

Report of the Board of Directors

Second quarter 2022

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

- Pre-tax profit: NOK 880m (942m)
- Post-tax profit: NOK 702m (755m)
- Return on equity: 12.9% (14.3%)
- CET1 ratio: 18.8% (18.3%)
- Growth in lending: 2.8% (2.0%) and in deposits: 8.6% (7.6%)
- Lending to personal customers rose 2.7% in the quarter (2.2%), 1.1 percentage point higher growth than in the first quarter. Lending to corporate clients rose 2.9% (1.5%) which was 1.1 percentage point lower than in the first quarter.
- Deposits from personal customers rose 6.6% (6.9%), 4.4 percentage points higher than in the first quarter. Deposits from corporate clients rose 9.9% (8.0%), 7.3 percentage points higher than in the first quarter
- Net result of ownership interests: NOK 77m (212m)
- Net result of financial instruments (incl. dividends): minus NOK 32m (59m)
- Losses on loans and guarantees with a net recovery of NOK 48m (loss of 39m)
- Earnings per equity certificate (EC): NOK 3.20 (3.51)
- Book value per EC: NOK 102.91 (100.18)

First half 2022

- Pre-tax profit: NOK 1,748m (1,836m)
- Post-tax profit: NOK 1,400m (1,523m)
- Return on equity: 12.6% (14.5%)
- Growth in lending: 8.7% (7.9%) and in deposits: 12.4% (16.8%) in the last 12 months. In the first half-year growth in lending was 5.2 per cent (3.4 per cent) and in deposits 11.3 per cent (12.9 per cent)
- Growth in lending to personal customers was 8.1 per cent (7.0 per cent) in the last 12 months. In the first half-year growth was 4.3 per cent (3.1 per cent). Growth in lending to corporate clients was 10.1 per cent (9.9 per cent) in the last 12 months, in the first half-year 7.0 per cent (4.1 per cent)
- Lending to retail clients accounts for 68 per cent (68 per cent) of total lending
- Deposits from personal customers rose 10.0% (7.8%) in the last 12 months. In the first half 9.0 per cent (8.8 per cent). Deposits from corporate clients rose 14.1% (23.7%) in the last 12 months. In the first half-year 12.8 per cent (15.9 per cent)
- Net result of ownership interests: NOK 139m (340m)
- Net result of financial instruments (incl. dividends): NOK 141m (220m)
- Losses on loans and guarantees with a net recovery of NOK 48m (loss of 98m), -0.10 per cent (0.11 per cent) of gross lending
- Earnings per equity certificate (EC): NOK 6.39 (6.90)

Events in the quarter

High activity, little idle capacity in the Norwegian economy and increasing price and wage growth

Norges Bank raised its base rate to 1.25 per cent in March. Like other banks, SpareBank 1 SMN has given notice of interest rates increases on mortgages and deposits. Central banks in several countries have also raised their base rates and signalled a quicker rise in base rates ahead. Uncertainty with regard to growth and inflation prospects internationally has contributed to substantial fluctuations in financial markets, and credit spreads in the bond market have widened.

Unemployment has fallen more than expected, and price growth has risen more quickly than estimated. Quickening wage growth and higher growth in prices of imported goods suggest persistent high price inflation. This is also the situation internationally, and high energy prices combined with high demand and supply side constraints have prompted considerable price growth. The war in Ukraine contributes to the continuing high level of energy and food prices.

Activity levels in the Norwegian economy are high, but there are prospects of growth subsiding somewhat ahead. Higher price growth and increased interest rates will likely dampen the growth in household consumption. Activity in the housing market has been high in 2022, and house prices have risen more than expected in recent months. Growth in credit to households has been slightly lower than expected.

SpareBank 1 SMN has achieved good results in all business areas in both the first and second quarter of 2022. The group has strengthened its market position both within the personal and corporate market. There has been a good influx of new customers, particularly within the SME segment

For SpareBank 1 SMN's part the corporate portfolio is little affected by repercussions of the pandemic or of the war in Ukraine. Improved earnings and better prospects are noted in the oil and offshore industry. Credit quality elsewhere in the bank's corporate portfolio is good, and low losses were again recorded in the second quarter. Nonetheless many uncertain factors are in evidence in both the international and Norwegian economies in 2022. Framework conditions can change rapidly, and hence also the economic outlook.

Norges Bank has revised the interest rate path upward since the last base rate hike in March, and signals a continued increase in the base rate ahead, starting in August. The forecast following the interest rate decision in June 2022 indicates a base rate of 3.00 per cent for summer 2023. The main argument for this is to slow price and wage growth and the substantial capacity challenges facing the economy.

SpareBank 1 SMN has entered into an agreement of intent with SpareBank 1 Søre Sunnmøre regarding a merger

SpareBank 1 SMN and SpareBank 1 Søre Sunnmøre have drawn up an agreement of intent to merge the two banks. The goal is to build and even stronger regional bank with clear-cut growth ambitions in Sunnmøre and in Fjordane. The agreement of intent to merge SpareBank 1 SMN and SpareBank 1 Søre Sunnmøre was adopted unanimously by the boards of both banks on 20 June 2022. The banks have agreed to start negotiations with a view to formalising a merger agreement. A final decision on the merger is planned for November 2022.

SpareBank 1 Søre Sunnmøre is a solid local bank with good relations, skilled advisers who know the region's dynamics, and a bank that enjoys high trust and confidence from its customers. As per Q1 2022 the bank had loans totalling NOK 13.6bn, deposits worth NOK 8.9bn, a CET1 ratio of 18.4 per cent and a workforce of 65 FTEs. Of its outstanding loans, NOK 11.5bn are to personal customers and NOK 2.1bn to corporate customers. Of its deposits, NOK 5.2bn are from personal customers and NOK 3.7bn from corporates.

SpareBank 1 Markets strengthens its position in the capital market and acquires greater regional ownership

SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge are to transfer their capital markets business to SpareBank 1 Markets, and are also buying into the company through a cash payment. After completion of the transaction SpareBank 1 SR-Bank will own 33.4 per cent, SpareBank 1 SMN 39.4 per cent and SpareBank 1 Nord-Norge 18.1 per cent, as the company's three largest owners.

