

Fourth quarter 2022

8th February 2023

Trond Søråas
CFO



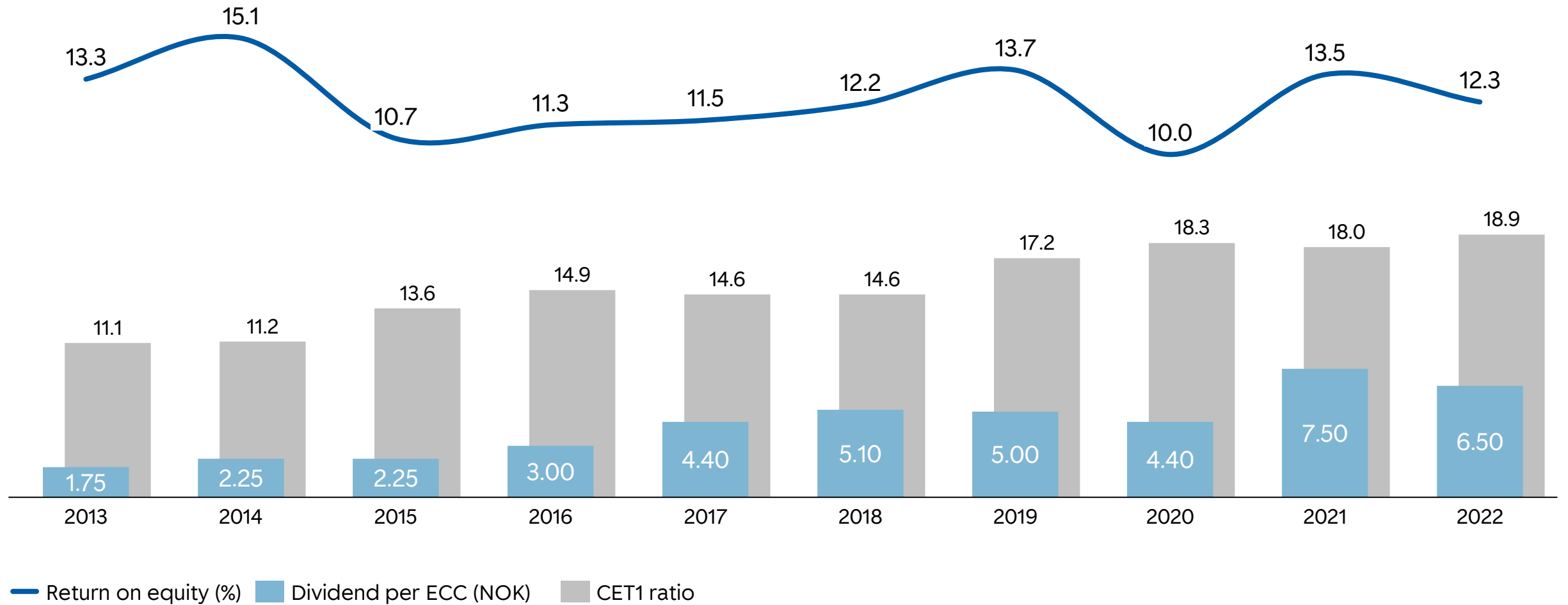
Q4 2022

A strong ending to the year

- **Return on equity 13.1% in Q4**
Delivering on financial targets, building capital and strengthening SMN's position in all business areas
- **Sound revenue increase in the bank and subsidiaries**
Repricing and increased deposits lifts NII. Positive development in the accountancy arm and real estate agency
- **Low loan losses with improvement in offshore**
Sound credit quality within mortgages and commercial real estate alike
- **SMN is solid and in a good position for dividends**
Dividend of NOK 6.5 per ECC
NOK 230m allocated to community dividend
- **Fortifying SMNs position as a leading financial group**
With initiatives towards attractive segments and geographies. The merger with SB 1 Søre Sunnmøre opens new opportunities in Sunnmøre and Fjordane



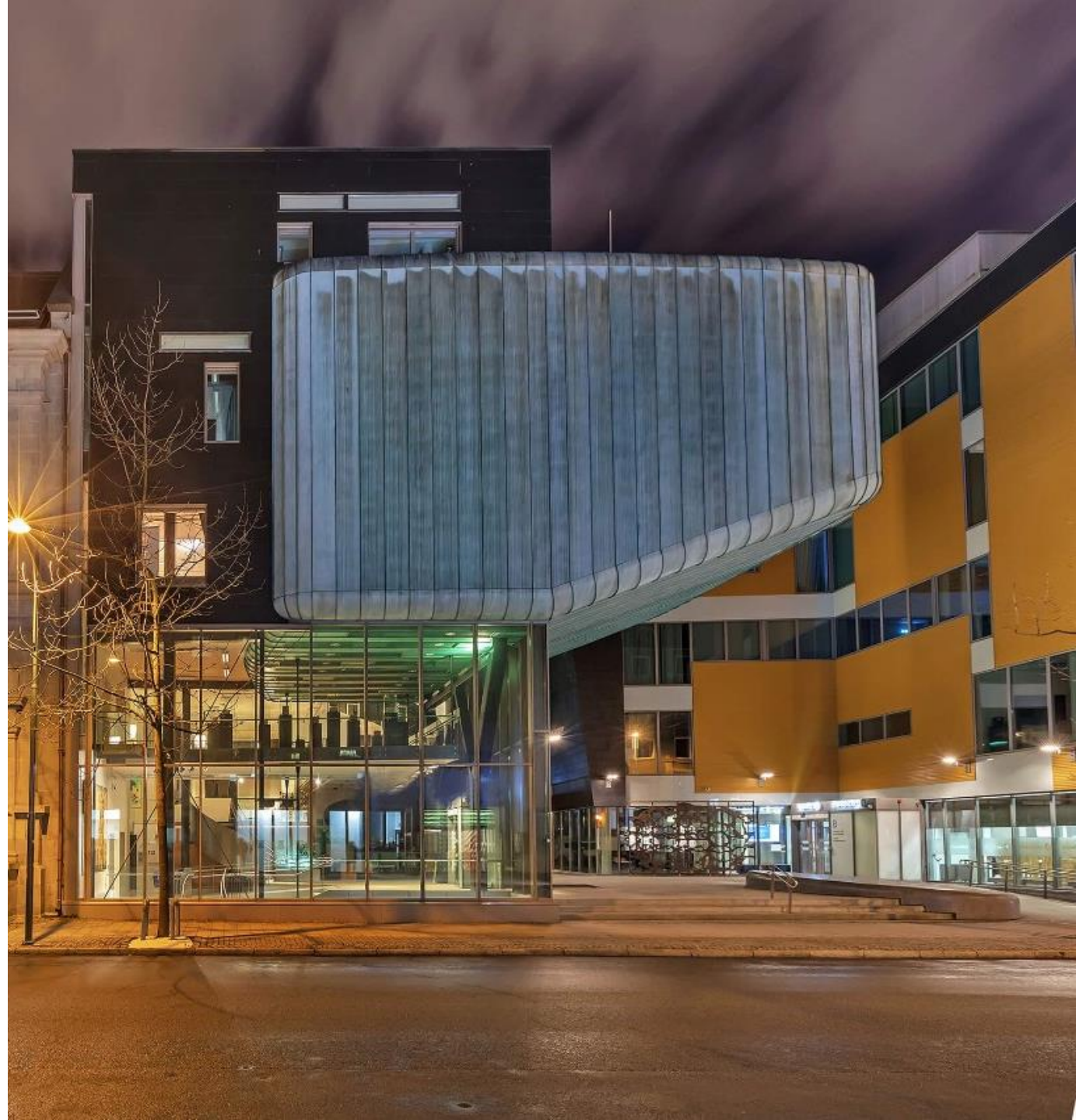
High return over time and solidly capitalised



January 2023

Embezzlement in SpareBank 1 SMN

- SMN reported a hired replacement to the police for gross embezzlement on 19th of January 2023
- The bank became aware of the offence itself and reported the matter to the Norwegian Authorities
- The Police investigation confirms that the embezzlement totals just below NOK 75 million. The accused returned about 9 million before the arrest
- The net amount comes to just over NOK 65 million whereof NOK 15 million have been secured. About NOK 50 million of the embezzled amount has been lost
- SpareBank 1 SMN has insurance cover against economic crime, including embezzlement
- The embezzlement does not affect any customers, the banks' operations or its financial situation



Economic slowdown, but few signs of a crisis in the Norwegian Economy

«The economic activity is still high»

«Inflation is coming down and energy prices are normalizing»

«Interest rates near peak»

«Unemployment will most likely not increase much in Norway»

«Greatest global risks; war, climate change and the unexpected»



Harald Magnus Andreassen
Chief Economist SB1 Markets

200 years of experience

Cool head



FINANCIAL CRISIS 2008



Offshore crisis, 2014




Covid crisis, 2020

Knowledge


Antall bedrifter og ansatte og grad av koronapåvirkning (Trøndelag og Møre og Romsdal)

	Stærk påvirkning	Moderat påvirkning	Svak påvirkning	Positiv påvirkning
Antall bedrifter	4.120	19.132	17.521	1.053
Antall ansatte	40.705	64.164	123.724	15.254

Kilde: Regnskapsnett 2021 @blondet



Men folk er urolige, og forventningsindikatoren har falt markant



SpereBank 1

Warm at heart

SpareBank 1 SMN's response to Central Norway to Covid-19

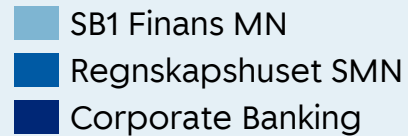
In the abnormal year of 2020 we wished to spread warmheartedness and play our part in getting through the crisis together





Corporate market

Pre-tax profit (NOKm)



