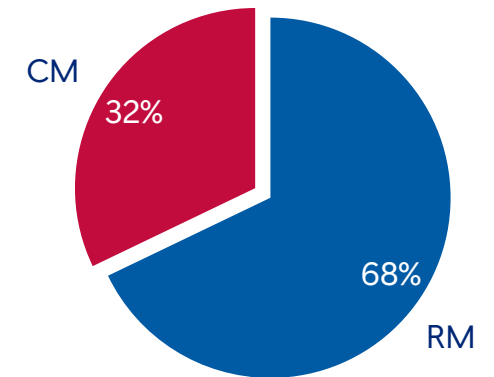
Lending growth RM 7.9% (CAGR)



Lending growth CM 4.7% (CAGR)



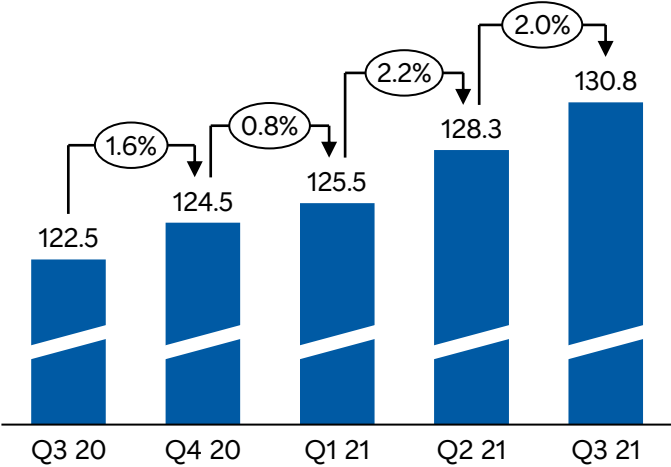
Share of lending, CM and RM



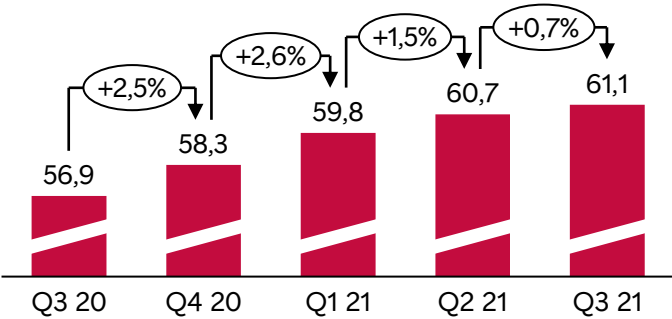
Lending per quarter

Relatively stable growth in retail and corporate markets last quarters

Retail Market



Corporate Market



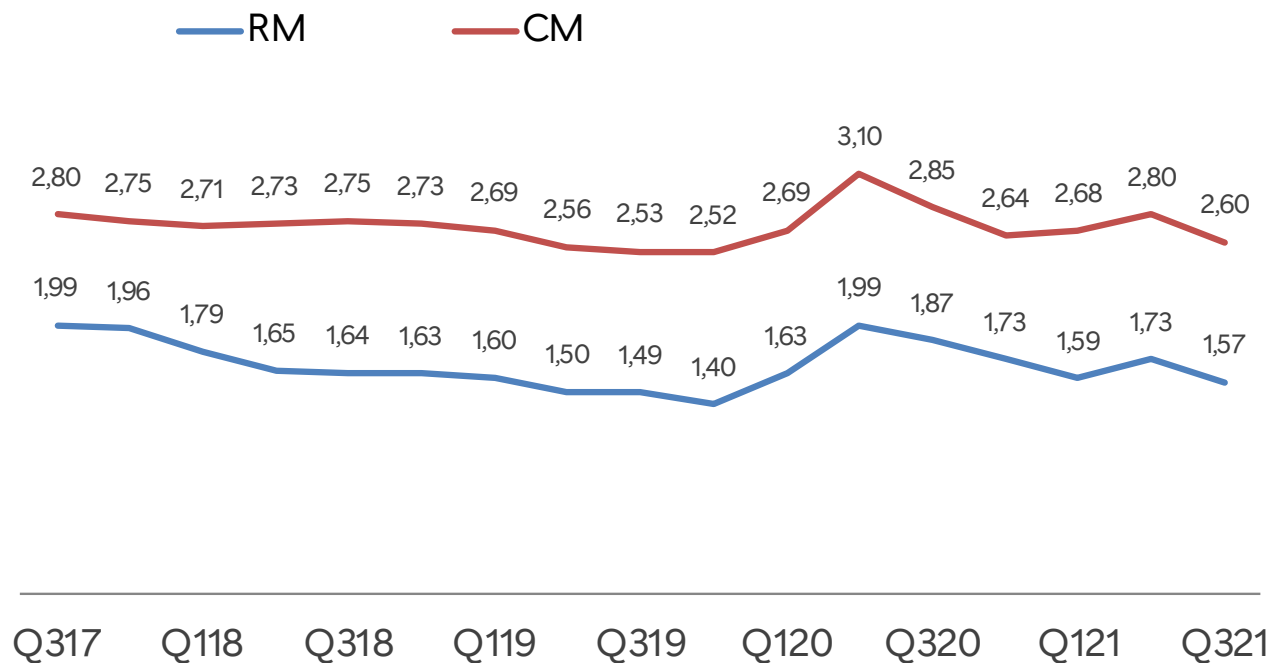
Lending margins

Norges Bank increased the key policy rate to 0,25 % in september 2021. Repricing of mortgages with effect from mid-November

Increased NIBOR in Q3 weakened margins

Norges Bank has signalled another rate hike in December 21

Lending margins versus 3M NIBOR



Deposit growth

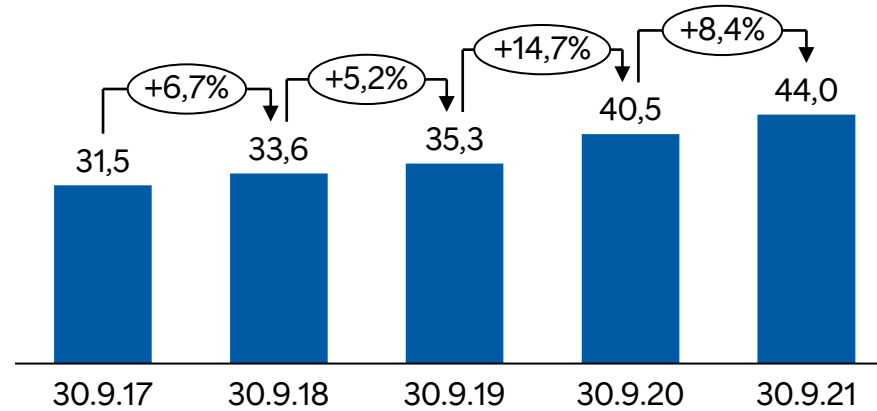
Total deposits of NOK 110bn,
growth of 15 per cent YOY

Good growth in deposits by
retail customers and corporate
customers alike. Reduced
private consumption has
brought increased deposits
from retail customers from 2020,

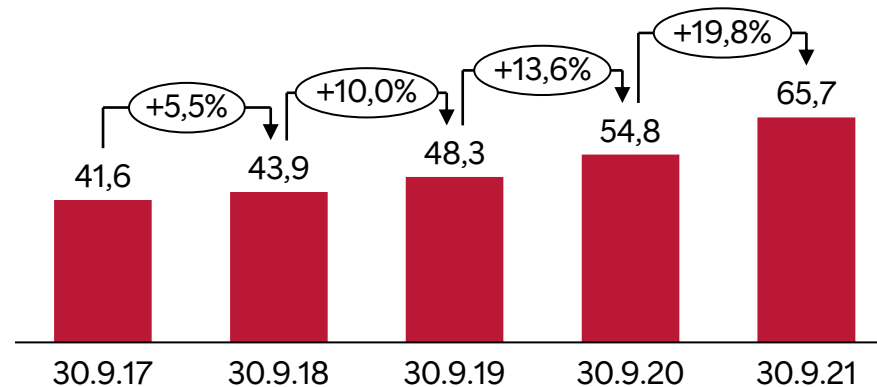
High growth in deposits by
corporates, both from public
sector customers and private
businesses

