

# First quarter 2023 Financial information

May 10<sup>th</sup> 2023

Trond Søråas  
CFO



# Q1 2023

- **Return on equity of 13.0%**
- **Solid development in all business areas**  
Increased lending margins strengthens revenue in the bank.  
Good results in the accountancy arm and the real estate agency
- **Costs are affected by inflationary pressure**  
Low underlying cost growth
- **Loan loss reversals and strong capitalisation**  
Improvement in credit quality within offshore, solid CET1 ratio  
and ample liquidity to withstand market turmoil
- **Successful merger with SpareBank 1 Søre Sunnmøre**  
Legal merger finalised, and SpareBank 1 SMN is positioned to  
strengthen the presence in Sunnmøre and Fjordane

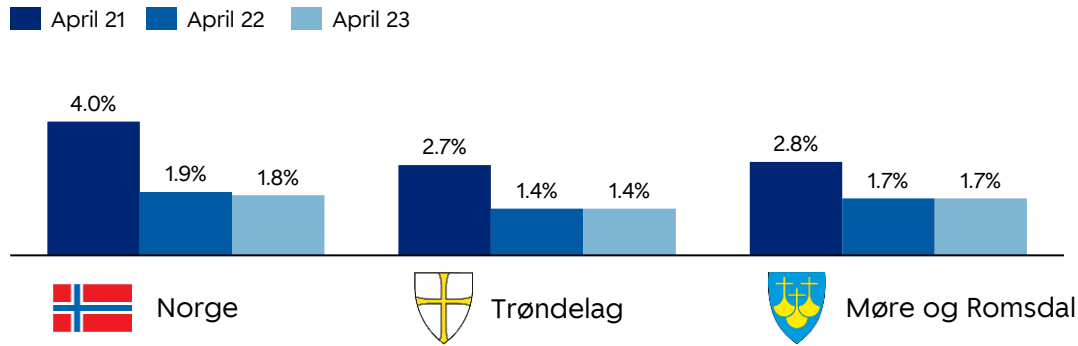