Corporate banking

- Record high profitability, low loan losses and good credit quality
- Regional manager in place in Oslo and increased presence in Trondheim
- Recruiting clients through digital channels – leading «start a business» track
- Increased capacity and process improvements within AML
- Transition plans for net zero emission in commercial real estate and fisheries

Regnskapshuset SMN

- Established cloud-based systems and new business model
- Change programme «from accountant to advisor»
- Launched climate reporting and other advisory services
- Reduced churn and increased customer satisfaction in 2022

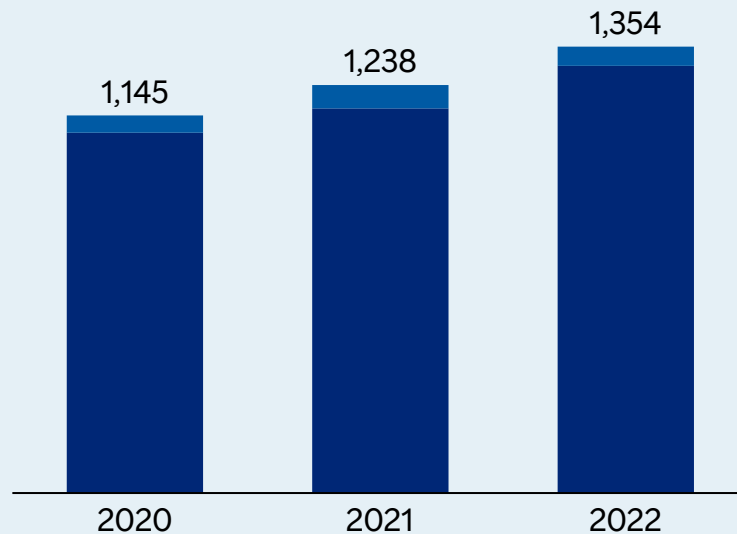
Banking + Accounting

- Recruiting more customers from each other and in joint efforts
- Developing customer offerings that will simplify SMB-customers businesses

Personal market

Pre-tax profit (NOKm)

- EiendomsMegler 1 MN
- Retail Banking



Retail banking

- High sustained profitability
- SMN's relationship banking concept is particularly good in uncertain times
- LO customers enables growth in lending, deposits and commission income
- Joint savings effort in the SB 1 Alliance
- Improved distribution model and increased RPA-usage
- Net zero transition plans for households and agriculture

EiendomsMegler 1 Midt-Norge

- Increased presence in Ålesund
- Strengthened focus on commercial property brokerage
- Increased revenue per sale in 2022
- Market leader with an advantage in a slower housing market

“Housing journey”

- Closer cooperation between banking advisors and real estate brokers
- Developing joint customers offerings

Merger with SB1 Søre Sunnmøre approved in supervisory/general meetings and by the Norwegian Competition Authority

Growth and improved customer offerings

Competition for banking customers set to increase in Stryn



SpareBank 1 Søre Sunnmøre and SpareBank 1 SMN will merge in May. SMN is expanding its geographical presence substantially, and with the merger the former Søre Sunnmøre branches can offer LO Favør-products to its customers

FinansWatch 16.01.2023 – translated

Strong competence environment

Regional management group in place

Ole-Magnus Orlien, Marita Løvik Stadsnes, Kari Melle, Andre Skotheim, Stig Brautaset, Olaf Eskeland, Jan-Rune Hurlen og Sigrun Heltne Vardal (not present)



Local commitment and ownership

New foundation to be largest owner in MING

Sunnmøre will experience that SMN has the local community at heart through the presence of the foundation and the bank





Community dividend

2018-2022

~ NOK 1bn

to non-profit causes in Mid-Norway

~ NOK 1 bn

To the owning foundation– Society's «savings account»

The community dividend is invested in five key areas



Community

We care about people. Both in our local community and the rest of the world



Sports and outdoor activities

We contribute to improved public health through supporting sports, games and outdoor activities



Art and culture

We create a vibrant and diverse cultural life with great experiences locally



Innovation and value creation

As an important institution in our region we add culture, competence and capital that shapes tomorrows business environment



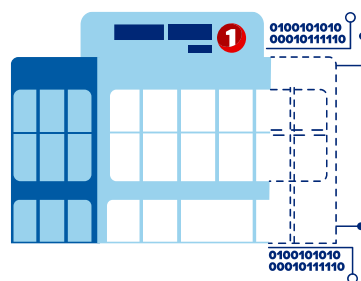
Sustainability

We are a driver for green transition and engages the region in yearly improvements in order to reach the sustainability goals

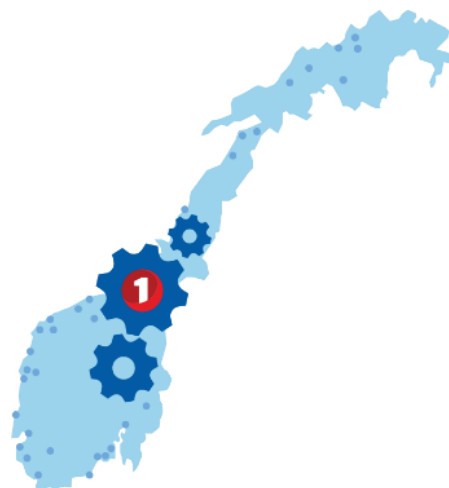
Strategic priorities unchanged – focus on execution



Creating One SMN



Greater digitalisation
and use of insight



Head up the
development of
Norway's savings
banks system



Integrating
sustainability into the
business



Exploit the power in
SMN's ownership
model

Financial information



Q4 2022

Net profit

NOK 768m (703) in Q4
NOK 2,785m (2,902) in 2022

Return on equity

13.1% (12.7) in Q4
12.3% (13.5) in 2022

CET1 ratio

18.9% (18.0)

Lending growth

1.1% (1.8) in Q4 and 8.1% (6.9) in 2022

Deposit growth

1.2% (1.5) i Q4 og 9.6% (14.1) in 2022

Book value per ECC NOK 109.86 (103.48)

Result per ECC NOK 12.82 (13.31) in 2022

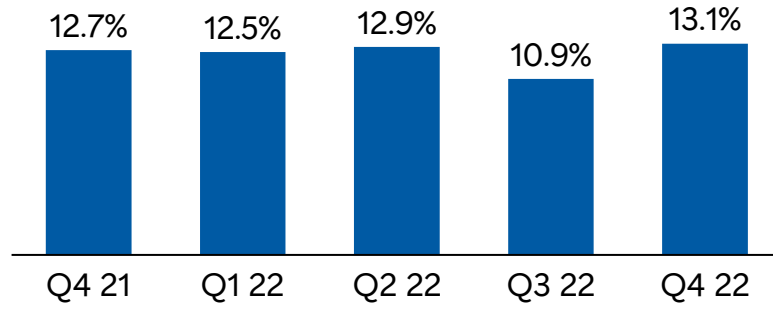
Dividend NOK 6.50 (7.50) per ECC

Community dividend NOK 474m (547)

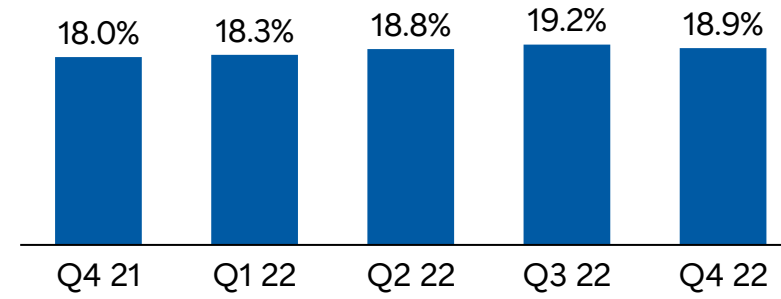
Payout ratio 50.7 % (56.3)