Deposit-to-loan ratio 57 per cent
(53 per cent)

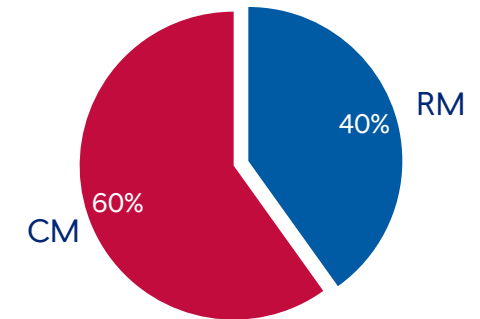
Deposit growth RM 8.7% (CAGR)



Deposit growth CM 12.1% (CAGR)



Share of deposits, CM and RM

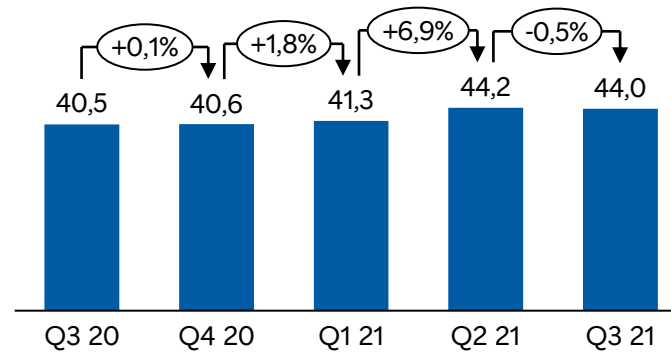


Deposits per quarter

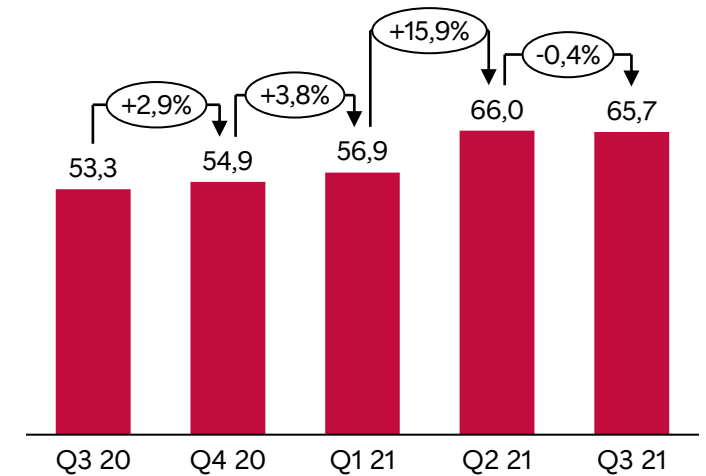
Reduced deposits in the retail segment in Q3. Seeing signs of an increase in consumption

Corporate deposits slightly down after a very strong Q2

Retail Market



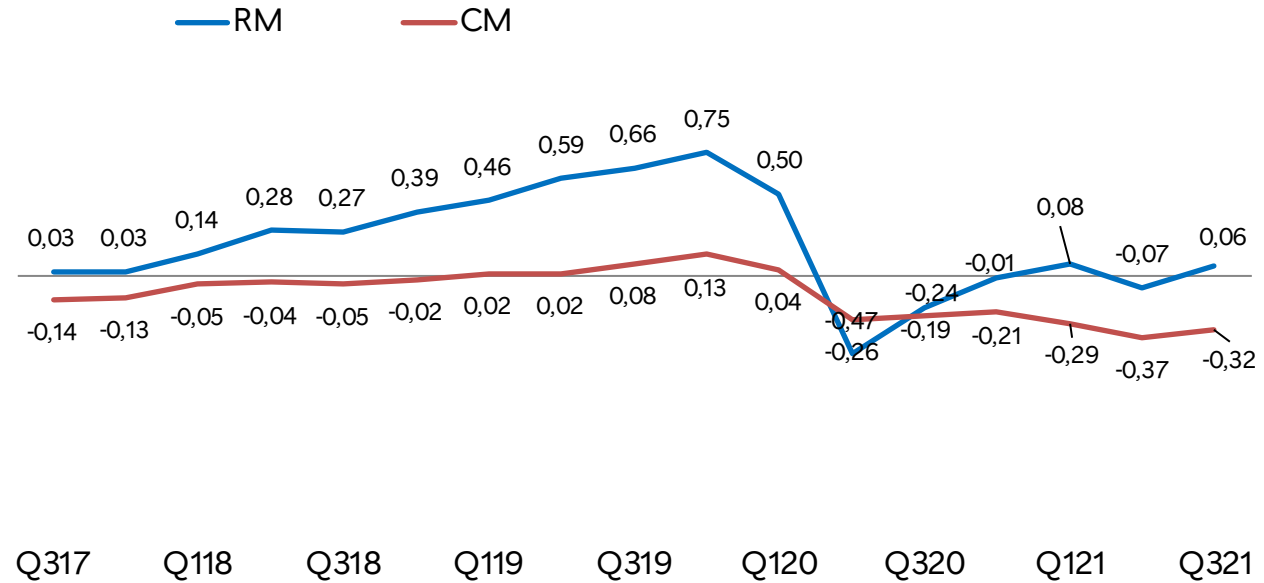
Corporate Market



Deposit margins

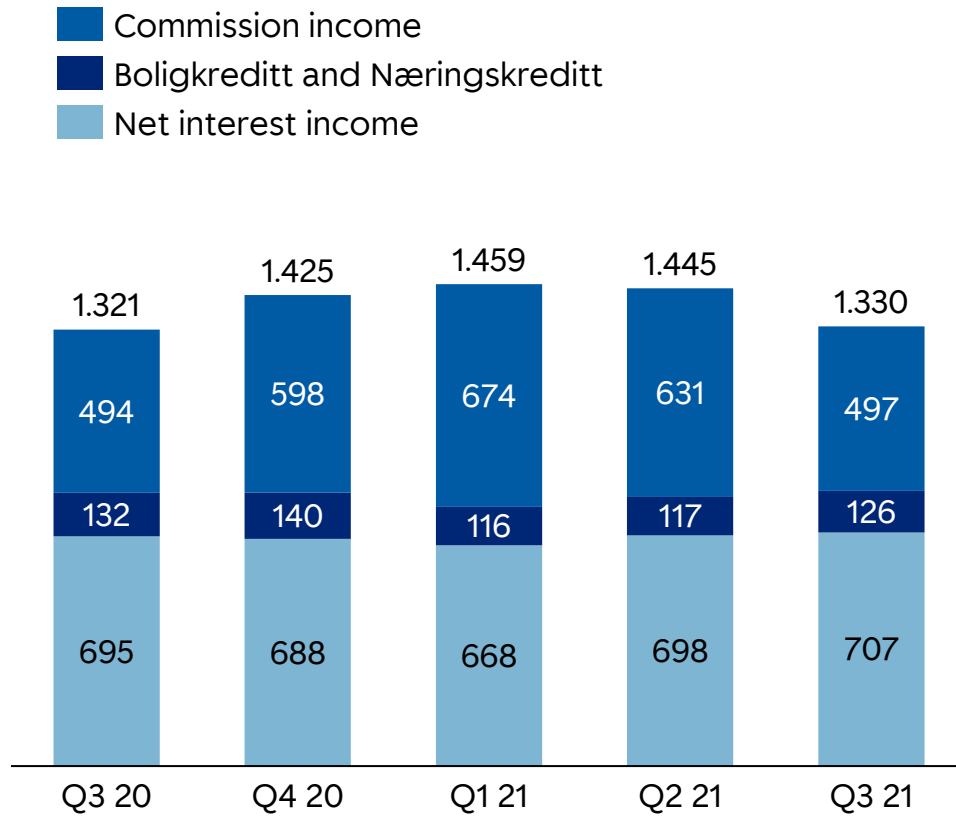
Increased NIBOR in Q3 strengthened deposit margins in the quarter