Now that the SpareBank 1 banks are joining forces in the capital market area, they are creating larger and more robust capital market units in Oslo, Tromsø, Trondheim and Stavanger.

SpareBank 1 Markets will thereby strengthen its local-level competence to be close to its customers. A larger, consolidated organisation will enable competence sharing and employee development, along with a shared services value proposition to customers and business development in the market.

The transaction is dependent on approval from the Financial Supervisory Authority and the Competition Authority, and also requires an application for tax relief for the transaction to be granted by the Ministry of Finance. In addition, all shareholders in SpareBank 1 Markets must accept a new shareholder agreement.

Assuming the required approvals are given, the transaction will go ahead on 1 January 2023.

Second quarter of 2022

The second quarter net profit was NOK 702m (755m) and return on equity was 12.9 per cent (14.3 per cent). The second quarter profit is NOK 4m better than in the first quarter 2022. The profit decline compared with last year's second quarter is largely down to lower return on financial assets and a weaker performance by SpareBank 1 Gruppen.

Earnings per equity certificate (EC) were NOK 3.20 (3.51) and the EC's book value was NOK 102.91 (100.18). In the first quarter 2022 earnings per EC were also NOK 3.20.

Net interest income totalled NOK 801m (698m), which is NOK 44m higher than in the first quarter and NOK 104m better than in the second quarter 2021. NIBOR was 15 points higher in the second quarter 2022 than in the first quarter 2022 and 106 points higher than in the second quarter 2021. Mortgage rate increases resulted in higher margins on lending from the first to second quarter of this year. Increased market interest rates bring higher return on equity. Growth in lending and deposit volumes has strengthened net interest income.

Net commission and other income rose from the preceding quarter by NOK 107m to NOK 745m (748m). The growth from the previous quarter is largely due to increased incomes from securities services at

SpareBank 1 Markets. This aside, the largest increase in incomes was from estate agency services. Compared with the same quarter of 2021 a NOK 33m increase is noted in incomes from securities services and accounting services and a NOK 36m reduction in commissions from SpareBank 1 Boligkreditt.

The group's share of the result of ownership interests and related companies was NOK 77m (212m). The first quarter's profit share was NOK 62m. Weaker results posted by the insurance companies in SpareBank 1 Gruppen explain the majority of the decline compared with last year's second quarter.

Return on financial instruments (incl. dividends) was negative at NOK 32m (plus 59m), and in the first quarter 2022 NOK 174m. Gains of NOK 102m were recorded on shares in the first quarter 2022.

Operating expenses came to NOK 758m (735m). In the first quarter 2022 operating expenses were NOK 762m. The decline from the first quarter is attributable to reduced expenses at the bank at the same time as higher expenses were seen at SpareBank 1 Markets due to increased variable remuneration with a strong performance in the second quarter.

A net recovery of NOK 48m (NOK 39m) was recorded on losses on loans and guarantees in the second quarter, and in the first quarter NOK 0m. Increased earnings and improved prospects in the oil and offshore industry brought reversals of earlier loss write-downs.

Good growth is noted in lending and deposits. Overall lending rose 8.7 per cent (7.9 per cent) and deposits rose 12.4 per cent (16.8 per cent) in the last 12 months. In the second quarter lending growth was 2.8 (2.0) per cent and deposit growth 8.6 per cent (7.6 per cent). Growth in lending to personal customers rose from the first to second quarter, and good growth was again seen in deposits from corporate clients in the second quarter.

As at 30 June 2022 the CET1 ratio was 18.8 per cent (18.3 per cent). SpareBank 1 SMN has received a new Pillar 2 requirement, effective from 30 April 2022. The rate of 1.9 per cent is unchanged, but the bank is subject to a provisional addition of 0.7 per cent to its Pillar 2 requirement up until its application for adjustment of its IRB models has been considered. Finanstilsynet has also decided that SpareBank 1 SMN will be subject to a Pillar 2 guidance of 1.25 per cent over and above its overall capital requirement. The bank's long-term CET1 target ratio is accordingly raised to 17.2 per cent.

The price of the bank's equity certificate (MING) at quarter-end was NOK 115.80 (119.20). A dividend of NOK 7.50 has been paid for the year 2021 (4.40).

Increased net interest income

In June 2020 Norges Bank raised its base rate a further 50 points to 1.25 per cent. Market rates in terms of NIBOR continued to rise and stood at 1.46 per cent at the end of June. The bank raised its mortgage and deposit rates following the previous change in the base rate with effect from 13 May 2022 and has announced a further increase of up to 50 points effective from 10 August 2022.

Net interest income totalled NOK 801m (698m) compared with NOK 758m in the first quarter. Lending margins rose in the second quarter following the rate hike in May, while deposit margins maintained approximately the same level.

Growth in lending and deposits in the quarter, along with increased return on equity, strengthened net interest income. This is also the chief reason for the increase compared with the same quarter of 2021.

Norges Bank has signalled further increases in the base rate, and the central bank's own forecast suggests a base rate of 3.0 per cent in the run-up to summer 2023. The interest rate path is revised upward mainly as a result of high price pressures and little idle capacity in the Norwegian economy. This could exert continued pressure on banks' residential mortgage margins while margins on deposits and return on equity will rise.

Commission income and other operating income

SpareBank 1 SMN is a finance centre with a broad product range, a good customer offering and a high proportion of multi-product customers, all contributing to a diversified income flow and high customer satisfaction rates.

Commission income and other operating income totalled NOK 745m (748m) compared with NOK 637m in the first quarter of 2022.

Commission income (NOKm)	2Q 22	1Q 22	2Q 21
Payment transfers	72	60	56
Creditcard	15	16	13
Saving products	10	9	14
Insurance	59	57	53
Guarantee commission	8	18	14
Real estate agency	125	94	131
Accountancy services	167	156	154
Markets	198	124	182
Other commissions	9	14	14
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	664	549	631
Commissions SB1 Boligkreditt	77	84	113
Commissions SB1 Næringskreditt	4	4	4
Total commissions	745	637	748

Commission income on loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt altogether totalled NOK 81m (117m). In the first quarter of 2022 commissions came to NOK 88m. The decline from last year is down to reduced margins on loans sold to SpareBank 1 Boligkreditt.