Profitable and solid

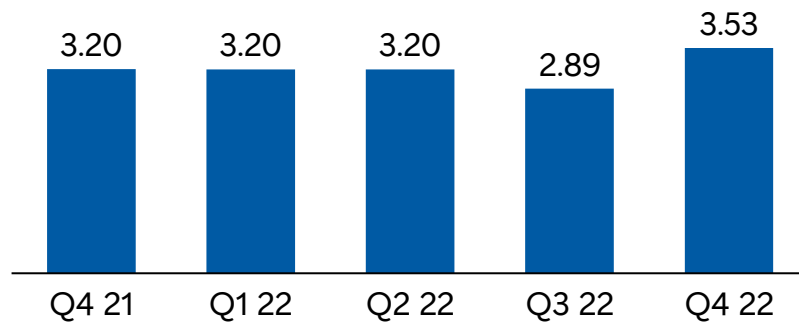
Return on equity



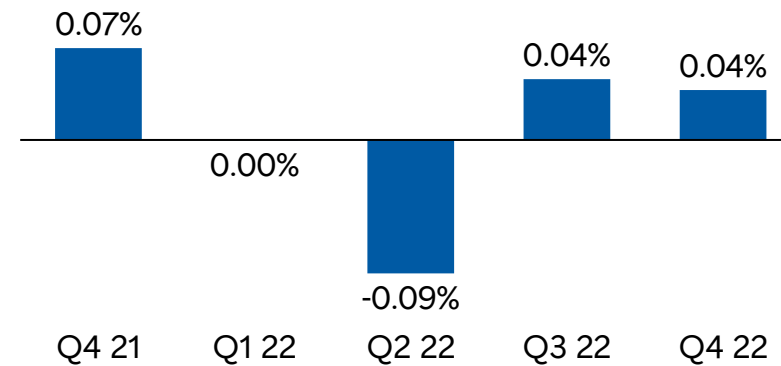
CET1 ratio



Earnings per equity certificate



Loan losses in per cent of total lending



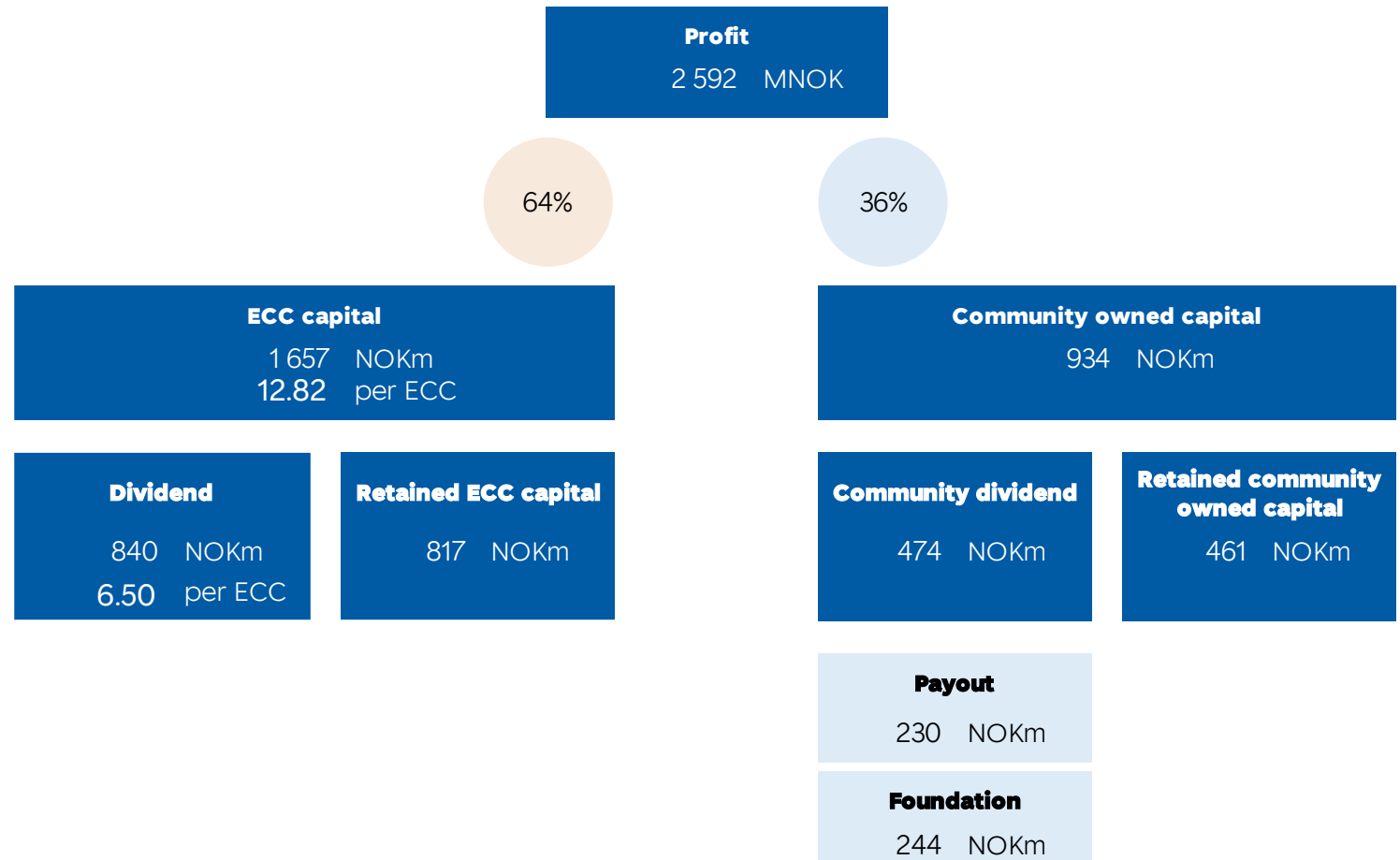
Dividend

Proposed dividend of NOK 6.50 per ECC

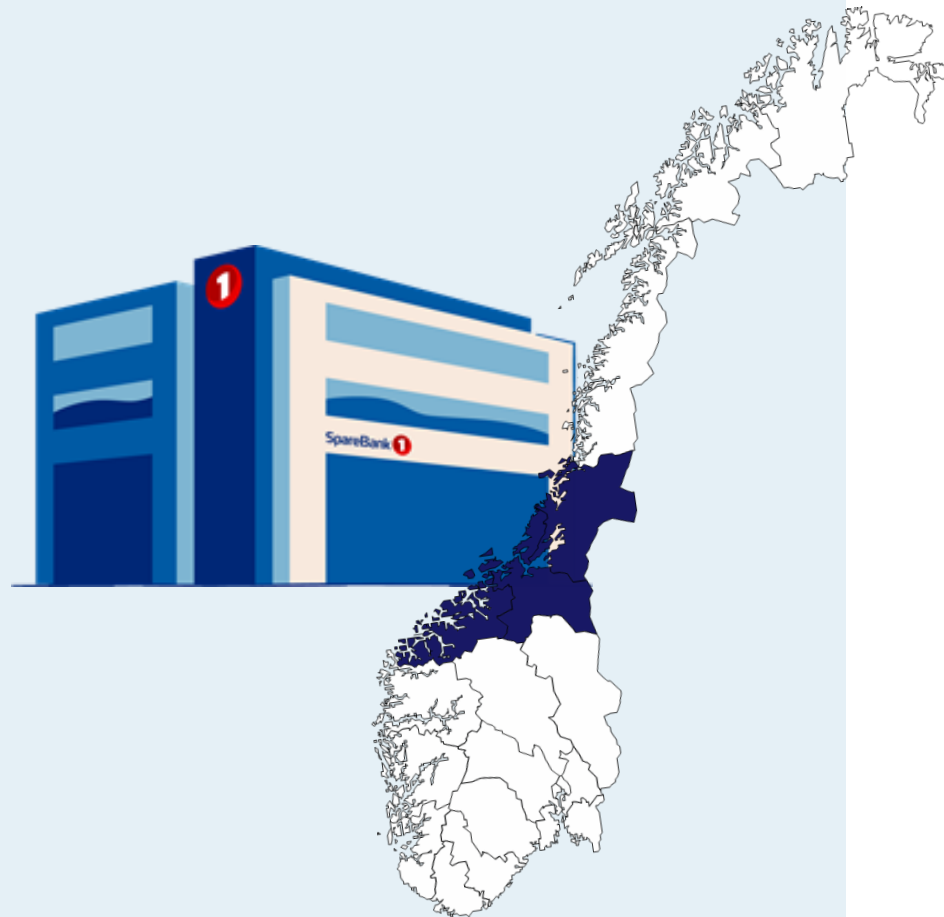
Total dividend NOK 840m

Community dividend NOK 474m, of which NOK 230m to be distributed to non-profit causes

Payout ratio of 50.7 per cent



Strengthened market position



Corporate market

Share of loans to businesses 32.9% (31.9)

Share of newly established businesses 28.7% (28.2)

5 accountancy firms bought and organic growth of 7.8% (5.4)

Increased preference share by 2 pp. since 2019

Personal market

Share of housing loans 31.9% (31.8)

Share of houses sold 36.5% (35.6)

Increased preference share by 4 pp. since 2019

Sources: housing loans is SMNs share of mortgage collateral in the region, source Eiendomsverdi. Houses sold is EM1s share of number of houses sold in the region, source Eiendomsverdi. Share of loans to businesses is SMNs share of number of collateral in the region, source SSB. Newly established businesses is SMN's share of newly established businesses in the region, source Brønnøysundregisteret. Preference share is from Kantar's positional survey August 2021

Growth

Lending

Total loans NOK 211bn,
YoY growth of 8.1 per cent

Market growth in mortgages 4.2
per cent (C2) last 12 months
(December 2022)

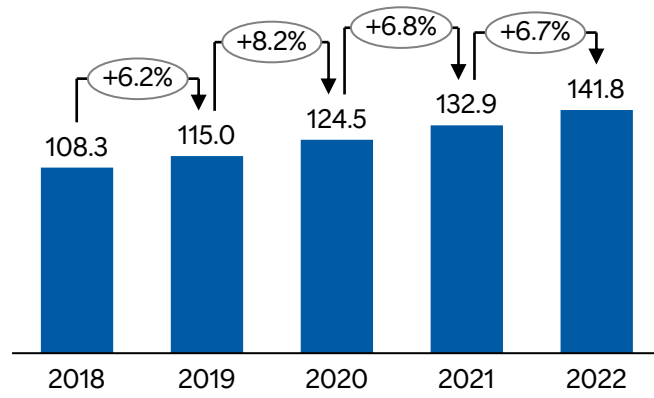
Credit growth is expected to be
lower going forward

Deposits

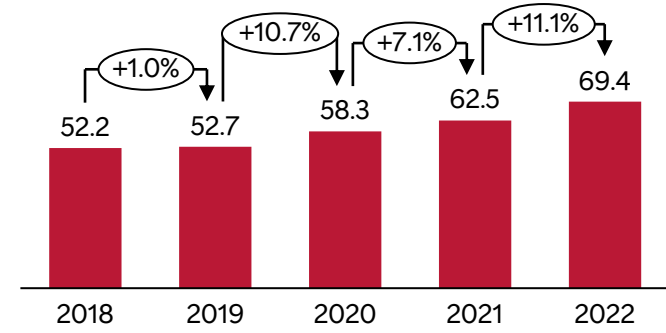
Total deposits of NOK 122bn,
growth of 9.6 per cent YOY

Deposit-to-loan ratio 58 per cent
(57 per cent)

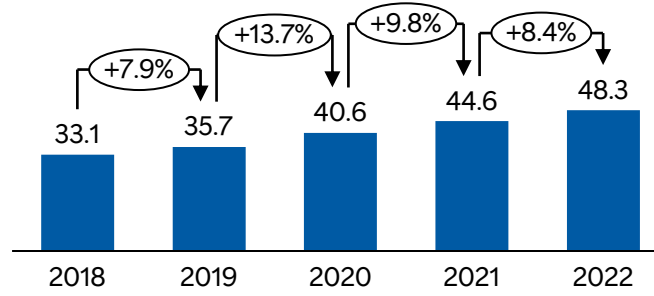
Lending growth RM 7.0% (CAGR)