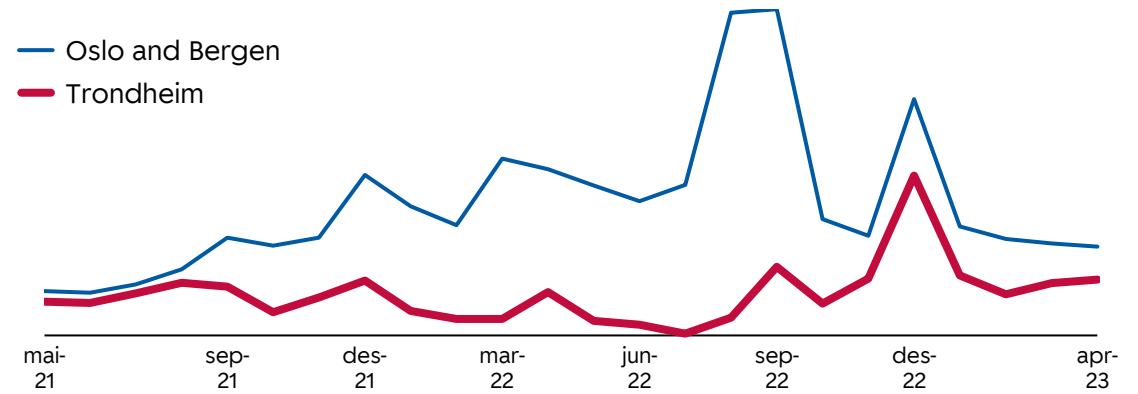
# The Mid-Norwegian economy

## Unemployment

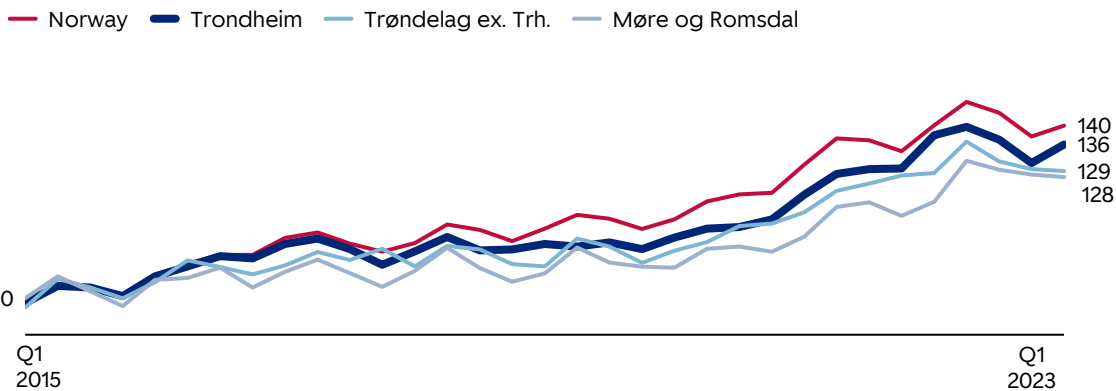
Wholly unemployed as a percentage of the labour force



## Electricity prices

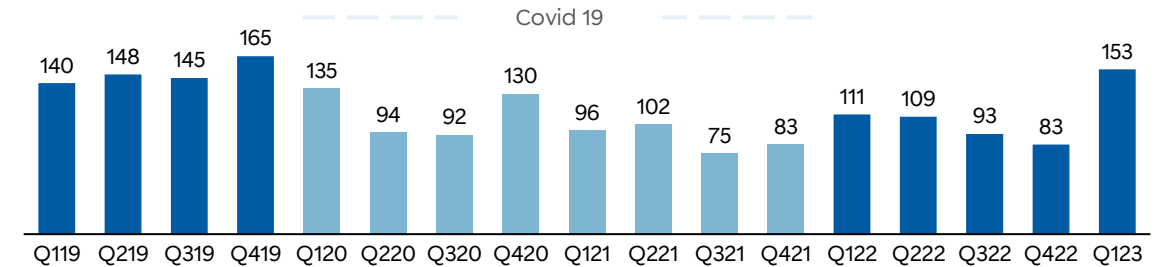


## Housing prices



## Bankruptcies

Number of bankruptcies in Trøndelag and Møre og Romsdal



Sources: NAV, SSB, NordPool and Brønnøysundregisteret

# Q1 2023

Net profit  
NOK 778m (698)

Return on equity  
13.0% (12.6)

CET1 ratio  
18.2% (18.3)

Lending growth  
Retail Market 0.7% (1.6) , Corporate Market 2.5% (4.0)

Deposit growth  
Retail Market 1.3% (2.2), Corporate Market 1.2% (2.6)

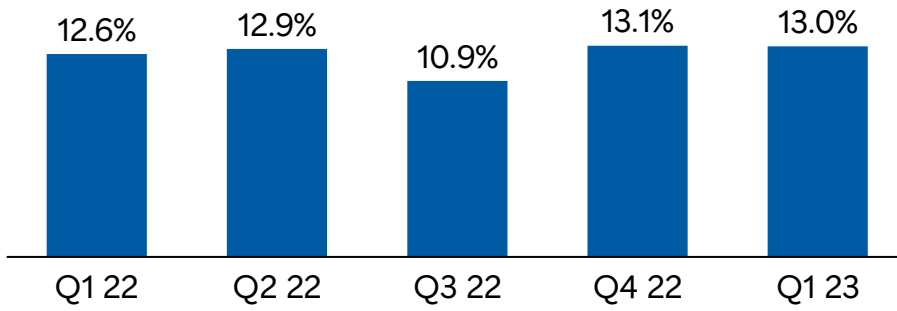
Book value per EC NOK 105.63 (99.55)  
Result per EC NOK 3.51 (3.20)