Deposit margins versus 3M NIBOR



Robust income platform

Net interest income and other income



Commission income

<i>NOK mill</i>	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20
Payment transmission income	61	56	49	56	54
Credit cards	14	13	14	14	15
Commissions savings and asset mgmt	17	14	15	13	14
Commissions insurance	54	53	52	51	49
Guarantee commissions	13	14	14	6	14
Estate agency	107	131	103	93	111
Accountancy services	114	154	148	111	105
Securities	110	182	275	245	122
Other commissions	7	14	5	9	9
Commissions ex. Bolig/Næringskreditt	497	631	675	598	494
Commissions Boligkreditt (cov. bonds)	123	113	112	136	128
Commissions Næringskreditt (cov. bonds)	3	4	4	4	4
Total commission income	623	748	790	738	625

Cost development

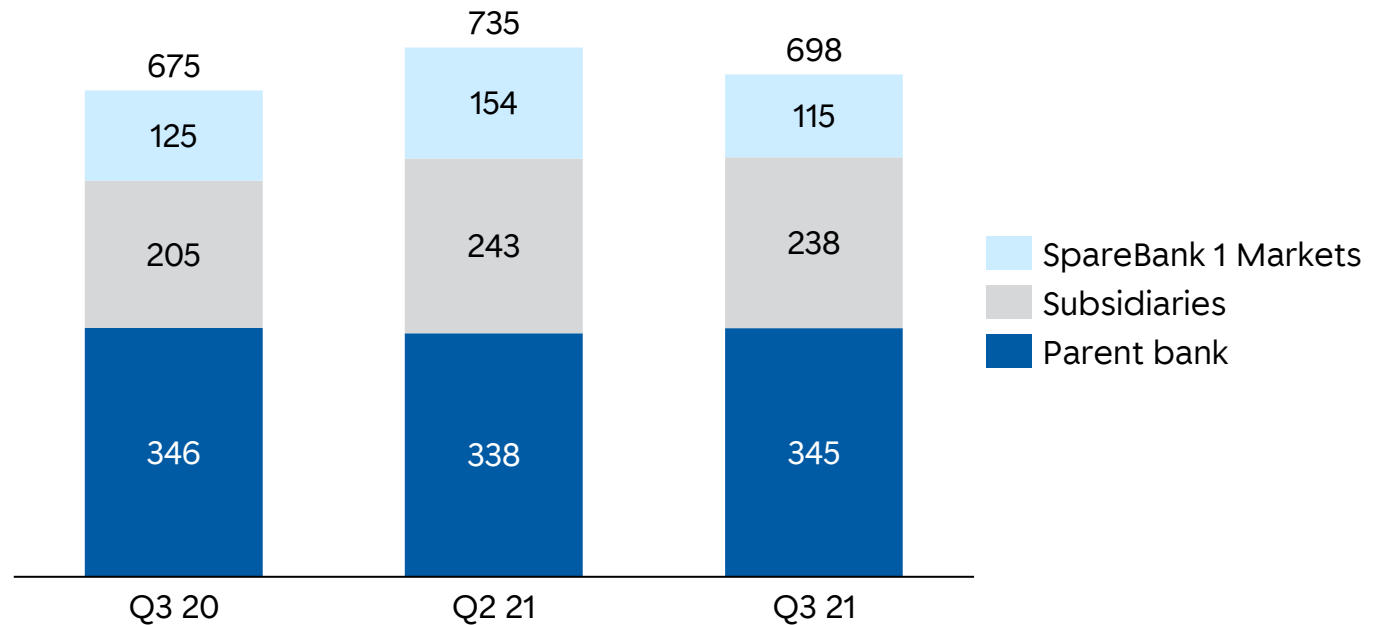
Reduced costs compared to Q2

SpareBank 1 Markets reduced costs in Q3 after two quarters with high variable remuneration

Reduced costs in Q3 in other subsidiaries due to low activity in the summer months

Cost increase in the parent bank mainly due to wage settlements and temporary employees in the summer months

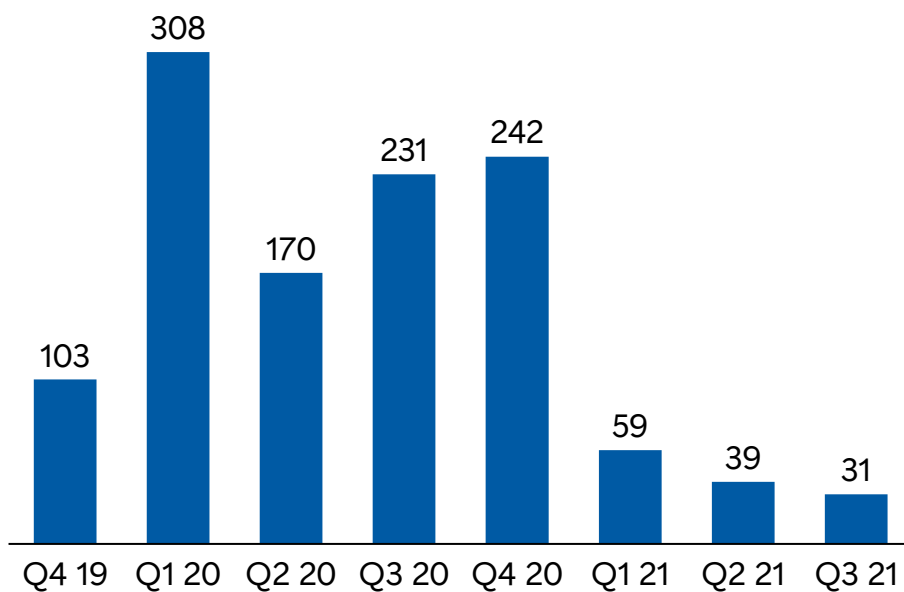
Total quarterly costs (NOK mill)



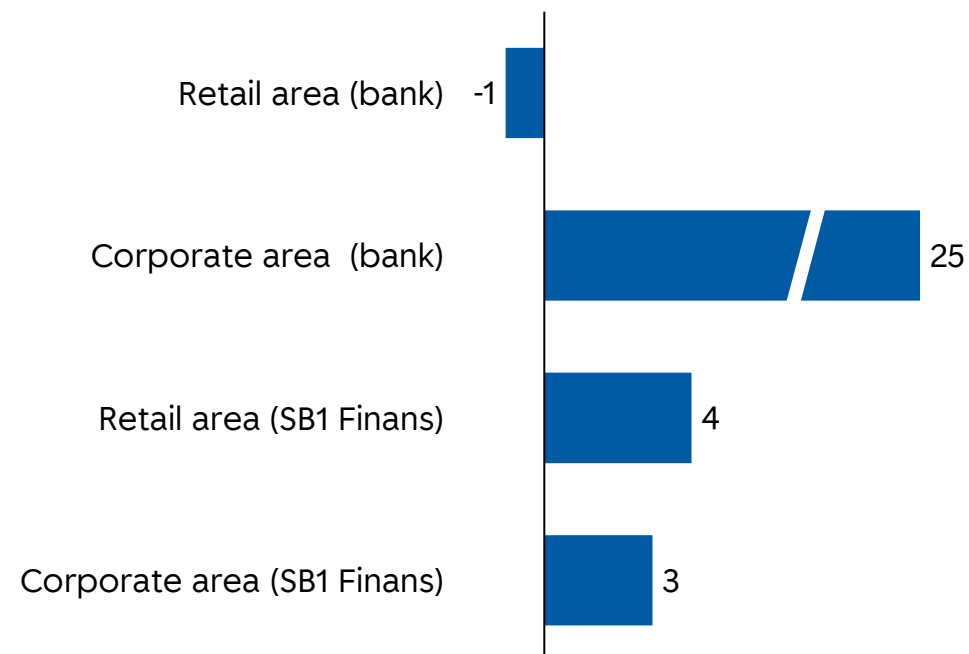
Reduced losses in 2021

Loan losses measured 0.07% (annualised) of gross loans in the third quarter of 2021