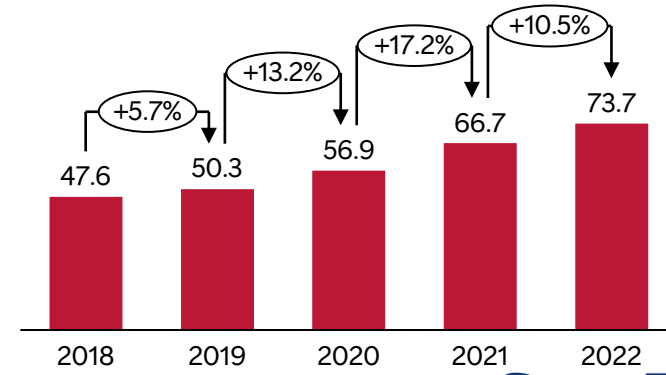
Lending growth CM 7.4% (CAGR)



Deposit growth RM 9.9% (CAGR)



Deposit growth CM 11.5% (CAGR)

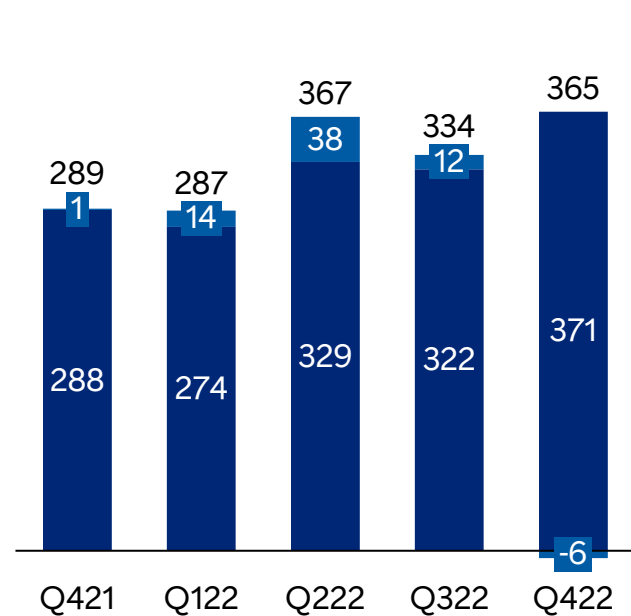


High activity across the Group

Pre-tax profit (NOKm)

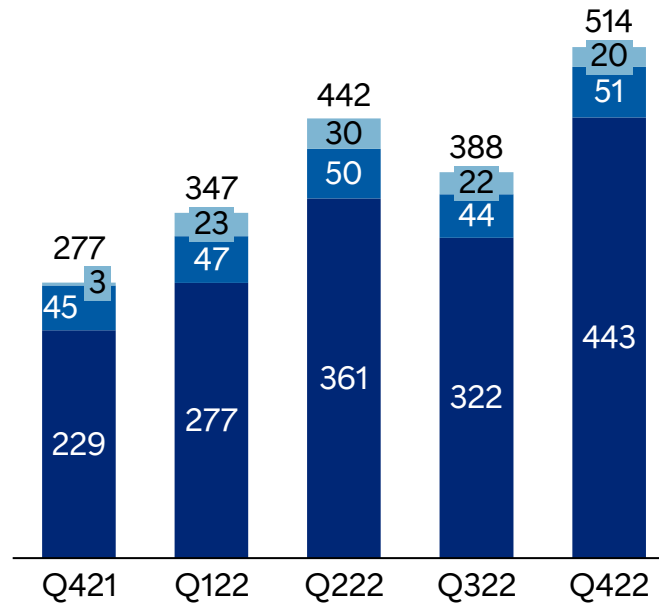
Personal market

- EiendomsMegler 1 Midt-Norge
- Retail banking



Corporate market

- Regnskapshuset SMN
- SB1 Finans Midt-Norge
- Corporate banking



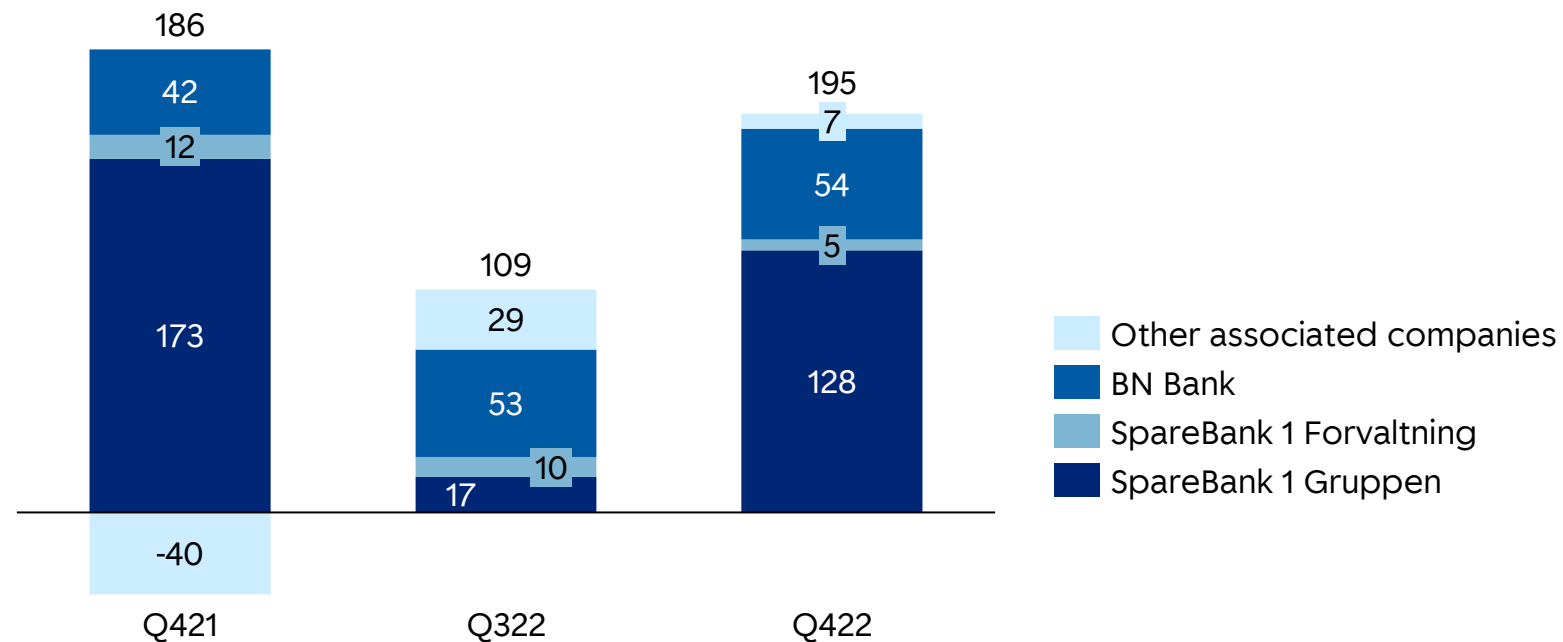
SpareBank 1 Markets is among the leading capital market firms in Norway

- Merger with the capital market arms of SB1 SR-Bank and SB1 Nord-Norge planned in March 2023, given approval from the FSA and the Norwegian Competition Authority
- SpareBank 1 Markets will become a more diversified and robust company with greater proximity to its client base

Broad product range and diversified income platform from ownership interests

Ownership interests

Profits after tax (NOKm)



Strong brands



SpareBank 1 Gruppen

Alliance collaboration on products under a joint brand, including Fremtind and SpareBank 1 Forsikring

SpareBank 1 Forvaltning

ODIN Forvaltning
SpareBank 1 Kapitalforvaltning

SpareBank 1 Kredit

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



Profits

Profitable and robust income platform

Good results, above financial targets in Q4 and 2022 alike

Strong NII development and continued low loan losses

Increased profits from SpareBank 1 Gruppen in Q4

NOK mill	2022	2021	Change	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21
Net interest income	3,339	2,805	533	961	814	803	759	725
Commission income and other income	2,042	2,141	-99	473	491	555	522	521
Operating income	5,380	4,946	434	1,435	1,305	1,359	1,281	1,246
Total operating expenses	2,443	2,360	83	646	583	585	629	609
Pre-loss result of core business	2,937	2,586	350	789	722	774	652	637
Losses on loans and guarantees	-7	161	-168	19	22	-48	0	32
Post-loss result of core business	2,944	2,426	518	770	700	822	652	605
Related companies	442	705	-264	195	108	77	62	186
Securities, foreign currency and derivatives	-61	134	-196	-33	-22	-120	113	-18
Result before tax	3,324	3,266	58	932	785	779	827	773
Tax	718	563	155	210	179	164	166	103
Result investment held for sale	179	200	-21	46	10	87	37	33
Net profit	2,785	2,902	-117	768	617	702	698	703
Return on equity	12.3 %	13.5 %	-1.2 %	13.1 %	10.9 %	12.9 %	12.5 %	12.7 %