Cost/Income in the bank 40% (41)\*

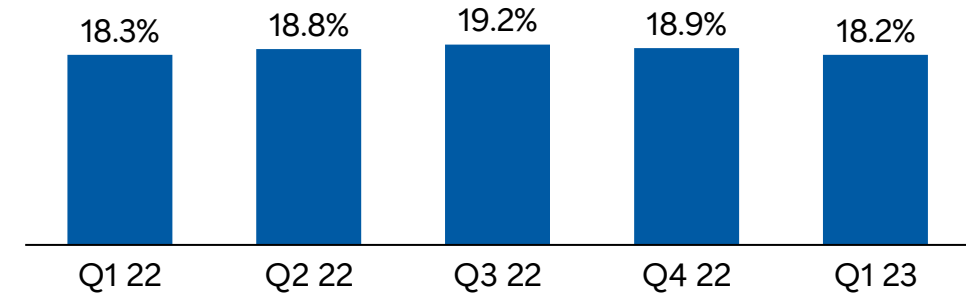
*\*) excluding return on financial investments.*

# Profitable and solid

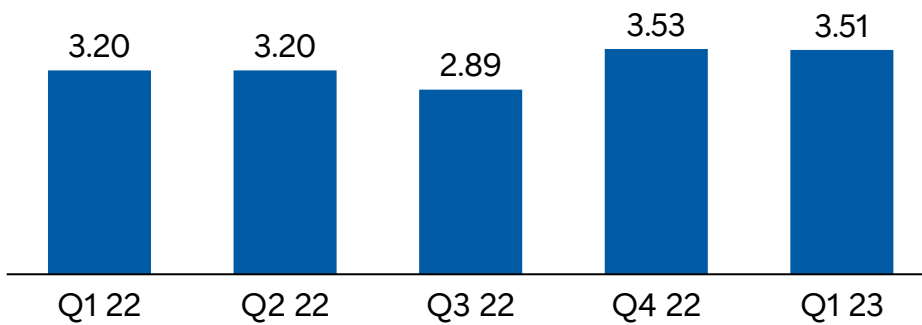
## Return on equity



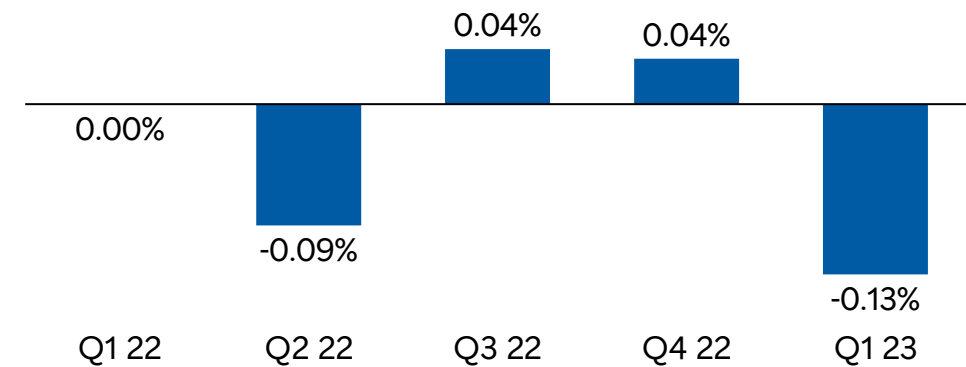
## CET1 ratio



## Earnings per equity certificate

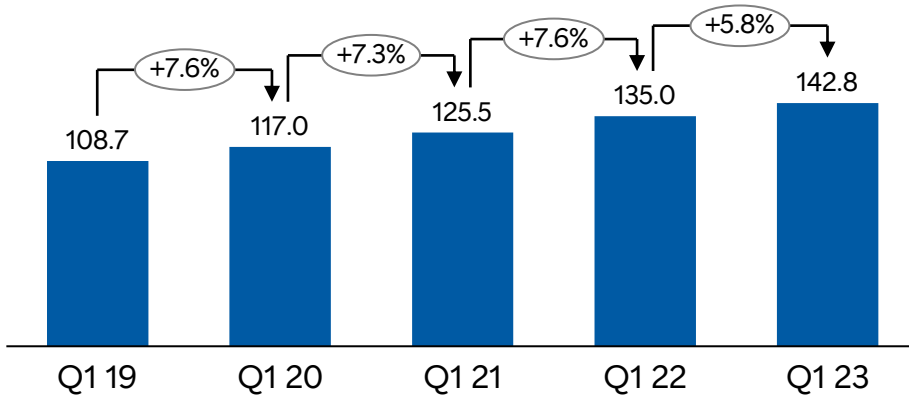