Loan losses per quarter, NOK mill

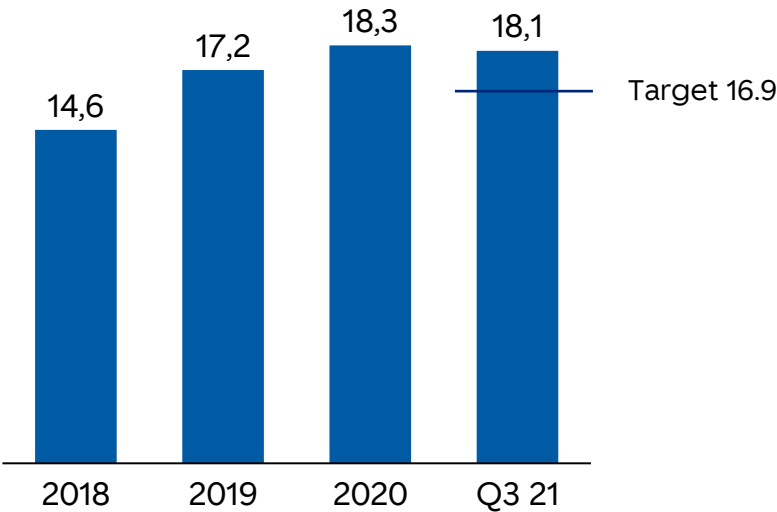


Distribution of losses Q321

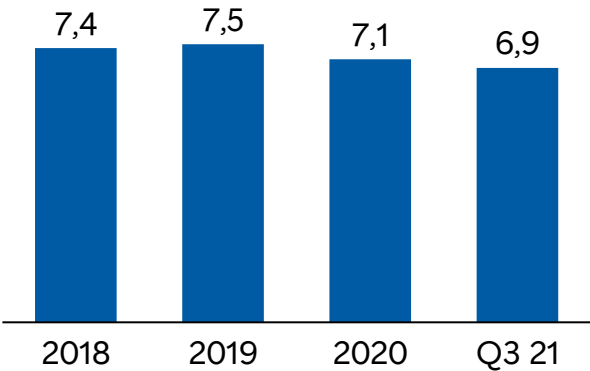


Strong capitalisation

CET1 ratio



Leverage ratio



Goals

SpareBank 1 SMN aims to be the leading finance house in Central Norway and among the best performers in the Nordic region

12%

Profitable

Return on equity 12%

16.9%

Solid

CET1 ratio 16.9%

Payout ratio approx. 50%

< 2%

Efficient

Annual growth in group costs limited to 2% within existing business

↓ 50%

Responsible

Aims to halve the group's climate footprint by 2030
Reduction of 8% per year



SpareBank 1 SMN (MING)

- an attractive investment

1

High return over time and solidly capitalised. Efficient banking operations and unrealised income and cost synergies in the group. Shareholder-friendly dividend policy

2

Strong position and good growth in an attractive region and in all business lines. Diversified customer portfolio and income base

3

A good brand with development potential based on ownership model, presence and sustainability

4

Substantial underlying value through ownership positions in and outside SpareBank 1-alliansen

5

Well positioned as regards to consolidation among Norwegian savings banks

SpareBank 1 SMN

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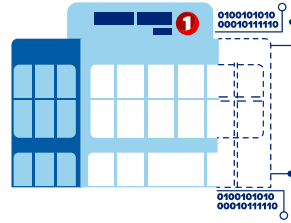
Appendix



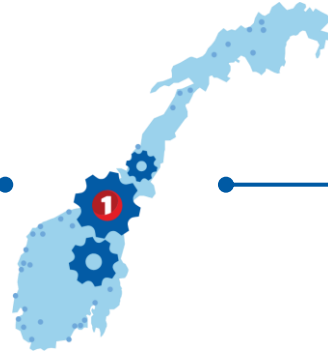
SpareBank 1 SMN's strategic priorities



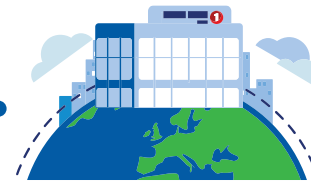
Create 'One SMN'



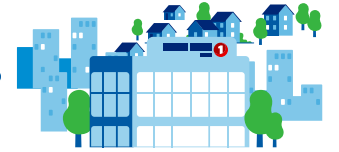
Increase digitalisation
and use of insight



Head up the
development of
Norway's savings
bank system



Integrate sustainability
into the business



Exploit the power in our
ownership model

Sustainability

Goals and key targets

First step towards sustainable development

Innovation

Create green growth and business development through cooperation and partnerships

Engage customers and partners in the development of innovative local communities

Customer offering

Offer products and services which encourage customers' green transition and digitalisation

↑ 10%

10% annual increase qualifying for green bond financing

Climate footprint

Reduce the climate footprint across the entire value chain

↓ 50%

Halve the group's climate footprint by 2030. Reduction of 8% per year

Competence

Strengthen climate risk competence and reporting

Offer competence programme for customers and employees

Diversity

Contribute to diversity and a fair transition

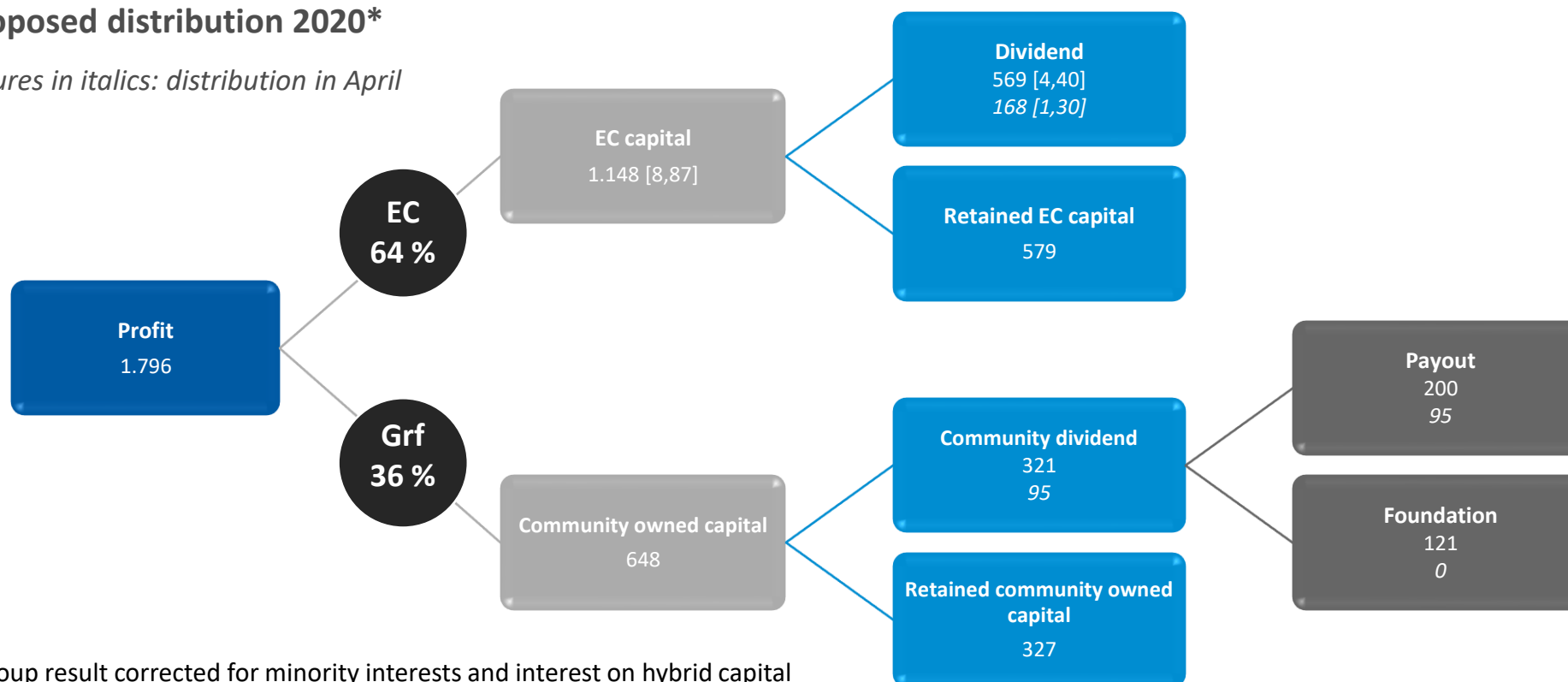
Strengthen equal opportunities in working life, everyday life and business