An increase of NOK 115m in other commission income compared with the first quarter is mainly a result of income growth of NOK 74m on securities services at SpareBank 1 Markets and a seasonally based increase of NOK 31m in income from estate agency services. Income from accounting services has risen as a result of net organic customer growth and the full effect of company acquisitions, and from payment services as a result of increased travel activity.

Return on financial investments

Return on financial investments in the second quarter came to minus NOK 36m (plus 42m), and in the first quarter to NOK 172m. A decline of NOK 35m in share values was noted (gain of NOK 23m), referring largely to shareholdings at SpareBank 1 SMN Invest. A large gain was posted on shares at SpareBank 1 SMN Invest in the first quarter. Financial instruments, including bonds and CDs, showed a capital loss of NOK 82m (loss of NOK 4m) ascribable to increased credit margins on the bank's liquidity holdings. Income of NOK 29m (15m) from forex transactions refers to income from currency trading at SpareBank 1 Markets. Gains on shares and share derivatives at SpareBank 1 Markets altogether totalled NOK 52m (8m).

Return on financial investments (NOKm)	2Q 22	1Q 22	2Q 21
Capital gains/losses shares	-35	137	23
Gain/(loss) on financial instruments	-82	-10	-4
Foreign exchange gain/(loss)	29	7	15
Gain/(loss) on shares and share derivatives at SpareBank 1 Markets	52	37	8
Net return on financial instruments	-36	172	42

Product companies and other related companies

The product companies provide SpareBank 1 SMN with a broader product range and commission income along with return on invested capital. The overall profit share from the product companies and other related companies was NOK 77m (212m). In the first quarter 2022 the figure was NOK 62m.

Income from investment in associated companies (NOKm)	2Q 22	1Q 22	2Q 21
SpareBank 1 Gruppen (19,5%)	16	13	148
SpareBank 1 Boligkreditt (20,9%)	-4	-5	3
SpareBank 1 Næringskreditt (14,9%)	2	0	4
BN Bank (35,0 %)	47	49	42
SpareBank 1 Kreditt (18,7 %)	3	3	1
SpareBank 1 Betaling (21,5%)	0	-5	-5
SpareBank 1 Forvaltning (19,6%)	11	8	8
Other companies	2	-1	11
Income from investment in associated companies	77	62	212

SpareBank 1 Gruppen

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

SpareBank 1 Gruppen's profit after tax for the second quarter 2022 was NOK 142m (1,042m), and in the first quarter 2022 NOK 95m. NOK 83m of the post-tax profit of NOK 142m accrues to the owner banks of SpareBank 1 Gruppen.

The group's share of SpareBank 1 Gruppen's profit was NOK 16m (148m), and in the first quarter 2022 NOK 13m.

Fremtind Forsikring posted a second quarter profit of NOK 171m (811m) after tax. The quarter's underwriting result of NOK 462m (850m) was largely down to a higher claims ratio of 59.0 per cent (49.7 per cent). The increase in the claims ratio is largely due to higher travel activity and increased claims payments on retail market car insurance. Financial incomes were minus NOK 232m (plus 192m) in the second quarter due to weak equity markets and higher interest rates.

SpareBank 1 Forsikring reported a first quarter 2022 deficit of NOK 18m (surplus of NOK 199m) after tax. The result is heavily impacted by a weak interest performance due to negative return on the share portfolio and higher interest rates, while the operating profit also shows a decline.

SpareBank 1 Factoring recorded a second-quarter profit of NOK 25m (20m), and **SpareBank 1 Spleis** a profit of minus NOK 3m (minus 2m).

Modhi Finance posted a profit of NOK 9m (34m). The profit decline is due to write-down of portfolio values along with one-time costs related to merger with the debt collection company Kredinor.

SpareBank 1 Boligkreditt

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

As at 30 June 2022 the bank had sold loans totalling NOK 55.2bn (45.7bn) to SpareBank 1 Boligkreditt, corresponding to 39.8 per cent (35.6 per cent) of the bank's overall lending to retail customers.

The bank holds a 20.9 per cent stake in the company and its share of the company's profit was minus NOK 4m (plus 3m). The negative profit is attributable to increased credit margins on the company's liquidity portfolio.

SpareBank 1 Næringskreditt

SpareBank 1 Næringskreditt was established along the same lines and with the same administration as SpareBank 1 Boligkreditt. As at 30 June 2022, loans worth NOK 1.6bn (1.4bn) had been sold to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's share of the profit was NOK 2m (4m). SpareBank 1 SMN's stake in the company is 14.9 per cent.

SpareBank 1 Kreditt

SpareBank 1 Kreditt recorded a second-quarter profit of NOK 19.8m (6.3m). The profit growth is ascribable to increased net interest income and reversal of loss write-downs. The company's overall portfolio as at 30 June 2022 was NOK 6.6bn (5.3bn). The growth refers in all essentials to refinancing loans.

SpareBank 1 SMN's share of the second quarter 2022 profit was NOK 3.0m (1.0m), and its share of the portfolio is NOK 1,137m (937m).

BN Bank

BN Bank offers residential mortgage loans and loans to commercial property and its main market is Oslo and south-eastern Norway. Over time BN Bank has shown good growth in lending. Growth in lending to personal customers was 11.6 per cent (12.7 per cent), and to corporate customers 9.1 per cent (9.4 per cent), in the last 12 months.

BN Bank recorded a profit of NOK 139m (121m), providing a return on equity of 11.0 per cent (10.6 per cent). Increased net interest income is the main reason for the profit growth. SpareBank 1 SMN's share of BN Bank's profit is NOK 47m (42m).

SpareBank 1 Betaling

SpareBank 1 Betaling is the SpareBank 1 banks' parent company in Vipps AS. On 30 June 2021 Vipps entered an agreement to merge Vipps' mobile payments arm with Danish MobilePay and Finnish Pivo, thus opening the way for cross-border mobile payments. The merger requires the European Commission's approval. According to the Commission's preliminary feedback on the application, which was submitted on 24 June 2022, some adjustments to the body of agreements underlying the application are needed. Final

approval of the merger cannot be expected until the fourth quarter 2022. BankAsept and BankID are concurrently to be spun off from Vipps to become a new Norwegian-owned company which will remain 100 per cent owned by the Norwegian banks.