## Loan losses in per cent of total lending

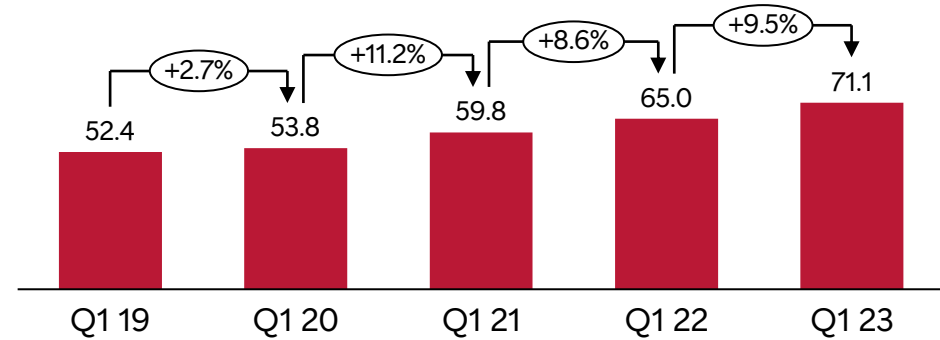


# Satisfactory growth

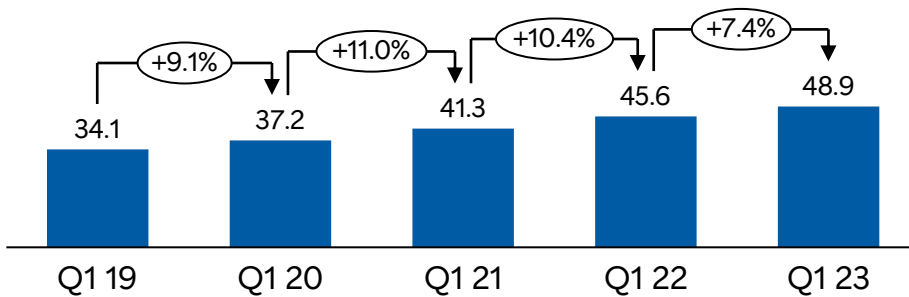
Lending growth RM 7.1% (CAGR)



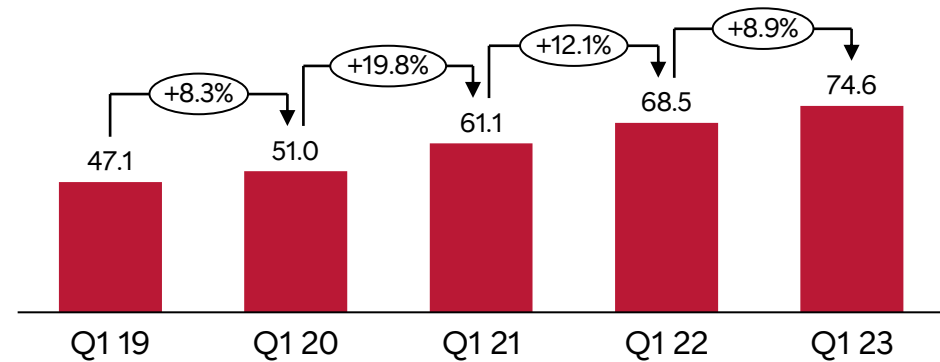
Lending growth CM 7.9% (CAGR)



Deposit growth RM 9.5% (CAGR)