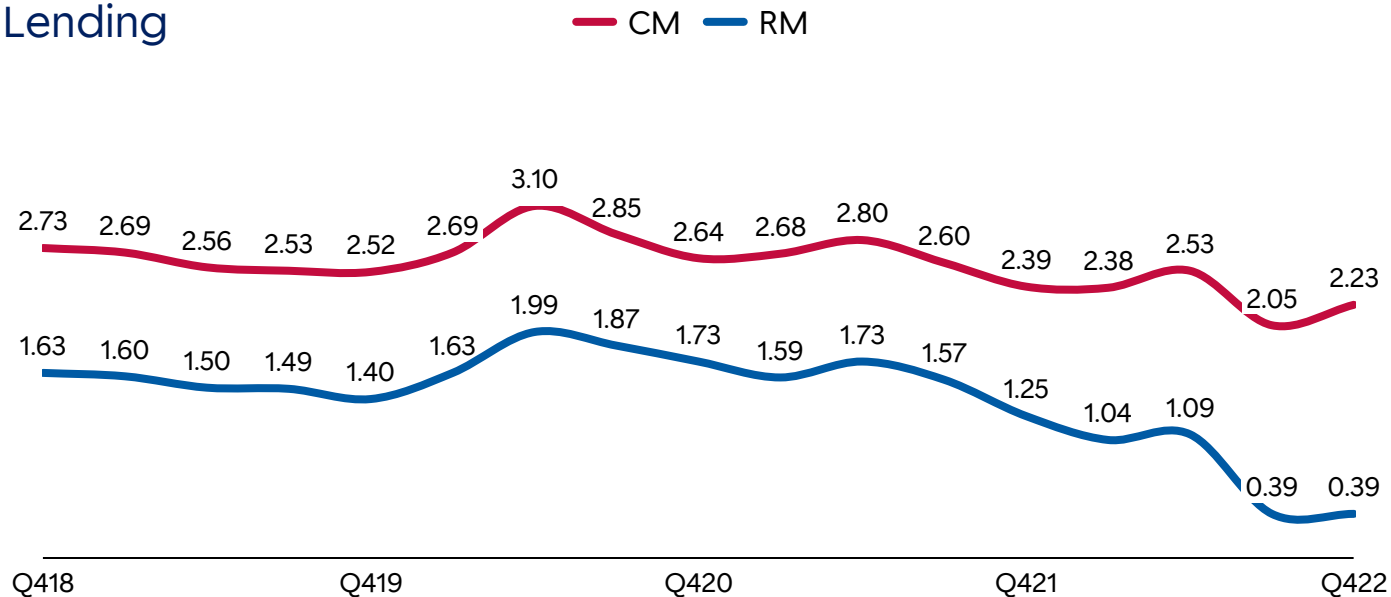
Margins versus 3M NIBOR

Policy rate raised to 2.75% in December 2022. Norges Bank indicates a policy rate of 3.0% in March 2023

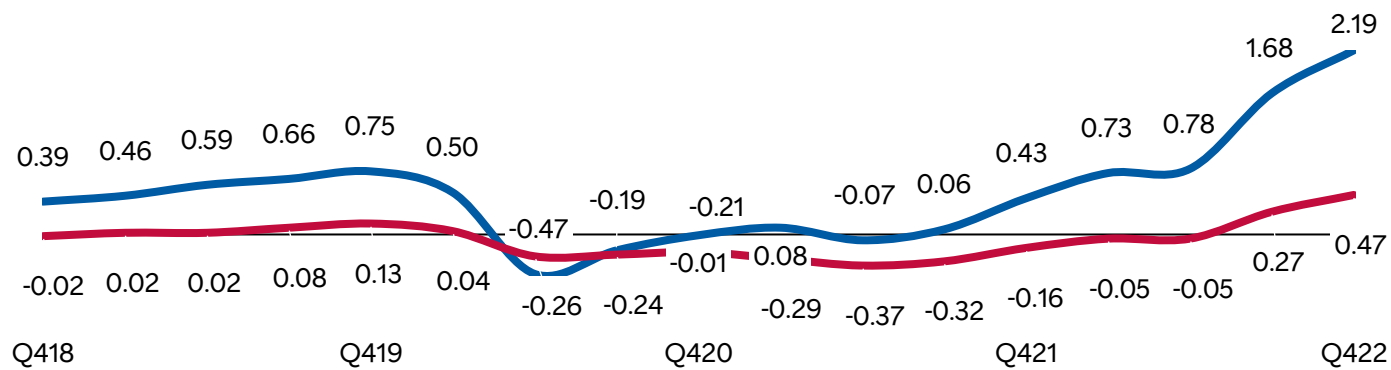
Mortgages have been repriced with every policy rate hike. Further increase from February 1st.

Deposit rates for corporate and retail customers alike have also been adjusted with the increasing policy rate

Lending



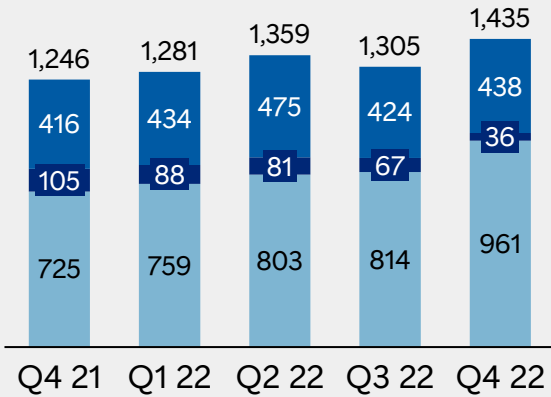
Deposits



Revenue

Net interest income and other income

- Commission income
- Boligkreditt and Næringskreditt
- Net interest income



Commission income

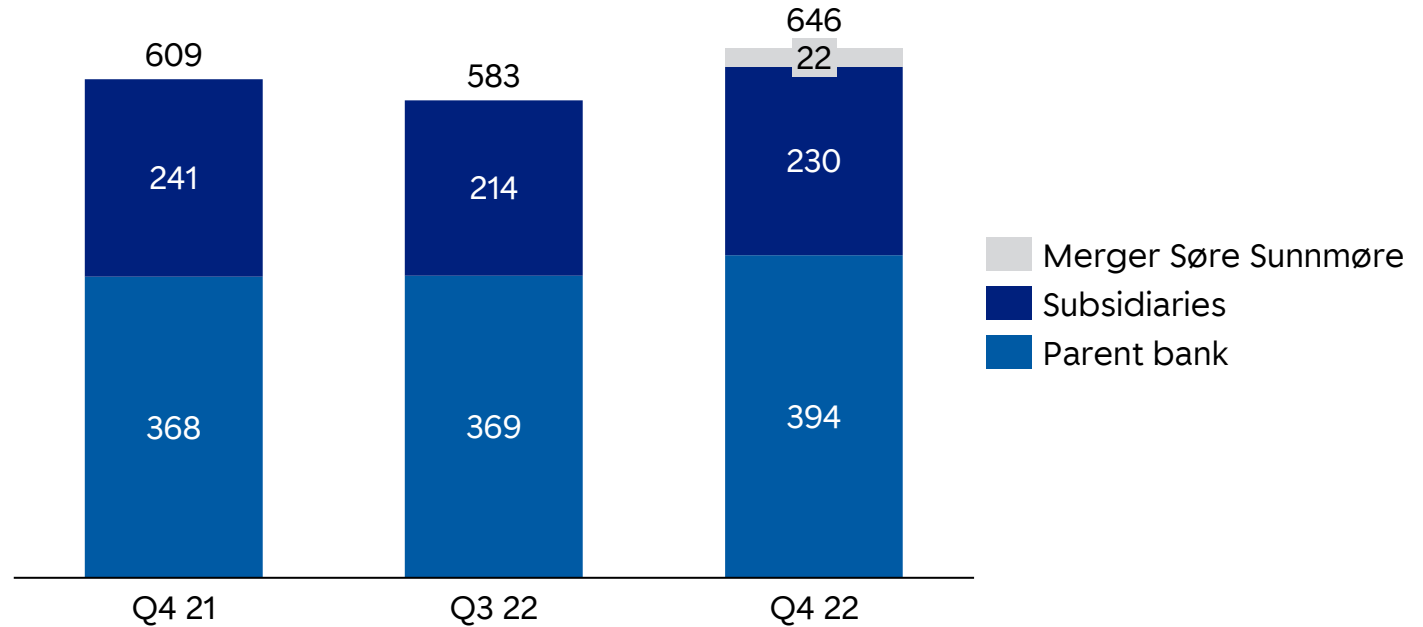
<i>NOK mill</i>	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21
Payment transmission income	91	91	79	69	78
Credit cards	15	15	15	15	15
Commissions savings and asset mgmt	11	9	10	9	13
Commissions insurance	60	60	59	57	55
Guarantee commissions	25	16	10	19	23
Estate agency	94	105	125	94	100
Accountancy services	127	115	167	156	114
Other commissions	14	12	9	14	17
Commissions ex. Bolig/Næringskreditt	438	424	475	434	416
Commissions Boligkreditt (cov. bonds)	32	63	77	84	102
Commissions Næringskreditt (cov. bonds)	4	4	4	4	3
Total commission income	473	491	555	522	521

Costs

Increased costs in Q4

- Costs related to the planned merger with SB 1 Søre Sunnmøre
- In addition costs related to IT development, consultants and general expenses

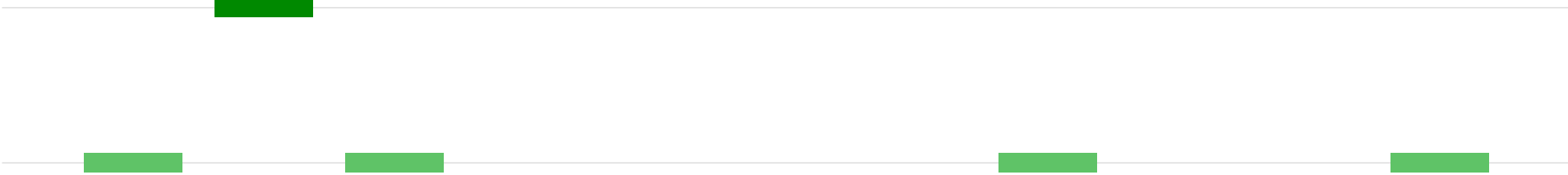
Total quarterly costs (NOKm)