Proposed dividend NOK 4.40 per equity certificate, in accordance with the bank's dividend policy

- In light of the Ministry of Finance's recommendation, NOK 1.30 was paid out in April
- The remaining NOK 3.10 dividend to be paid out on 9. November 2021

Proposed distribution 2020*

Figures in italics: distribution in April



* Group result corrected for minority interests and interest on hybrid capital

Good results

Good quarterly results and 12.4 per cent return on equity

Good net interest income, reduced costs and low loan losses

Good results from Fremtind Forsikring

NOK mill	2021	2020	Change	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20
Net interest income	2.073	2.071	2	707	698	668	688	695
Commission income and other income	2.161	1.779	383	623	748	790	738	625
Operating income	4.234	3.849	385	1.330	1.445	1.459	1.425	1.321
Total operating expenses	2.228	2.080	148	698	735	796	824	675
Pre-loss result of core business	2.006	1.769	237	633	711	663	601	645
Losses on loans and guarantees	129	709	-580	31	39	59	242	231
Post-loss result of core business	1.877	1.060	817	601	672	604	359	414
Related companies	519	224	295	179	212	128	117	170
Gain Fremtind	0	340	-340					
Securities, foreign currency and derivatives	289	189	99	69	59	161	80	34
Result before tax	2.685	1.814	871	849	942	893	556	619
Tax	497	295	202	175	191	131	105	102
Result investment held for sale	11	9	2	1	4	6	0	2
Net profit	2.199	1.528	671	675	755	768	450	519
Return on equity	13,8 %	10,4 %		12,4 %	14,3 %	14,8 %	8,9 %	10,5 %

Balance sheet

	30.9.21	30.9.20	30.9.19
Funds available	38,5	32,1	26,0
Net loans	142,4	132,2	125,3
Securities	2,5	1,9	3,0
Investment in related companies	7,3	7,0	6,5
Goodwill	0,9	0,9	0,9
Other assets	8,4	12,8	5,1
Total Assets	200,1	186,9	166,7
Capital market funding	56,5	57,7	51,9
Deposits	109,7	95,4	85,9
Other liabilities	9,1	11,2	6,4
Subordinated debt	1,8	1,8	2,1
Equity ex hybrid bonds	21,8	19,6	19,1
Hybrid bonds	1,3	1,2	1,3
Total liabilities and equity	200,1	186,9	166,7
In addition loans sold to Boligkreditt and Næringskreditt	48,0	45,8	41,4

Commission income

Year to date and quarterly numbers

<i>NOK mill</i>	2021	2020	Change	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20
Payment transmission income	167	163	4	61	56	49	56	54
Credit cards	41	45	-4	14	13	14	14	15
Commissions savings and asset mgmt	45	41	5	17	14	15	13	14
Commissions insurance	159	144	15	54	53	52	51	49
Guarantee commissions	42	42	0	13	14	14	6	14
Estate agency	341	300	41	107	131	103	93	111
Accountancy services	416	395	21	114	154	148	111	105
Securities	566	332	235	110	182	275	245	122
Other commissions	26	36	-10	7	14	5	9	9
Commissions ex. Bolig/Næringskreditt	1 803	1 497	306	497	631	675	598	494
Commissions Boligkreditt (cov. bonds)	348	272	75	123	113	112	136	128
Commissions Næringskreditt (cov. bonds)	11	9	1	3	4	4	4	4
Total commission income	2 161	1 779	383	623	748	790	738	625

Product companies in SpareBank 1-alliansen

Year to date and quarterly numbers

Share of profits after tax

NOK mill, SMN's share in parentheses	2021	2020	Change	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20
SpareBank 1 Gruppen (19.5%)	298	107	191	83	148	67	87	114
Gain Fremtind	0	340	-340	0	0	0	0	0
SpareBank 1 Boligkreditt (22.4%)	18	22	-3	11	3	4	-4	11
SpareBank 1 Næringskreditt (31.0%)	6	14	-7	-1	4	3	5	5
BN Bank (35.0%)	122	84	38	40	42	40	36	34
SpareBank 1 Kreditt (19.2%)	11	2	10	10	1	0	0	0
SpareBank 1 Betaling (19.5%)	-6	-3	-3	0	-5	-1	1	-1
SpareBank 1 Forvaltning (23.4%)	20	0	20	13	8	0	0	0
Other companies	14	0	14	-2	11	5	-9	10
Sum associated companies	519	564	-45	179	212	130	117	172

Subsidiaries

Year to date and quarterly numbers

Profit before tax

NOK mill, SMN's share in parentheses	2021	2020	Change	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20
EiendomsMegler 1 Midt-Norge (87 %)	70	50	20	8	41	21	2	19
SpareBank 1 Regnskapshuset SMN (89 %)	82	88	-6	21	33	27	22	21
SpareBank 1 Finans Midt-Norge (61 %)	153	132	21	35	63	55	52	52
SpareBank 1 Markets (67 %)	203	81	122	23	62	118	91	31
SpareBank 1 SMN Invest (100%)	190	-15	206	61	21	109	21	-3
Other companies	4	7	-3	1	2	1	2	1
Subsidiaries	702	342	359	149	223	330	190	122

Return on financial investments

Year to date and quarterly numbers

<i>NOK mill</i>	2021	2020	Change	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20
Net gain/(loss) on stocks	161	-6	166	36	23	102	-3	4
Net gain/(loss) on financial instruments	30	62	-31	14	-4	20	61	13
Net gain/(loss) on forex	46	68	-22	16	15	15	3	11
Net gain/(loss) on stocks and stock derivatives SB1 Markets	30	21	9	2	8	20	2	5
Net return on financial instruments	267	145	123	68	42	158	53	32

Equity certificate, key figures

Key figures	30.9.21	30.9.20	2020	2019	2018	2017
ECC ratio	64,0 %	64,0 %	64,0 %	64,0 %	64,0 %	64,0 %
Total issued ECCs (mill)	129,39	129,44	129,39	129,30	129,62	129,38
ECC price	129,80	84,30	97,60	100,20	84,20	82,25
Market value (NOKm)	16 794	10 912	12 629	12 956	10 914	10 679
Booked equity capital per ECC	103,57	92,73	94,71	90,75	83,87	78,81
Post-tax earnings per ECC, in NOK	10,11	6,88	8,87	12,14	9,97	8,71
Dividend per ECC		0,00	4,40	6,50	5,10	4,40
P/E	9,62	9,19	11,01	8,26	8,44	9,44
Price / Booked equity capital	1,25	0,91	1,03	1,10	1,00	1,04