SpareBank 1 SMN stake in the company is 21.5 per cent and its profit share was NOK 0m (minus 5m) in the second quarter.

SpareBank 1 Forvaltning

The company was established in 2021 to strengthen the SpareBank 1 banks' competitive power in the savings market. Odin Forvaltning, SpareBank 1 Kapitalforvaltning, SpareBank 1 SR Forvaltning and SpareBank 1 Verdipapirservice make up the SpareBank 1 Forvaltning group. SpareBank 1 SMN owns 19.6 per cent of the company, and its profit share in the second quarter was NOK 11m and in the first quarter NOK 8m. The result is satisfactory and shows income growth despite an unsettled market.

Operating expenses

Overall group expenses in the first quarter came to NOK 758m (735m), an increase of NOK 23m, or 3.1 per cent, compared with the same period of 2021. Overall expenses in the first quarter 2022 were NOK 762m.

Operating expenses (NOKm)	2Q 22	1Q 22	2Q 21
Staff costs	490	476	465
IT costs	93	98	90
Marketing	26	21	17
Ordinary depreciation	34	34	40
Operating expenses, real properties	9	24	15
Purchased services	54	61	61
Other operating expense	52	46	46
Total operating expenses	758	762	735

The bank recorded expenses of NOK 328m (338m), and in the first quarter NOK 389m. The decline from the first quarter was expected and was attributable to the first quarter's high outlays related to regulatory matters and technological development. Expenses at the subsidiaries totalled NOK 430m (397m) in the second quarter and NOK 373m in the first quarter. Expense growth is noted at SpareBank 1 Markets and EiendomsMegler 1 Midt-Norge due to increased customer activity and variable remuneration. Compared with last year, growth is shown at SpareBank 1 SMN Regnskapshuset due in part to the effect of company acquisitions in 2021, and at SpareBank 1 Markets for the same reason as the expense growth in the first quarter.

The second quarter's cost-income ratio for the group was 48 per cent (43 per cent), and 24 per cent (23 per cent) for the parent bank.

Net recovery of losses

A net recovery of NOK 48m was recorded on losses (loss of NOK 39m) in the second quarter, and of NOK 0m and in the first quarter.

Impairment losses (NOKm)	2Q 22	1Q 22	2Q 21
RM	-4	-5	0
CM	-44	5	38
<i>Of which: offshore</i>	-54	-12	12
Total impairment losses	-48	-0	39

A net sum of NOK 44m (38m) was taken to income on loans to the group's corporate clients as a result of reversals worth NOK 54m of previous write-downs in the offshore portfolio. In addition, losses in other segments are low.

A net recovery of NOK 4m (0m) was recorded on losses to retail customers. The previous quarter saw a net recovery of NOK 5m.

In the first quarter of 2022 the weighting of the downside scenario in the portfolios 'agriculture' and 'other corporate market' (excluding offshore and the hotels/hospitality industry) was revised to 25 per cent to take account of the increased uncertainty stemming from the war in Ukraine and the growing uncertainty with regard to future economic growth. This weighting is retained in the second quarter. The bank's assumption is that the interest rates will rise from their present level. This could have a negative impact on property values and the default rate. The bank has accordingly incorporated rising PD and LGD paths in its baseline scenario for 'other corporate market' and 'retail market'. See note 2 for a closer description of changes to assumptions employed in the loss model.

Losses on loans are reduced. The outlook in the offshore industry has brightened and the risk picture as regards lending to other business and industry and personal customers reflects sound finances in the region, both in the business sector and among households.

Overall write-downs on loans and guarantees as at 30 June 2022 total NOK 1,181m (1,669m).

Problem loans (Stage 3) amount to NOK 2,229m (3,357m) corresponding to 1.08 per cent (1.87 per cent) of gross outstanding loans, including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. A significant portion of the decline is due to the fact that a large offshore exposure has completed its quarantine period, and to the downscaling of the bank's exposure in another offshore commitment due to vessel sales.

Total assets of NOK 217bn

The bank's total assets as per the second quarter were NOK 217bn (200bn), having risen NOK 17bn, or 8.5 per cent, in the past year. Total assets have risen as a result of higher lending volumes and a higher liquidity holding.

As at 30 June 2022, loans totalling NOK 57bn (47bn) had been sold from SpareBank 1 SMN to SpareBank 1 Boligkreditt and to SpareBank 1 Næringskreditt. These loans do not figure as loans in the bank's balance sheet. The comments covering lending growth take into account loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

Lending

Total outstanding loans rose in the last 12 months NOK 16.5bn (13.9bn), or 8.7 per cent (7.9 per cent), to reach NOK 205.5bn (189.0bn) at 30 June 2022. Growth in the second quarter was 2.8 per cent (2.0 per cent).

- Lending to personal customers rose in the last 12 months NOK 10.4bn (8.4bn) to NOK 138.7bn (128.3bn). Growth in that period was 8.1 per cent (7.0 per cent). Second-quarter growth was 2.7 per cent (2.2 per cent)

- Lending to corporate clients rose in the last 12 months NOK 6.1bn (5.5bn) to NOK 66.8bn (60.7bn). Growth in that period was 10.1 per cent (9.9 per cent). Second quarter growth was 2.9 per cent (1.5 per cent)
- Lending to personal customers accounted for 68 per cent (68 per cent) of total lending to customers as at 30 June 2022.

Good growth is noted in lending to personal customers and the group is strengthening its market position. A substantial portion of the growth is to the LO (Norwegian Trade Unions Confederation) segment. Most of the growth in lending to corporate clients is to small and medium-sized businesses throughout the market area. The growth is distributed across a number of industries, and industry and single-name concentrations are sought to be avoided.

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

Deposits

Customer deposits rose in in the last 12 months NOK 13.7bn (15.8bn) to NOK 123.8bn (110.1bn). This represents a growth of 12.4 per cent (16.8 per cent). Growth in the second quarter was 8.6 per cent (7.6 per cent).