Industry indicator 2022

The positive outlook after the pandemic turned this fall

Improvement



Neutral



Worsening



Source: SMNs industry indicator 2022 – view of the year to come

Loan portfolio

High share of lending to wage earners

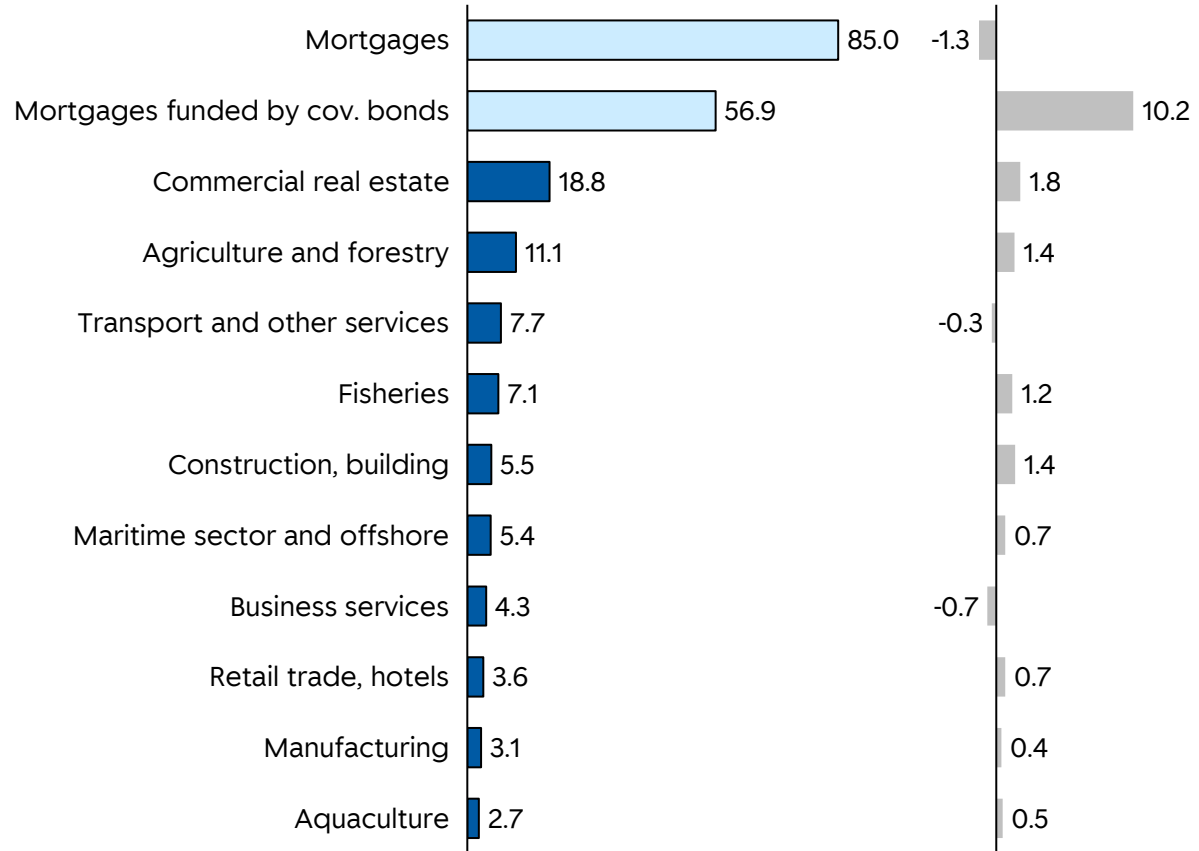
Low unemployment and a sound mortgage portfolio with low default rates

Net NOK 10bn of the best secured mortgages sold to SpareBank 1 Boligkreditt in 2022

Diversified corporate portfolio across sectors and geographies

Improvement within offshore, but somewhat higher uncertainty in some of the other sectors

Lending per 31.12.22 and change YoY (NOKbn)



Low losses

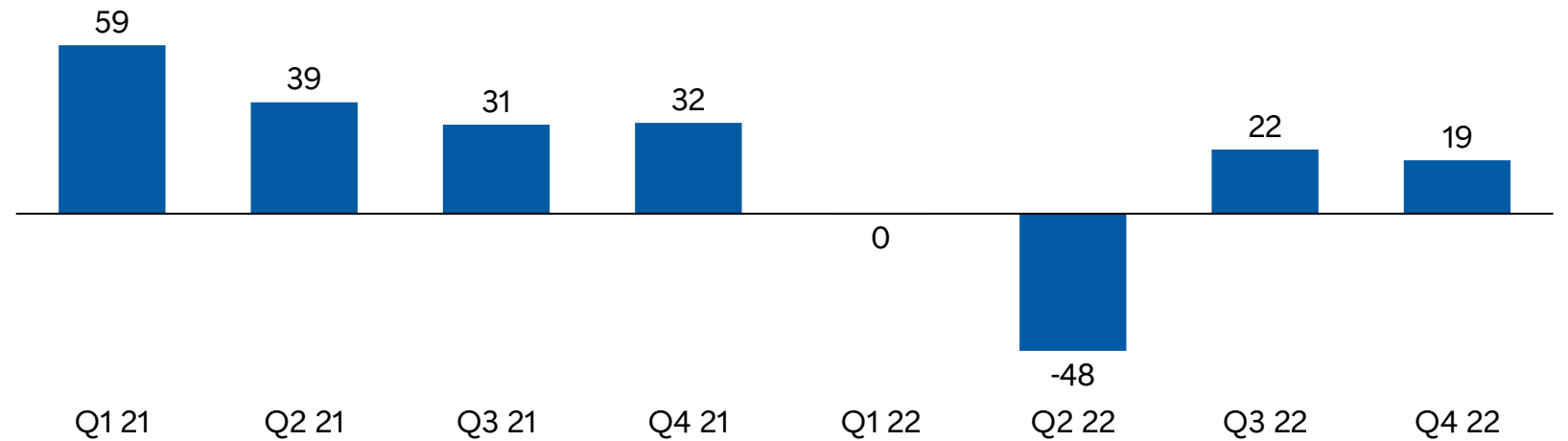
No increase in bankruptcy rates in Mid-Norway through 2022

Continued improvement in the offshore portfolio improved in Q4

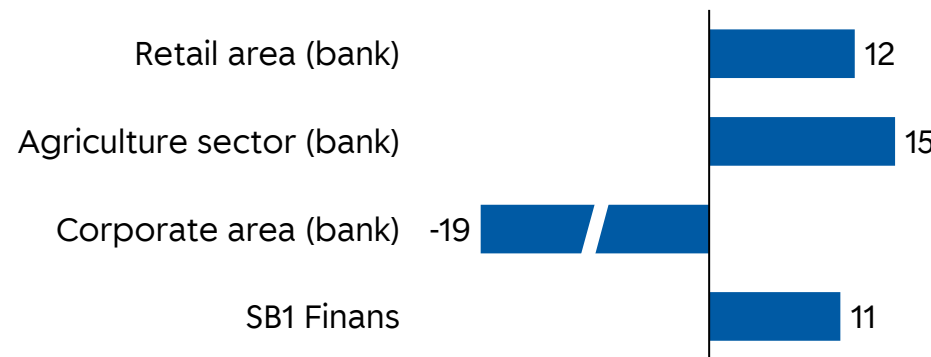
The credit quality in the corporate portfolio is acceptable. Following insecurity due to inflation and higher interest rates the IFRS 9 impairments have increased

93 per cent (195.4 NOKbn) of the loan portfolio is in stage 1

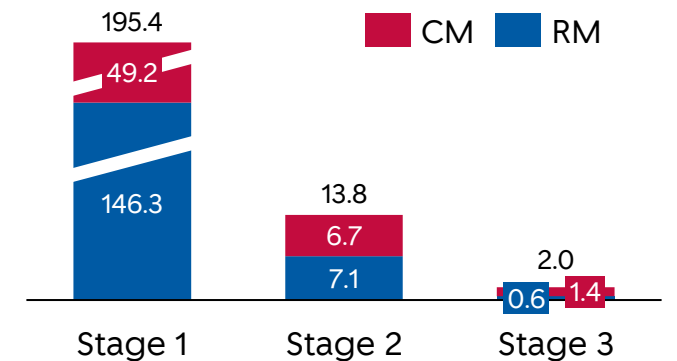
Loan losses (NOKm)



Distribution of losses Q4 22 (NOKm)



Distribution of loans Q4 22 (NOKbn)