Change in net interest income

NIBOR increased in Q3:

Lending growth and higher deposit margins strengthens NII

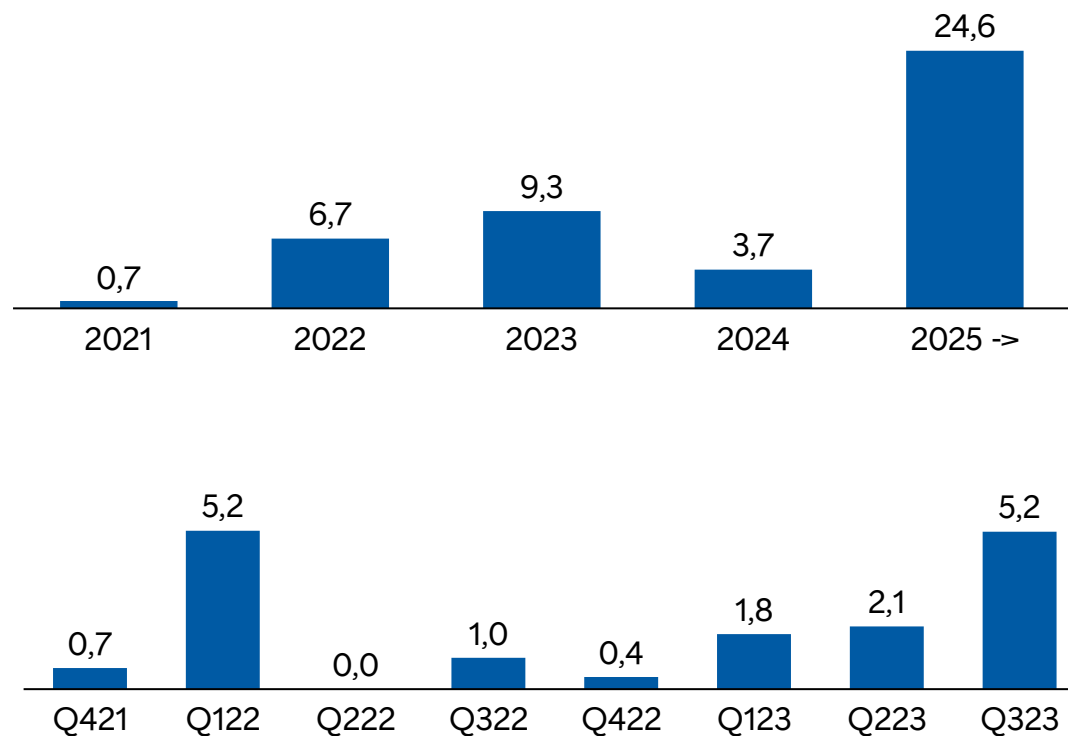
Lower lending margins decreased NII

Change from Q2 to Q3 2021

Net interest this quarter	698
Net interest previous quarter	698
Change	0
Obtained as follows:	
Fees on lending	2
Lending volume	71
Deposit volume	-2
Lending margin	-57
Deposit margin	25
Equity capital	5
Funding and liquidity buffer	-33
Subsidiaries	-2
Change	9

Good access to capital market financing

Maturity structure as at September 30 2021 (NOKb)

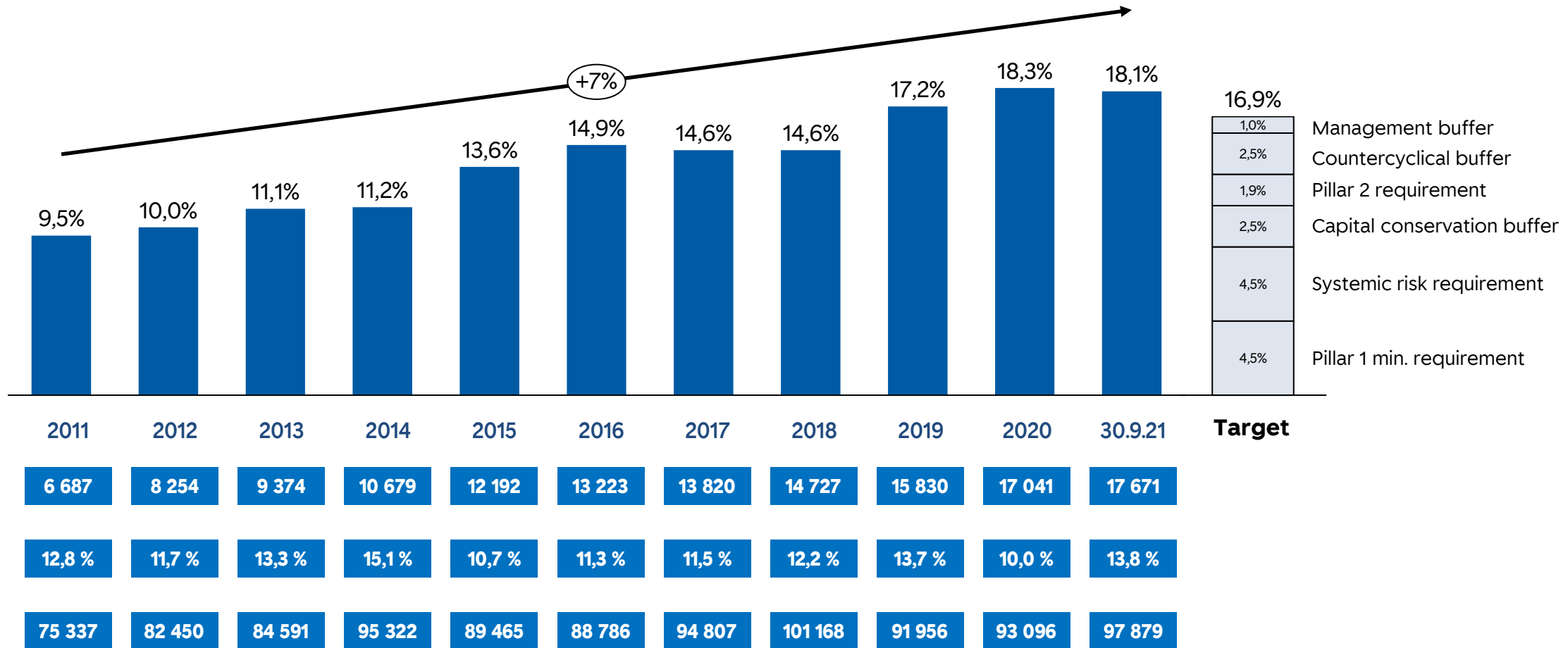


Comments

- Boligkreditt is a significant source of funding; mortgages totalling NOK 47bn sold as at 30 September 2021
- Total maturing over next 2 years NOK 16.7bn:
 - NOK 1.0bn in Q4 2021
 - NOK 6.6bn in 2022
 - NOK 9.1bn in Q1 and Q2 2023
- LCR 163% as at 30 September 2021, well within the target in the liquidity strategy
- SpareBank 1 SMN issued senior non-preferred debt (MREL) of NOK 1bn in third quarter 2020, NOK 1.5bn in first quarter 2021 and NOK 1.0bn in third quarter 2021
- SpareBank 1 SMN issued a green senior bond of EUR 500m with a 7-year maturity in February 2021