- Personal deposits rose NOK 4.4bn (3.2bn), or 10.0 per cent (7.8 per cent), to NOK 48.6bn. In the second quarter growth was 6.6 per cent (6.9 per cent)
- Corporate deposits rose NOK 9.3bn (12.6bn), or 14.1 per cent (23.7 per cent), to NOK 75.2bn. In the second quarter growth was 9.9 per cent (8.0 per cent)
- The deposit-to-loan ratio including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 60 per cent (58 per cent).

Deposit growth has been very high in the last two years owing to the pandemic.

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

Personal customers

The Personal Banking Division and EiendomsMegler 1 Midt-Norge offer a broad range of financial services. Improved coordination between the bank and the real estate agency business affords customers a better service offering and contributes to increased growth and profitability.

Result before tax (NOKm)	2Q 22	1Q 22	2Q 21
Personal market	329	274	290
EiendomsMegler 1	38	14	41
<i>Total</i>	<i>367</i>	<i>287</i>	<i>331</i>

The **Personal Banking Division** achieved a pre-tax profit of NOK 329m (290m), and NOK 274m in the first quarter 2022. Return on capital employed was 14.9 per cent (13.1 per cent) in the quarter.

Loans granted by the Personal Banking Division total NOK 144bn (133bn) and deposits total NOK 56bn (51bn) as at 30 June 2022. These are loans to and deposits from wage earners, agricultural customers and sole proprietorships. Loans and deposits as at 31 March 2022 totalled NOK 140bn and NOK 52bn respectively.

Overall operating income posted by the division came to NOK 541m (507m), and to NOK 515 in the first quarter 2022. Net interest income accounted for NOK 335m (283m) and for NOK 313m in the first quarter.

Mortgage and deposit rates were raised on a general basis with effect from 13 May following the base rate hike in March. Net interest income rose from the first quarter as a result of growth, higher lending and deposit margins, and higher return on the division's share of the group's equity capital.

Commission income totalled NOK 206m (225m), and NOK 202m in the first quarter. Incomes from payment services and savings products are higher compared with the first quarter. As from the second quarter 2021 commission income rose as a result of higher incomes from payment services and insurance products, at the same time as incomes from loan sold to SpareBank 1 Boligkreditt were reduced due to lower margins on such loans.

The lending margin was 1.09 per cent (1.73 per cent), and in the first quarter 2022 1.04 per cent. The deposit margin was 0.78 per cent (minus 0.07 per cent), and 0.73 per cent in the first quarter 2022 (measured against three-month NIBOR).

Growth in lending to and deposits from personal customers was 7.9 per cent (7.0 per cent) and 8.8 per cent (7.8 per cent) respectively in the last 12 months. In the second quarter growth in lending and deposits was 2.7 per cent (2.1 per cent) and 6.7 per cent (5.9 per cent) respectively.

Lending to personal customers consistently carries low risk, as reflected in continued low losses. The loan portfolio is largely secured by residential property. There was a net recovery of NOK 2m on losses (loss of 2m) in the second quarter 2022.

Profit and loss account (NOKm)	2Q 22	1Q 22	2Q 21
Net interest	335	313	283
Commission income and other income	206	202	225
Total income	541	515	507
Total operating expenses	215	248	216
Ordinary operating profit	326	266	292
Loss on loans, guarantees etc.	-2	-7	2
Result before tax including held for sale	329	274	290

Balance			
Loans and advances to customers	143,544	139,759	132,992
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-55,464	-51,477	-45,922
Deposits to customers	55,829	52,321	51,312
Key figures			
Return on capital employed per quarter *)	14.9 %	13.5 %	13.1 %
Lending margin	1.09 %	1.04 %	1.73 %
Deposit margin	0.78 %	0.73 %	-0.07 %

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

Eiendomsmeidler 1 Midt-Norge is the market leader in Trøndelag and in Møre and Romsdal.

Operating income totalled NOK 134m (131m) and expenses NOK 96m (90m) in the second quarter, and the pre-tax profit was NOK 38m (41m).

Activity in the housing market at the start of 2022 was somewhat lower than at the end of 2021. Few dwelling units on the market are the main reason for this, and demand and the turnover rate have risen. This development continued in the second quarter, and as yet there is no sign that higher mortgage rates are negatively impacting demand. Winning new assignments has high priority amidst intense competition.

2,035 dwelling units were sold in the second quarter (2,228). New assignments numbered 2,099, 224 fewer than in the second quarter 2021. The company's market share at 30 June 2022 was 36 per cent (36 per cent).

EiendomsMegler 1 Midt-Norge (87%)	2Q 22	1Q 22	2Q 21
Total income	134	95	131
Total operating expenses	96	81	90
Result before tax (NOKm)	38	14	41
Operating margin	28 %	15 %	32 %

Corporate customers

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

Result before tax (NOKm)	2Q 22	1Q 22	2Q 21
Corporate banking	361	277	199
SpareBank 1 Regnskapshuset SMN (88,7%)	30	23	33
SpareBank 1 Finans Midt-Norge (56,5%)	50	47	63
SpareBank 1 Markets (66,7%)	79	39	62
Total corporate customers	521	386	357

The **Corporate Banking Division** achieved a pre-tax profit of NOK 361m (NOK 199m), and NOK 277m in the first quarter 2022. The profit growth is attributable to lower losses and a strengthened trend in earnings. Return on capital employed was 20.4 per cent (11.3 per cent).

Outstanding loans to corporates total NOK 51bn (47bn) and deposits total NOK 64bn (58bn) as at 30 June 2022. Loans and deposits as at 30 June 2021 were NOK 50bn and NOK 60bn respectively. This is a diversified portfolio of loans to and deposits from corporate clients in Trøndelag and Møre and Romsdal.

Operating income came to NOK 420m (345m), and NOK 404m in the first quarter 2022.