Solidity

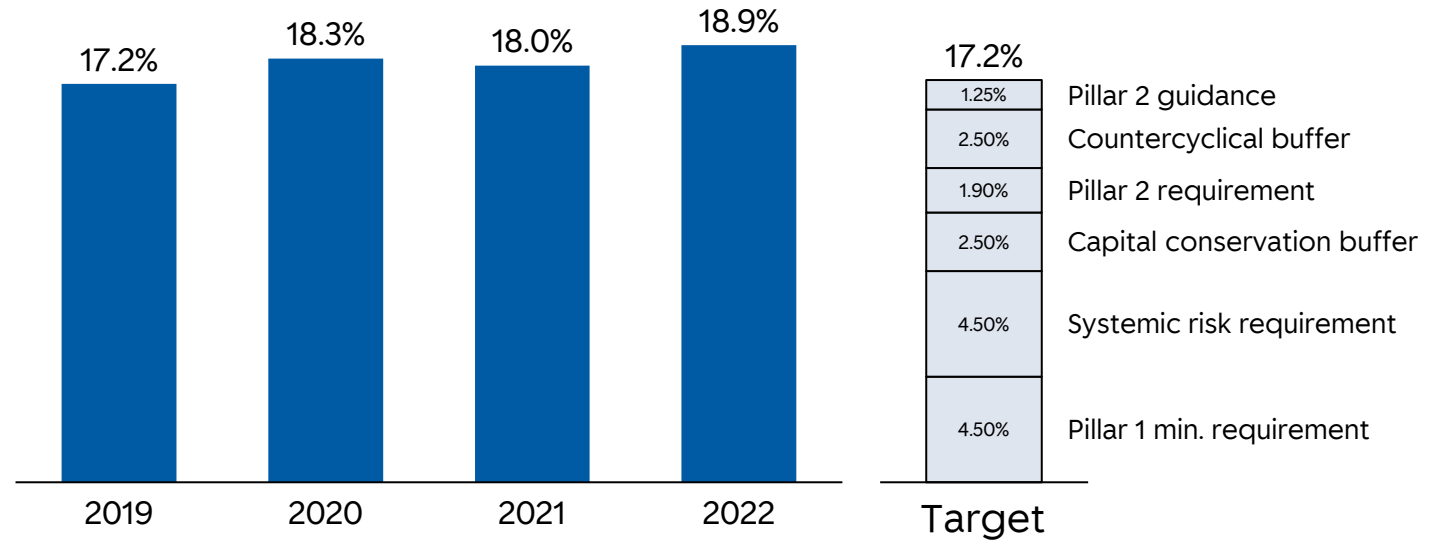
CET1 ratio of 18.9% (18.0) as at 31. December 2022

FSA announced on 30. April 2022 that SpareBank 1 SMN is to have a temporary 0.7 per cent in additional Pillar 2-requirement and Pillar 2 guidance of 1.25 per cent in addition to CET1-requirements.

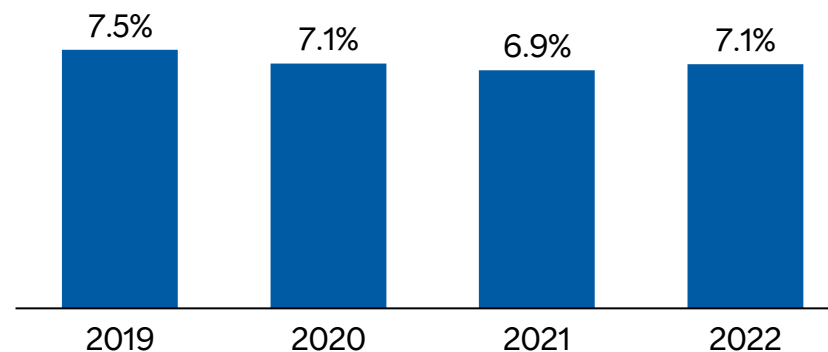
The groups long term CET1 target is 17.2 per cent

CET1 ratio decreased in Q4 following reversed basis swap effects from SB 1 Boligkreditt. A strong quarterly result mitigates some of the negative CET1-effects.

CET1



Leverage ratio



The Group's climate footprint – starting point for transitioning

Climate footprint



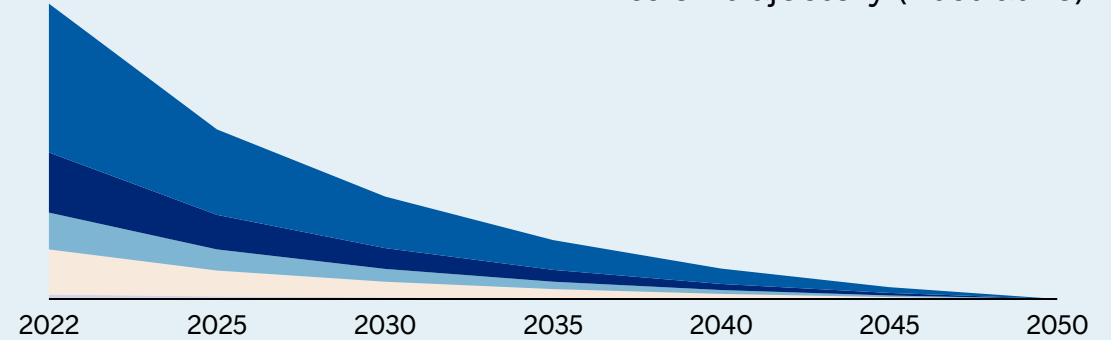
- The loan portfolio represents an emission of 1.1 mill tCO2e in 2022, about 98% of the Group's total climate gas emissions
- Concentrated emission profile where agriculture and shipping related segments are dominant
- Emissions are estimated based on the PCAF industry standard, but there is uncertainty with regards to data quality
- The reporting serves as a guideline for the Group's work in achieving net zero emissions by 2050

Transition plans will help SMN reach net zero by 2050

Plans are to be established per sector



Emission trajectory (illustrative)



- Transition plans include emission trajectories and measures to realise the ambition of net zero emissions by 2050
- The plans will contribute to a predictable and organised transition while at the same time reducing our clients' vulnerability from climate change
- Transition plans for agriculture, households, fisheries and commercial real estate are in place. Other industries to be finalised during 2023

Focus areas in 2023

Materiality assessment updated in Q422



Responsible lending and investments



Advisory and customer offerings



Regional transition in Mid-Norway



Transition in finance centres

Updated financial targets

Profitable



13 %
Return on equity

Solid



17.2 %
CET1-ratio
~50 %
Payout ratio

Efficient



< 40 %
Cost/income bank
< 85 %
Cost/income subsidiaries

Responsible



Net zero
Climate footprint within 2050



SpareBank 1 SMN (MING) - an attractive investment

1

High return over time

Sustainable growth, efficient banking operations with synergies within the Group. Solidly capitalised and 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 in regards to consolidation among Norwegian savings banks

SpareBank 1 SMN

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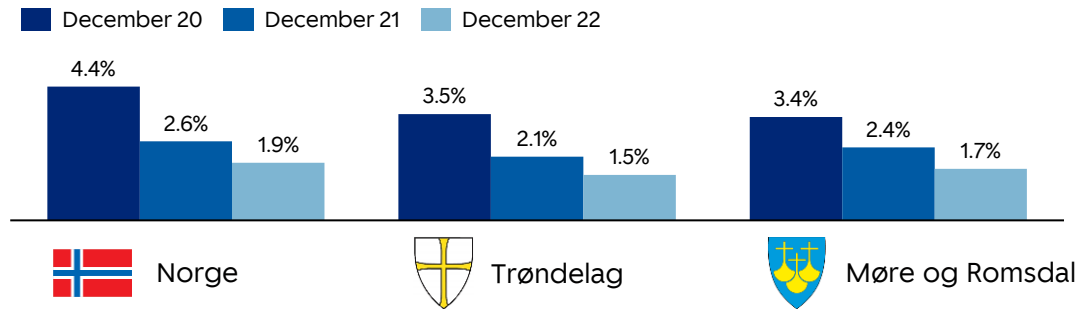
Appendix