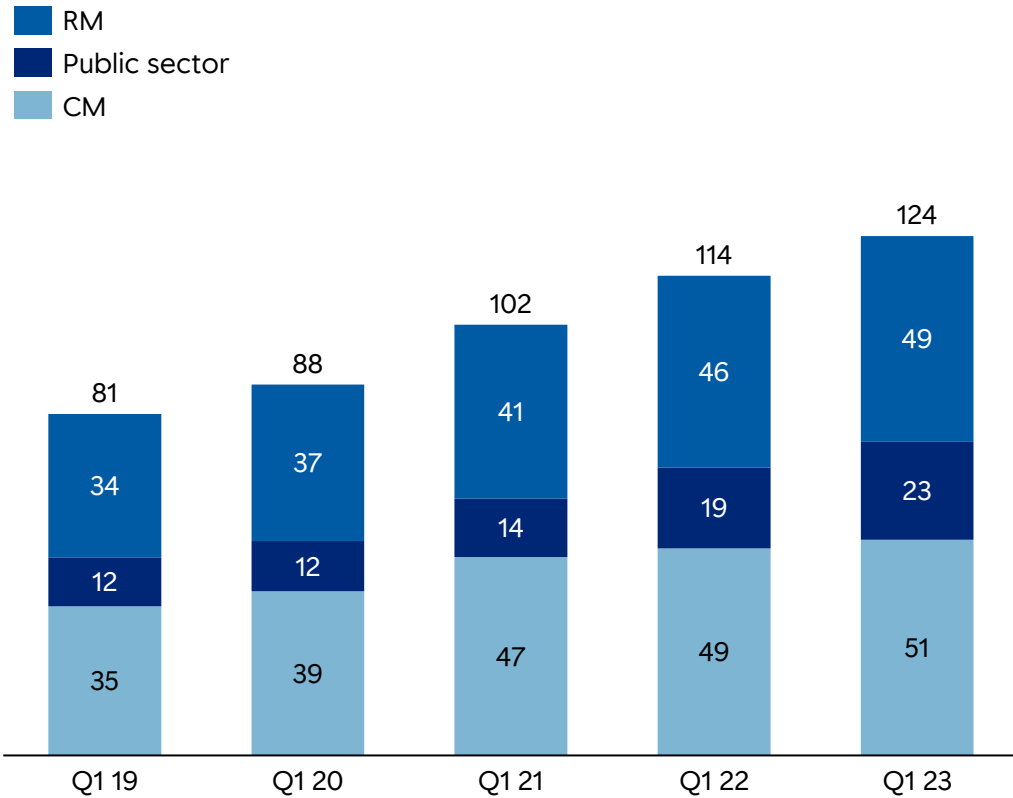


Deposit growth CM 12.2% (CAGR)

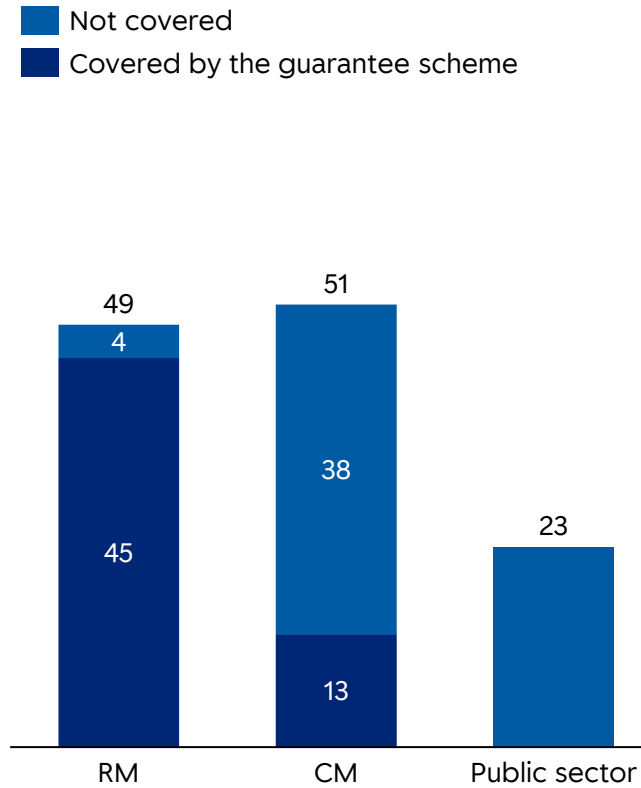


# Diversified deposits base

Deposits by sector (bNOK)