Net interest income was NOK 356m (283m), and NOK 330m in the first quarter. NIBOR also increased in the second quarter. Lending margins rose from the first quarter. A high proportion of the loans are linked to three-month NIBOR, thereby contributing to a stable margin trend over time. Margins on these loans taken as a whole will however fluctuate between quarters given differing times of interest rate adjustment on the loans. Deposit margins remained at the same level as in the first quarter of the current year. Increased loan and deposit volumes have strengthened the earnings base at the same time as increased return on the business line's share of equity capital has strengthened net interest income both from the first to second quarter and compared with last year's second quarter. Lending margins are reduced and deposit margins widened compared with last year's second quarter. Part of the decline in lending margins from last year's second quarter relates to particularly high margins on syndicated loans and foreign currency loans in the second quarter 2021.

Commission income totalled NOK 64m (62m) compared with NOK 74m in the first quarter. Commissions are reduced from the first quarter due to lower guarantee commissions, which were particularly high in the first quarter.

Loan and deposit margins were 2.53 per cent (2.80 per cent) and minus 0.05 per cent (minus 0.37 per cent) respectively. Lending rose 9.0 per cent (9.9 per cent) and deposits 11.7 per cent (24.0 per cent) in the last

12 months. Lending growth was 2.9 per cent (1.4 per cent) while deposits rose 8.2 per cent (8.5 per cent) in the second quarter.

A net recovery of NOK 51m was recorded on losses to corporate customers (loss of 37m) as a result of reversals of earlier write-downs on exposures in the offshore portfolio, at the same time as low losses are seen on exposures in other segments.

SpareBank 1 SMN and SpareBank 1 Regnskapshuset SMN each have a large proportion of businesses in the market area as customers. Development of the customer offering aims to ensure that customers see the added value of being a customer of both the bank and Regnskapshuset.

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

Profit and loss account (NOKm)	2Q 22	1Q 22	2Q 21
Net interest	356	330	283
Commission income and other income	64	74	62
Total income	420	404	345
Total operating expenses	109	124	109
Ordinary operating profit	311	280	236
Loss on loans, guarantees etc.	-51	3	37
Result before tax including held for sale	361	277	199
Balance			
Loans and advances to customers	51,193	49,764	46,956
Adv. of this sold to SB1 Boligkreditt and SB1 Næringskreditt	-1,359	-1,465	-1,259
Deposits to customers	64,415	59,541	57,691
Key figures			
Return on equity per quarter *)	20.4 %	15.4 %	11.3 %
Lending margin	2.53 %	2.38 %	2.80 %
Deposit margin	-0.05 %	-0.05 %	-0.37 %

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

SpareBank 1 Regnskapshuset SMN recorded a pre-tax profit of NOK 30m (33m).

Operating income was NOK 177m (162m) and expenses were NOK 147m (129m). The expense growth seen in the second quarter compared with the same quarter 2021 is partly down to the full effect of business acquisitions in 2021 and to investments in new services and a new IT platform.

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

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

Over the course of 2021 the company invested heavily to ensure continued development of its competitive power. This is starting to produce results in the form of strengthened advisory competence and capacity, an

increased focus on digitalisation and new income flows. Cloud-based solutions that simplify matters for the company and provide greater insight and procedural enhancements for the customer are at centre stage.

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

SpareBank 1 Regnskapshuset SMN (88.7%)	2Q 22	1Q 22	2Q 21
Total income	177	166	162
Total operating expenses	147	143	129
Result before tax (NOKm)	30	23	33
Operating margin	17 %	14 %	21 %

SpareBank 1 Finans Midt-Norge delivered a pre-tax profit of NOK 50m (63m). The company's focal areas are leasing and invoice purchasing services to businesses and car loans to personal customers.

The company's incomes totalled NOK 82m (91m). Incomes are weakened due to margin pressures in the corporate and personal market alike. Costs in the second quarter 2022 totalled NOK 26m (28m). Losses totalled NOK 5m (net recovery of 1m).

The company has leasing agreements with and loans to corporate customers worth NOK 4.6bn (4.1bn) and car loans worth NOK 6.5bn (5.8bn). Growth in the last 12 months was 12.5 per cent and 12.7 per cent respectively. Compared with the same period of 2021, the company showed growth of 14.4 per cent in the number of car loans in a period when changes of ownership fell 3.7 per cent. Invoice sales were included as a new product in the company as from 2021 and invoices worth NOK 174m were purchased in the second quarter 2022 resulting in growth of 12.9 per cent compared with the first quarter.

SpareBank 1 Finans Midt-Norge and other SpareBank 1 banks own 47 per cent of the shares of the car subscription company Fleks. This company offers flexible car subscription solutions. The car subscription system along with electrification of the car population make for reduced emissions. Fleks currently has 2,400 cars and is the market leader in Norway.

SpareBank 1 Finans Midt-Norge (56.5%)	2Q 22	1Q 22	2Q 21
Total income	81	86	91
Total operating expenses	26	28	28
Loss on loans, guarantees etc.	5	4	-1
Result before tax (NOKm)	50	47	63

SpareBank 1 Markets is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It employs 143 FTEs.

SpareBank 1 Markets' pre-tax profit was NOK 79m (62m).

High activity in several of the business areas produced higher incomes in the second quarter than the first quarter. SpareBank 1 Markets has arranged several large transactions in the quarter that generate high income for Investment Banking and stock broking. Income from fixed interest and forex business has been stable, while lower activity in the market for debt capital brought reduced earnings. Overall income came to NOK 257m (216m). Operating expenses totalled NOK 178m (154m).

SpareBank 1 Markets has developed into one of the largest Norwegian brokerages with a strong position in a number of product areas and is the leading capital markets unit in SpareBank 1 SMN's market area. The foreshadowed transaction entailing the merger of the capital markets units of SpareBank 1 Markets, SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge is expected to contribute to higher and more diversified incomes. The merger will strengthen overall organisation through acquisition of skilled and

experienced employees, enable greater interaction with the SpareBank 1 banks, strengthen the company's operational platform and bring it closer to its customers.

SpareBank 1 Markets (66.7%)	2Q 22	1Q 22	2Q 21
Total income	257	177	198
Total operating expenses	178	138	154
Result before tax (NOKm)	79	39	62
Operating margin	31 %	22 %	29 %

SpareBank 1 SMN Invest

This company owns shares in regional businesses. The portfolio is managed together with other long-term shareholdings of the bank and will be scaled down. The company's shares are worth NOK 658m (561m) as at 30 June 2022.