Strong trend in CET1 capital and capital adequacy

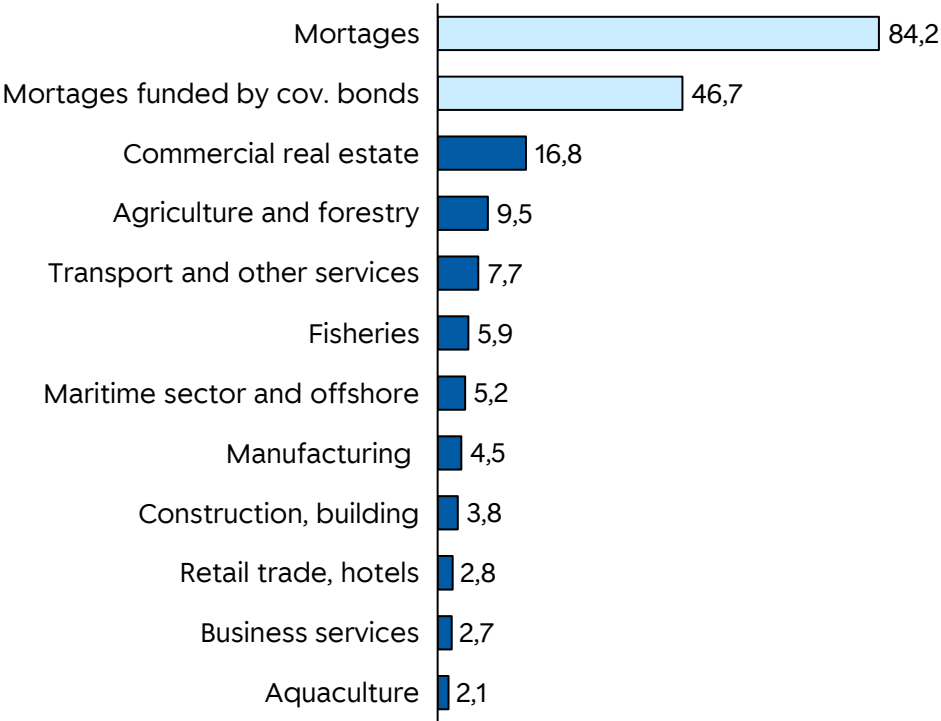
CET1 ratio in per cent



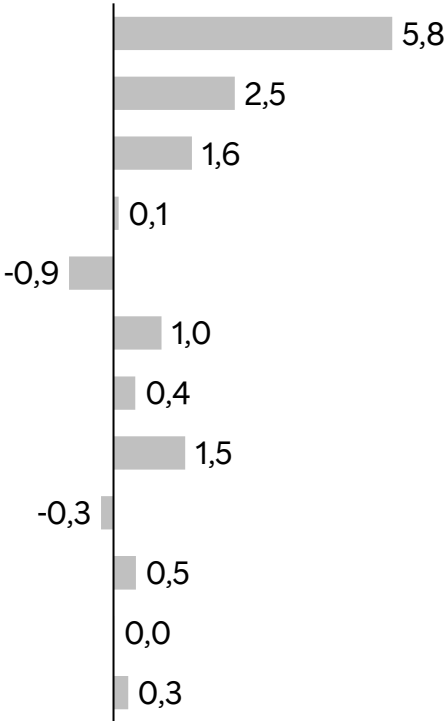
Robust loan portfolio

The portfolio is dominated by mortgages, and the corporate portfolio reflects the composition of Mid-Norway's business sector

Loan portfolio per 30.09.21 (bNOK)



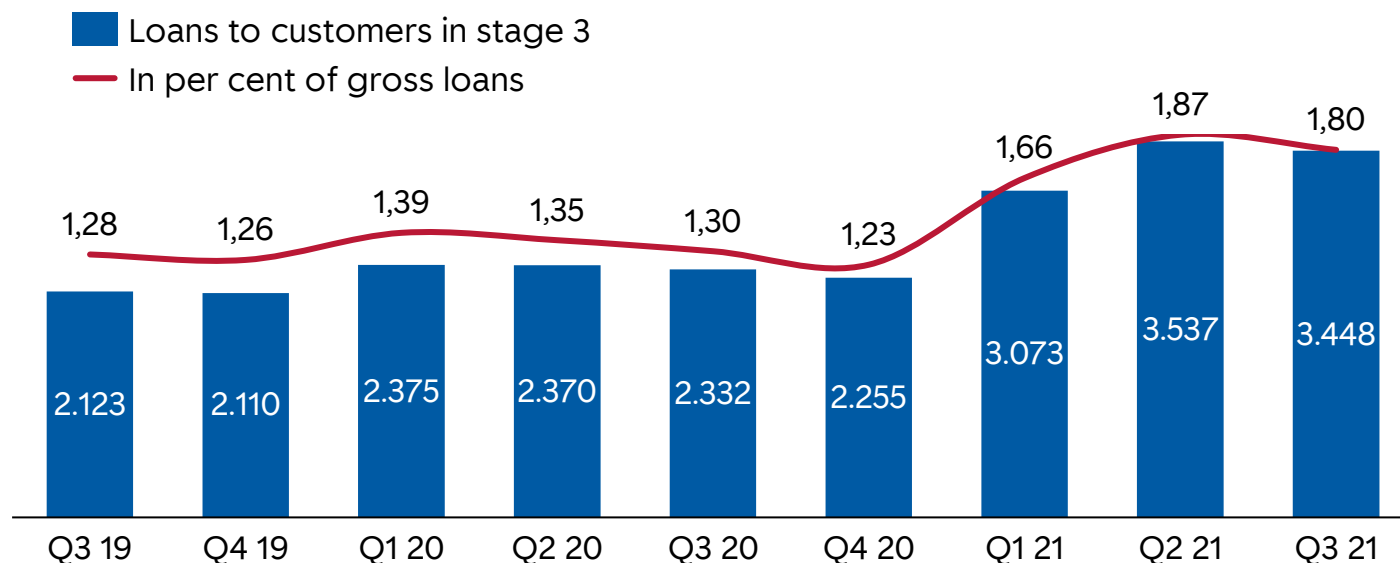
Changes last 12 months (bNOK)



Potential problem loans

Loans to customers in stage 3

Loans (million NOK and % of gross loans)



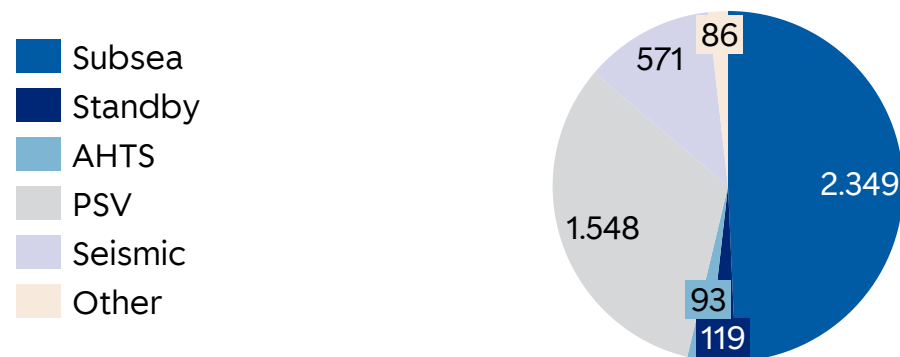
New regulatory definition of default increased stage 3 loans from 2021

The new definition has not changed the groups assessment of its credit risk exposure; hence it has no material effect on losses

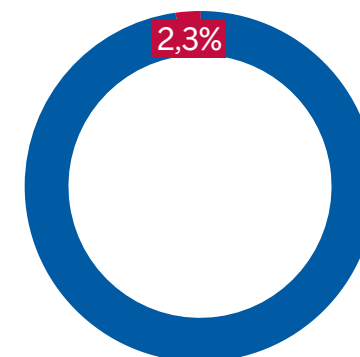
The increase in potential problem loans this year is due to exposures that previously exited non-performing status, but are classified as on probation according to the new regulatory definition of default