The Mid-Norwegian economy is robust

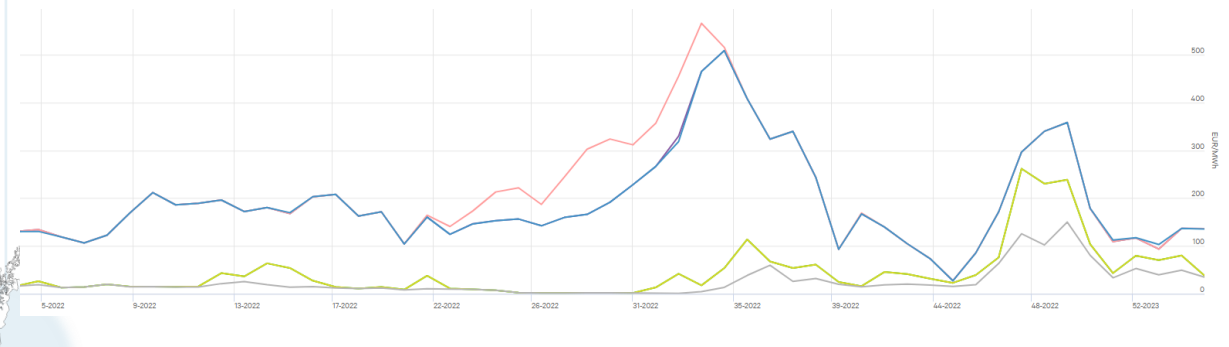
Unemployment

Wholly unemployed as a percentage of the labour force



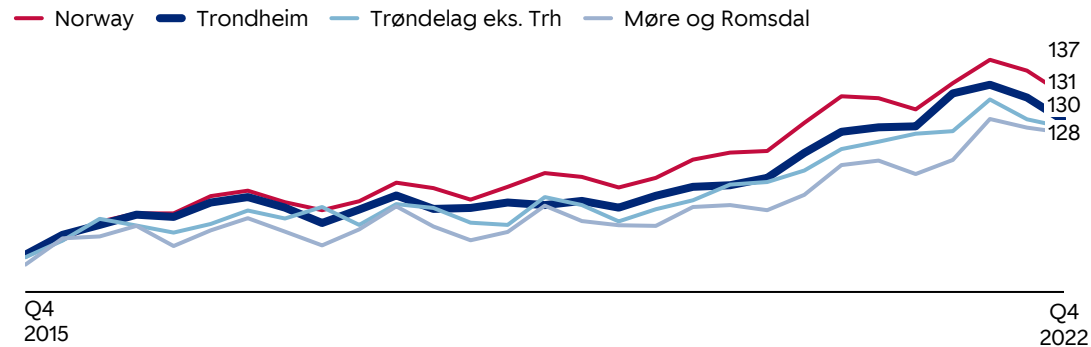
Regional electricity prices

Kristiansand Oslo og Bergen Trondheim og Molde Tromsø



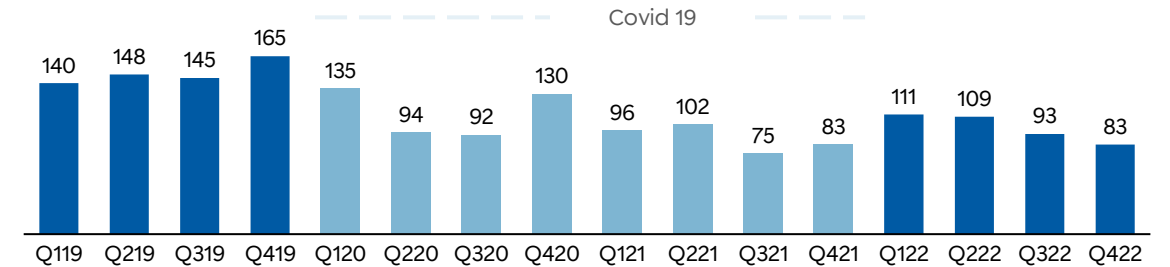
Housing prices

Strong price growth in Trondheim since 2015, although below Norway as a whole



Bankruptcies

Number of bankruptcies in Trøndelag and Møre og Romsdal



Sources: NAV, SSB, NordPool and Brønnøysundregisteret

Commission income

<i>NOK mill</i>	2022	2021	Change	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21
Payment transmission income	329	283	46	91	91	79	69	78
Credit cards	62	41	21	15	15	15	15	15
Commissions savings and asset mgmt	40	59	-18	11	9	10	9	13
Commissions insurance	236	214	22	60	60	59	57	55
Guarantee commissions	70	67	3	25	16	10	19	23
Estate agency	418	441	-23	94	105	125	94	100
Accountancy services	564	529	34	127	115	167	156	114
Other commissions	51	43	8	14	12	9	14	17
Commissions ex. Bolig/Næringskreditt	1,770	1,677	93	438	424	475	434	416
Commissions Boligkreditt (cov. bonds)	256	450	-194	32	63	77	84	102
Commissions Næringskreditt (cov. bonds)	16	14	2	4	4	4	4	3
Total commission income	2,042	2,141	-99	473	491	555	522	521

Product companies

Profit share after tax

Associated companies (after tax)

NOK mill, SMN's share in parentheses	2022	2021	Change	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21
SpareBank 1 Gruppen (19.5%)	175	471	-296	128	17	16	13	173
SpareBank 1 Boligkreditt (22.6%)	1	16	-16	-1	10	-4	-5	-2
SpareBank 1 Næringskreditt (16.3%)	3	7	-4	2	0	2	0	0
BN Bank (35.0%)	203	164	39	54	53	47	49	42
SpareBank 1 Kreditt (18.7%)	9	13	-4	0	3	3	3	2
SpareBank 1 Betaling (20.8%)	13	-15	28	22	-3	0	-5	-9
SpareBank 1 Forvaltning (19.6%)	33	32	1	5	10	11	8	12
Other companies	6	17	-11	-15	19	2	-1	-32
Sum associated companies	443	705	-263	195	109	77	62	186

Subsidiaries

Profit before tax

NOK mill, SMN's share in parentheses	2022	2021	Change	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21
EiendomsMegler 1 Midt-Norge (87%)	58	70	-12	-6	12	38	14	1
SpareBank 1 Regnskapshuset SMN (89%)	96	82	14	20	22	30	23	3
SpareBank 1 Finans Midt-Norge (56.5%)	192	151	41	51	44	50	47	45
SpareBank 1 SMN Invest (100%)	52	190	-139	-21	-30	-29	132	-4
Other companies	8	4	4	3	3	1	1	0
Subsidiaries	406	497	-91	47	50	91	218	46

Return on financial investments

<i>NOK mill</i>	2022	2021 Change		Q4 22	Q3 22	Q2 22	Q1 22	Q4 21
Net gain/(loss) on stocks	13	169	-156	-23	-67	-35	137	15
Net gain/(loss) on financial instruments	-198	-146	-51	-55	6	-125	-33	-59
Net gain/(loss) on forex	91	72	19	25	30	29	8	25
Net return on financial instruments	-94	94	-188	-52	-30	-131	111	-19

Equity certificate, key figures

Key figures	2022	2021	2020	2019	2018
ECC ratio	64.0 %	64.0 %	64.0 %	64.0 %	64.0 %
Total issued ECCs (mill)	129.29	129.39	129.39	129.30	129.62
ECC price	127.40	149.00	97.60	100.20	84.20
Market value (NOKm)	16,471	19,279	12,629	12,956	10,914
Booked equity capital per ECC	109.86	103.48	94.71	90.75	83.87
Post-tax earnings per ECC, in NOK	12.82	13.31	8.87	12.14	9.97
Dividend per ECC	6.50	7.50	4.40	6.50	5.10
P/E	9.94	11.19	11.01	8.26	8.44
Price / Booked equity capital	1.16	1.44	1.03	1.10	1.00

Balance sheet

NOK bn	2022	2021	2020
Cash and receivables from central banks	1.2	1.3	2.8
Deposits with and loans to credit institutions	11.7	4.7	5.1
Net loans to and receivables from customers	151.5	145.9	133.1
Fixed-income CDs and bonds	38.1	30.8	26.6
Shares, units and other equity interests	0.8	2.7	2.4
Investment in related companies	8.1	7.4	7.3
Intangible assets	0.7	0.9	0.9
Other assets	11.3	5.3	9.7
Total assets	223.3	198.8	187.9
Capital market funding	62.1	55.4	57.0
Deposits from and debt to customers	122.0	111.3	97.5
Other liabilities	11.0	7.1	10.3
Investment held for sale	1.1	-	-
Subordinated loan capital	2.1	1.8	1.8
Total equity ex Tier 1 Capital	23.2	21.9	20.0
Addition Tier 1 Capital	1.8	1.3	1.3
Total liabilities and equity	223.3	198.8	187.9

Lending and deposits per quarter

Lending

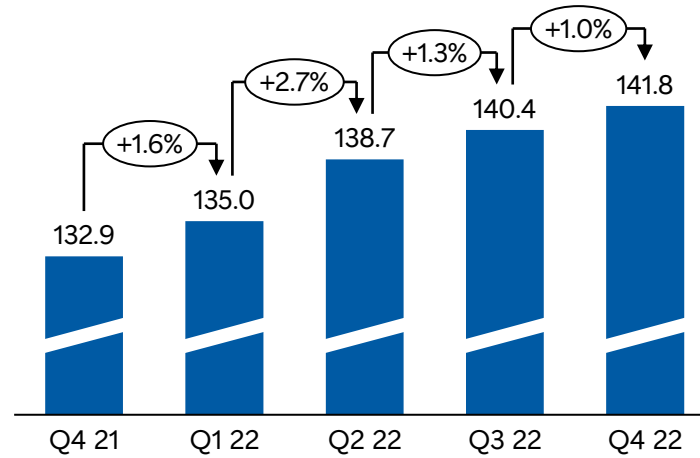
Lower growth rate throughout the year, as expected

Deposits

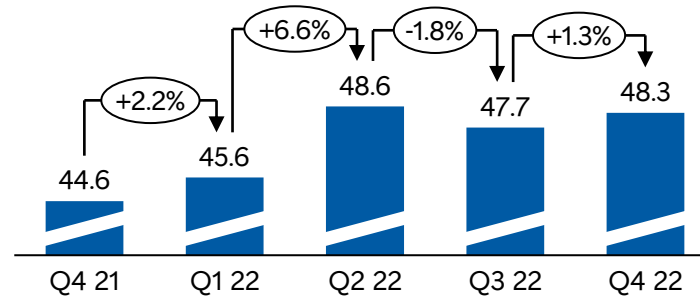
Variable but satisfactory development in 2022

Retail banking

Lending

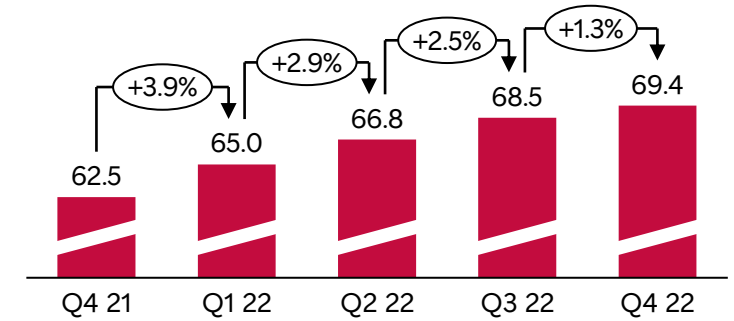


Deposits

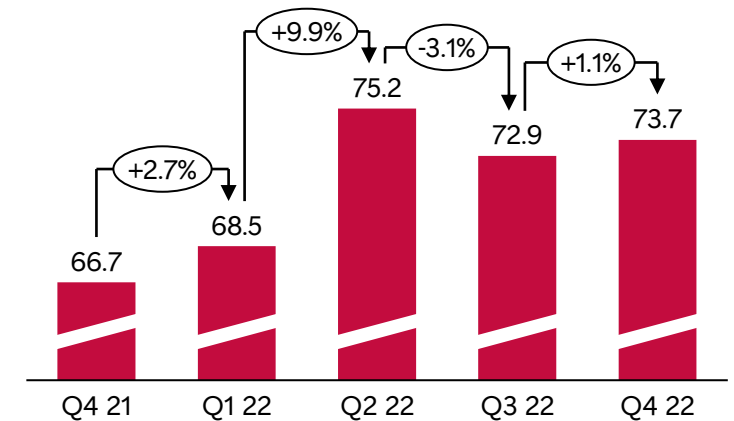


Corporate banking

Lending



Deposits



Problem loans

- Decrease in Q2 2022 following lower exposure related to offshore
- Problem loans are based on conservative assessments

Loans to customers in stage 3