The company's pre-tax profit in the second quarter 2022 was minus NOK 29m (21m), and in the first quarter NOK 132m. The second quarter performance – like the first quarter – is down to adjusted values in the share portfolio.

First half 2022

Good first-half performance

SpareBank 1 SMN reports a post-tax profit of NOK 1,400m (1,523m), and a return on equity of 12.6 per cent (14.5 per cent). This result is weaker than in the first half of 2021 owing to reduced profit shares from the insurance businesses in SpareBank 1 Gruppen and lower return on financial investments. Increased incomes from the business areas and reduced losses have helped to strengthen the performance. Earnings per equity certificate were NOK 6.39 (6.90).

Net interest income was NOK 1,559m (1,366m). Norges Bank raised the based rate to 1.25 per cent in June 2022 – at the end of the first half of 2021 the base rate was zero. This has brought a considerable increase in banks' funding costs. Lending margins have weakened and deposit margins have strengthened compared with the first half of last year, at the same time as return on the bank's equity capital has also risen. Both lending and deposit volumes have increased, contributing to strengthened net interest income. From the second half of last year the bank has raised mortgage and deposit rates on a general basis on four occasions, including the announced increase effective from 10 August.

Net commission income was NOK 1,382m (1,538m). The decline is mainly ascribable to reduced incomes from SpareBank 1 Markets and from commissions on loans sold to SpareBank 1 Boligkreditt. A positive trend is noted in incomes from payment services, insurance and accounting services.

Return on financial investments (including dividends) was NOK 141m (220m). The decline is largely ascribable to changed credit margins on the bank's liquidity portfolio.

The result from related companies was NOK 139m (340m). Their performance is impaired mainly by weak results at Fremtind Forsikring and SpareBank 1 Forsikring.

Operating expenses came to NOK 1,520m (1,531m). Expenses are down at SpareBank 1 Markets and EiendomsMegler 1 Midt-Norge but have risen at the bank and SpareBank 1 Regnskapshuset SMN.

A net recovery of NOK 48m was recorded on loan losses (loss of NOK 98m). The net recovery on losses on loans to the group's corporate customers in the first half-year was NOK 44m (net recovery of 104m), while the net amount recovered on losses on loans to personal customers was NOK 4m (net recovery of NOK 6m). Losses recovered on loans to corporate customers are reversals of previous losses in the offshore segment.

Lending growth was 5.2 per cent (3.4 per cent). Growth in lending to retail customers was 4.3 per cent (3.1 per cent). Lending to corporate customers rose 7.0 per cent (4.1 per cent).

Deposits rose 11.3 per cent (12.9 per cent). Deposits from personal customers rose 9.0 per cent (8.8 per cent). Deposits from corporate customers rose 12.8 per cent (15.9 per cent).

Personal customers

	First half 2022	First half 2021
Result before tax (NOKm)		
Personal Banking	602	569
EiendomsMegler 1 Midt-Norge	52	62

The bank's **personal banking** arm recorded a pre-tax profit of NOK 602m (569m). Return on capital employed in the retail segment was 13.5 per cent (13.0 per cent).

Overall operating income totalled NOK 1,056m (1,003m). Net interest income came to NOK 648m (559m) and commission income to NOK 408m (442m). Net interest income has risen with increased deposit margins, growth in lending and deposits and increased return on the business line's share of equity capital. Lower margins on loans have reduced net interest income. Commission income is down mainly as a result of lower commissions from SpareBank 1 Boligkreditt.

Lending and deposit growth in this business line were 4.3 per cent (3.0 per cent) and 10.1 per cent (8.1 per cent) respectively.

The lending margin was 1.06 per cent (1.66 per cent) while the deposit margin was 0.75 per cent (0.01 per cent) measured against three-month NIBOR.

There was a net recovery of NOK 10m on losses (net recovery of NOK 9m).

EiendomsMegler 1 Midt-Norge

Operating income was NOK 229m (245m), while operating expenses came to NOK 177m (183m). EiendomsMegler 1 Midt-Norge's pre-tax profit was NOK 52m (62m). The first half-year saw high demand in the housing market with fewer dwellings for sale, and sales (residential and commercial) numbered 3,641 compared with 4,076 in the first half of 2021.

Corporate customers

	First half 2022	First half 2021
Result before tax (NOKm)		
Corporate banking	638	366
SpareBank 1 Regnskapshuset SMN (88.7%)	54	60
SpareBank 1 Finans Midt-Norge (56.5%)	104	118
SpareBank 1 Markets (66.7%)	118	179

The bank's corporate banking arm achieved a pre-tax profit of NOK 638m (366m). The profit growth is attributable to increased net interest income and lower losses. Return on capital employed for the corporate segment was 18.4 per cent (10.4 per cent).

Operating income totalled NOK 824m (682m), of which net interest income accounted for 686m (556m) and commission income for NOK 138m (126m). Growth in lending and deposits, an increased deposit margin and increased return on the banking arm's share of equity capital have strengthened net interest income, while a lower lending margin pulls in the opposite direction.

Lending grew 8.1 per cent (4.6 per cent) and deposits 8.0 per cent (16.7 per cent) in the first half-year.

Margins on lending and deposits were 2.45 per cent (2.74 per cent) and minus 0.06 per cent (minus 0.32 per cent) respectively.

There was an overall net recovery of NOK 48m on losses in the corporate segment (loss of NOK 100m).

SpareBank 1 Finans Midt-Norge report a pre-tax profit of NOK 104m (118m).

The company's income totalled NOK 168m (182m). Expenses in the first half of 2022 were NOK 54m (57m). Losses amounted to NOK 9m (6m).

SpareBank 1 Regnskapshuset SMN posted a pre-tax profit of NOK 54m (60m). Operating income was NOK 343m (317m) while expenses came to NOK 289m (257m).

SpareBank 1 Markets' pre-tax profit was NOK 118m (179m). High activity in the business areas has yielded high earnings and a satisfactory profit performance, albeit lower than in the first half of 2021.

So far this year the company's incomes amount to NOK 434m (550m) and expenses to NOK 316m (371m).