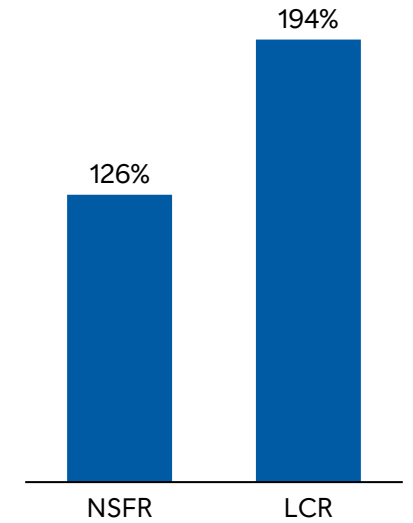


Deposits covered by the deposit guarantee scheme (bNOK)



Public sector deposits are not covered by the the deposit guarantee scheme, but are mostly bound by contractually obligations

NSFR and LCR as at 31.3.23 (per cent)



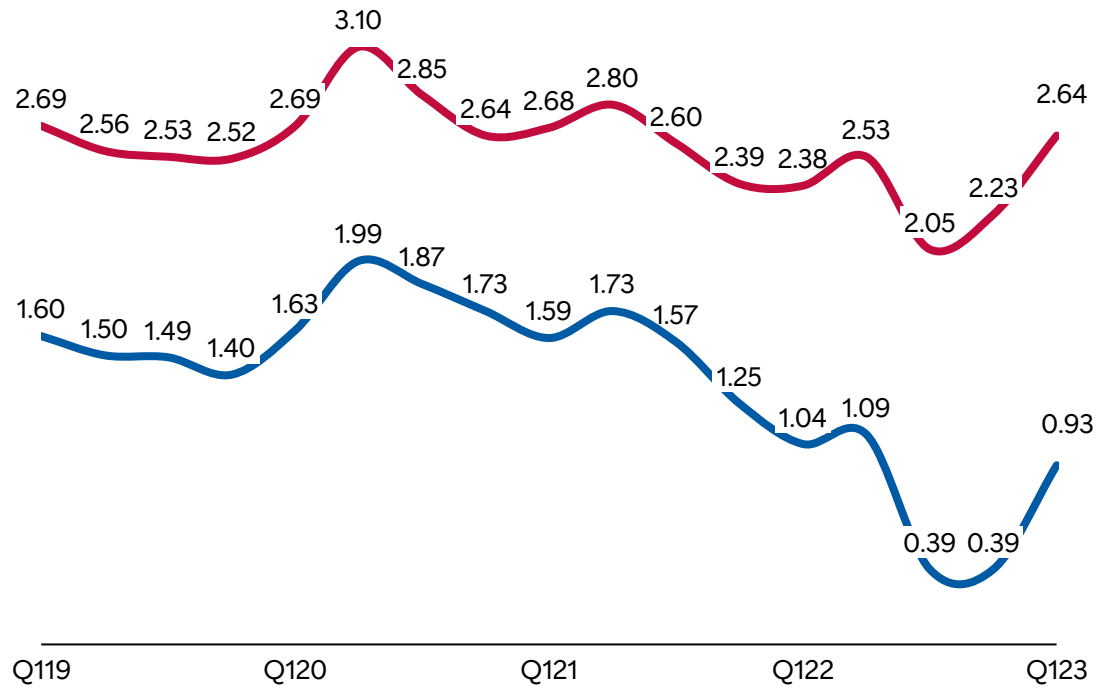
LCR: Liquidity Coverage Ratio  
NSFR: Net Stable Funding Ratio