Offshore only 2.3% of total exposure. 18.1% of the offshore portfolio written down

EAD per segment (mill NOK)

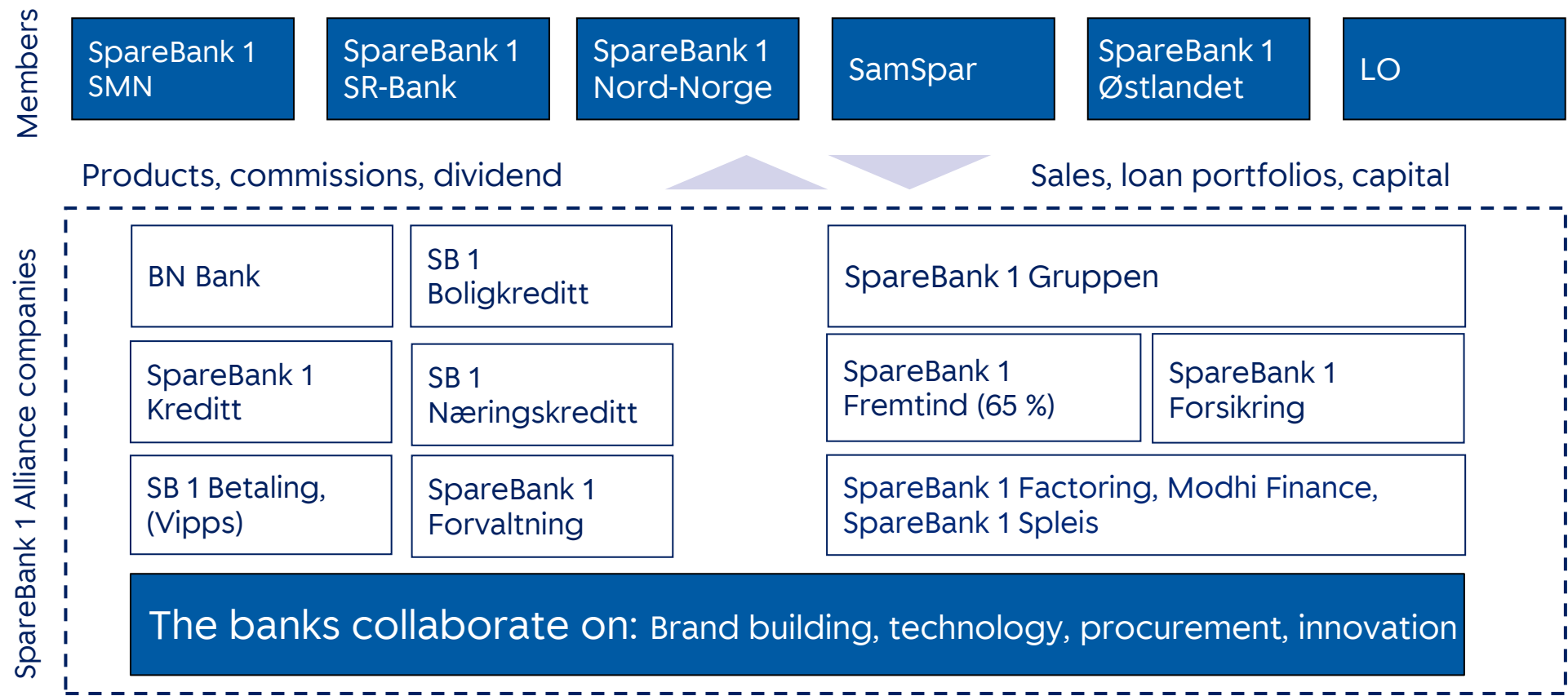


Offshore share of overall EAD



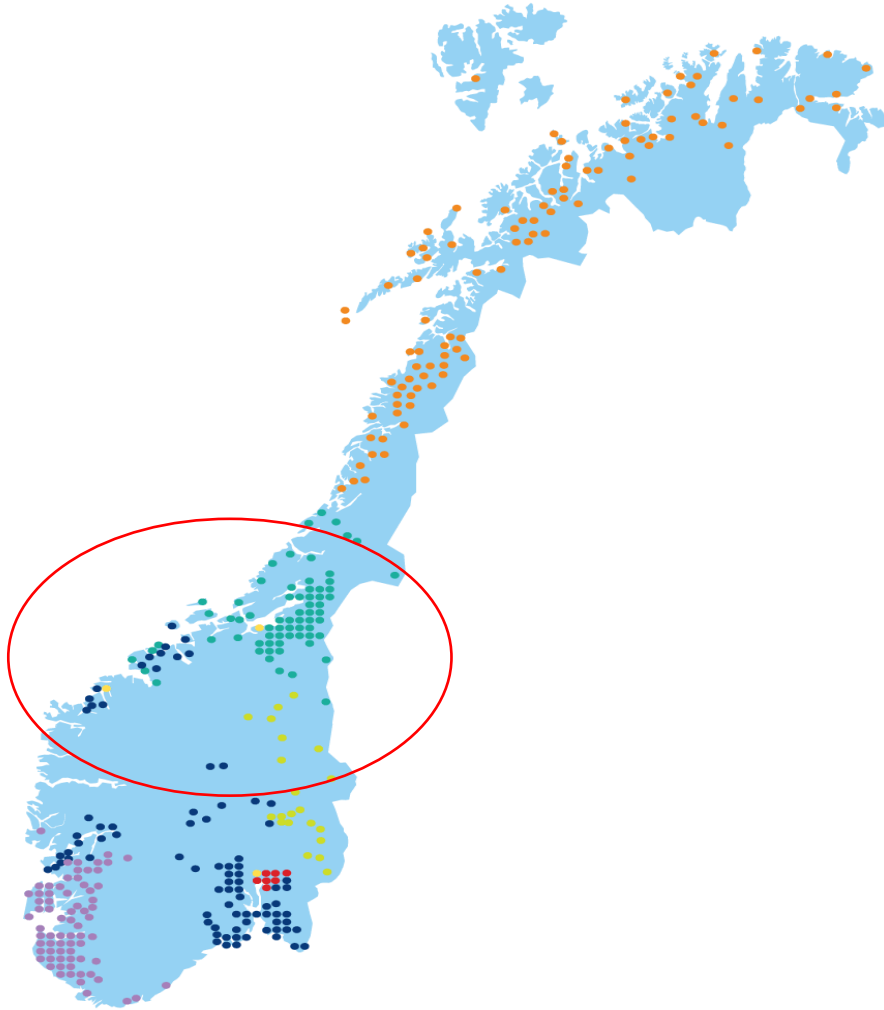
Distribution	EAD	Loans	Stage 3	Stage 1/2	Total impairments	Share of EAD
Low risk	199	168			0,3	0,1 %
Medium risk	2 193	1 644		135	135	6,1 %
High risk	798	556		46	46	5,7 %
Obligors with impairments/defaulted	1 574	1 574	680		680	43,2 %
	4 765	3 942	680	181	861	18,1 %

The SpareBank 1 Alliance



The SpareBank 1 Alliance

Strong position nationally, regional focus



- SpareBank 1-alliansen consists of 15 banks
- Operates exclusively in Norway
- The bank grouping in Norway with the most bank branches
- The SpareBank 1 banks are on the forefront of digitalisation and technological development
- The SpareBank 1 banks are independent banks in their respective regions
- They are market leaders in their most important regional market areas
- The largest of them (~ 80% of total assets) have the following rating:

Sr. unsec. ratings	Moody's
SpareBank 1 SMN	A1 / P-1
SpareBank 1 SR	A1 / P-1
SpareBank 1 SNN	Aa3 / P-1
SpareBank 1 Østlandet	Aa3 / P-1