Ample funding and liquidity

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

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

The bank is required to maintain sufficient liquidity buffers to withstand periods of limited access to market funding. The liquidity coverage ratio (LCR) measures the size of banks' liquid assets relative to net liquidity outflow 30 days ahead given a stressed situation.

The LCR is estimated at 204 per cent as at 30 June 2022 (184 per cent). The requirement is 100 per cent.

The group's deposit-to-loan ratio at 30 June 2022, including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 60 per cent (58 per cent).

The bank's funding sources and products are well diversified. The proportion of the bank's overall money market funding in excess of one year's maturity was 88 per cent (89 per cent) as at 30 June 2022.

SpareBank 1 Boligkreditt and Næringskreditt are important funding sources for the bank, and loans totalling NOK 57bn (47bn) had been sold to these mortgage companies as of 30 June 2022. Thus far in 2022 residential mortgages totalling NOK 8.6bn have been sold to SpareBank 1 Boligkreditt.

In the second quarter SpareBank 1 SMN issued a five-year senior green bond worth NOK 1.8bn and NOK 1.5bn in MREL funding.

As at 30 June 2022 SpareBank 1 SMN held NOK 5.5bn in senior non-preferred debt (MREL). SpareBank 1 SMN will meet the MREL requirements by the end of 2023.

Rating

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

Financial soundness

The CET1 ratio at 30 June 2022 was 18.8 per cent (18.3 per cent). The requirement is 14.9 per cent, including combined buffer requirements and a Pillar 2 requirement of 1.9 per cent. Finanstilsynet (Norway's FSA) set a new Pillar 2 requirement for SpareBank 1 SMN on 30 April 2022. The rate of 1.9 per cent is unchanged, but the bank is subject to a temporary add-on of 0.7 per cent to its Pillar 2 requirement pending consideration of its application for adjustment of its IRB models.

Finanstilsynet has decided that SpareBank 1 SMN is to be subject to a Pillar 2 guidance of 1.25 per cent over and above its overall capital requirement. The bank's long-term CET1 target ratio is accordingly raised to 17.2 per cent. In connection with the introduction of CRD V / CRR 2, the 'SME discount' is to be expanded as from 30 June 2022.

The CET1 ratio showed a 0.5 percentage point increase from the first quarter. Risk weighted assets rose 1.1 per cent in the second quarter, and reflect the introduction of an expanded SME discount and a new method for calculating counterparty risk. A good profit performance, dividend payment from SpareBank 1 Gruppen, and a clean bill of health for a sizeable exposure are the main explanation for the 4.1 per cent increase in CET1 capital. A payout ratio of 50 per cent of the group's net profit for 2022 is assumed.

A leverage ratio of 6.9 per cent (7.0 per cent) shows the bank to be very solid.

Sustainability

Sustainability is one of five strategic priorities in the group strategy. Target areas in the sustainability strategy are innovation, customer offering, climate footprint, competencies and diversity. In the first half-year work continued on measuring the loan portfolio's climate burden. SpareBank 1 SMN's objective is to achieve zero emissions in customer portfolios and in its own operations by 2050 at the latest. Interim goals are drawn up in order to realise this ambition. This, and the status as regards transitional plans, will be communicated in the course of the second half of the current year.

SpareBank 1 SMN makes an active effort to stimulate innovation and competence development in the sustainability field in the region. In the first half-year, in collaboration with Sintef, it carried out an innovation programme in which 15 companies participated. A seedcorn fund worth NOK 160m was established for green investments, and SpareBank 1 SMN has become the first external contributor to Sintef's Global Climate Fund. The fund is to finance research into climate-positive solutions.

The bank has seen a good trend in sales of new green mortgages. Mortgages worth a total of NOK 1.4bn have been sold as at 30 June 2022.

The bank's equity certificate (MING)

The book value of the equity certificate (EC) as at 30 June 2022 was NOK 102.91 (100.18), and earnings per EC in the first half-year were NOK 6.39 (6.90).

The Price / Income ratio was 9.06 (8.64) and the Price / Book ratio was 1.13 (1.19).

Outlook

SpareBank 1 SMN delivered a good performance in the second quarter 2022 with a return on equity of 12.9 per cent and a strong financial position. All business lines are performing well and the group has a solid basis on which to attain its ambitions for growth and profitability. The ROE objective of a minimum of 12 per cent stands firm.

Rising market interest rates and price growth impact the personal and corporate market alike and contribute to an uncertain macro situation. The risk trend in the loan portfolio is well under control and loan losses are low. Earnings have risen and the outlook in oil and offshore is good. The region has low energy prices and low unemployment.

SpareBank 1 SMN is a full-fledged finance centre and leads the field in its market area. SpareBank 1 SMN has developed a broad product platform with profitable subsidiaries and product companies. Good results has been achieved in the first half with increased sales, more customers and larger market shares. It aspires to further strengthen its market position through continued growth in all business lines. A modern, customer-oriented and effective distribution system underpins its growth aspirations. A merger with SpareBank 1 Søre Sunnmøre will provide an improved customer offering and a stronger presence in Sunnmøre and in Fjordane.

SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge are transferring their capital market services to SpareBank 1 Markets. The SpareBank 1 banks are pooling their efforts in the capital market area to create larger, more robust capital market units in Oslo, Tromsø, Trondheim and Stavanger.

It is SpareBank 1 SMN's ambition to take a leading role in the development of Norway's savings bank system.

In keeping with obligations under the Paris Agreement, the board of directors of SpareBank 1 SMN has set a goal of reaching net zero carbon emissions from the group's customer portfolios and day-to-day operations by 2050 at the latest. Interim targets towards the overall goal will be communicated in the second half-year.

A strong financial position, ample liquidity and access to funding put SpareBank 1 SMN in an excellent position to handle possible impacts of macroeconomic uncertainty.

Trondheim, 10 August 2022
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal
(chair)

Christian Stav
(deputy chair)

Morten Loktu

Mette Kamsvåg

Tonje Eskeland Foss

Eli Skrøvset

Freddy Aursø

Inge Lindseth
(employee rep.)

Christina Straub
(employee rep.)

Jan-Frode Janson
(Group CEO)