# Margins

## Lending margins

Lending rates versus NIBOR3M

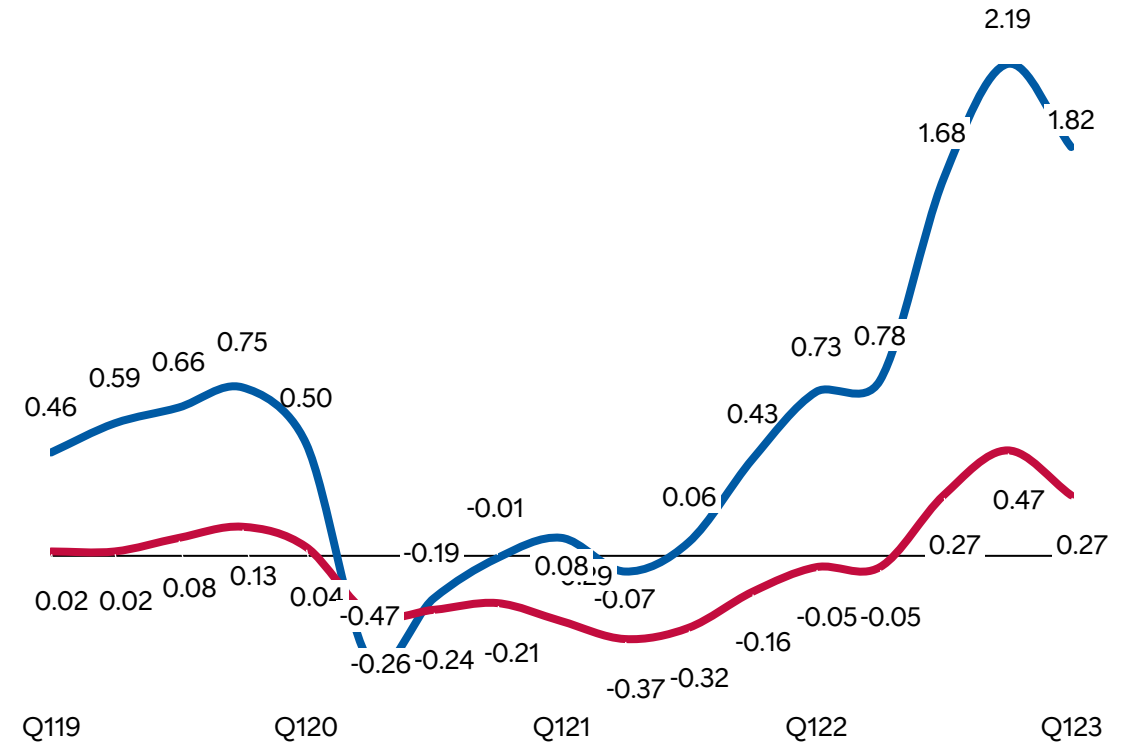
— RM — CM



## Deposit margins

NIBOR3M versus deposit rates

— RM — CM



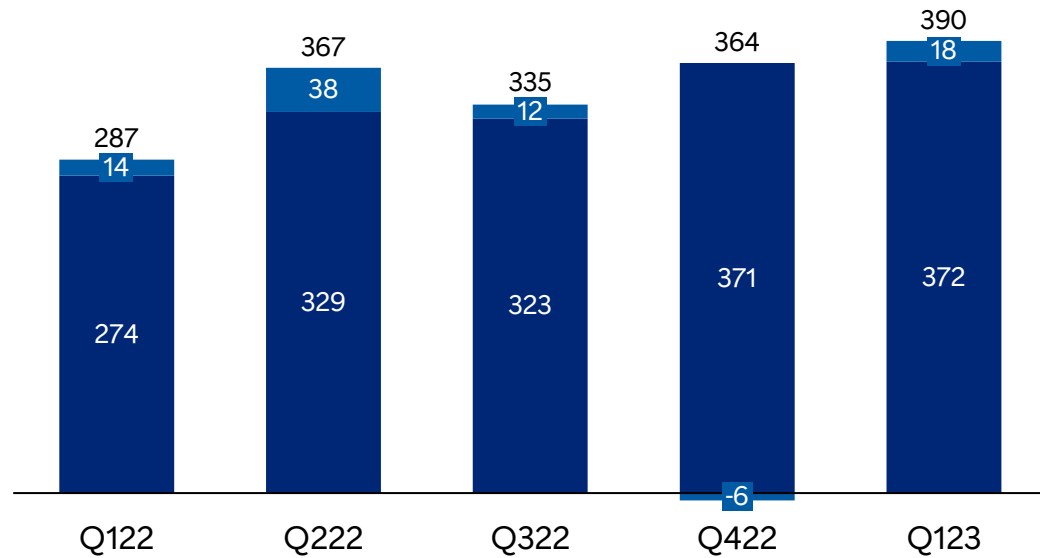


# Good results across the Group

## Personal market

Pre-tax profit (NOKm)

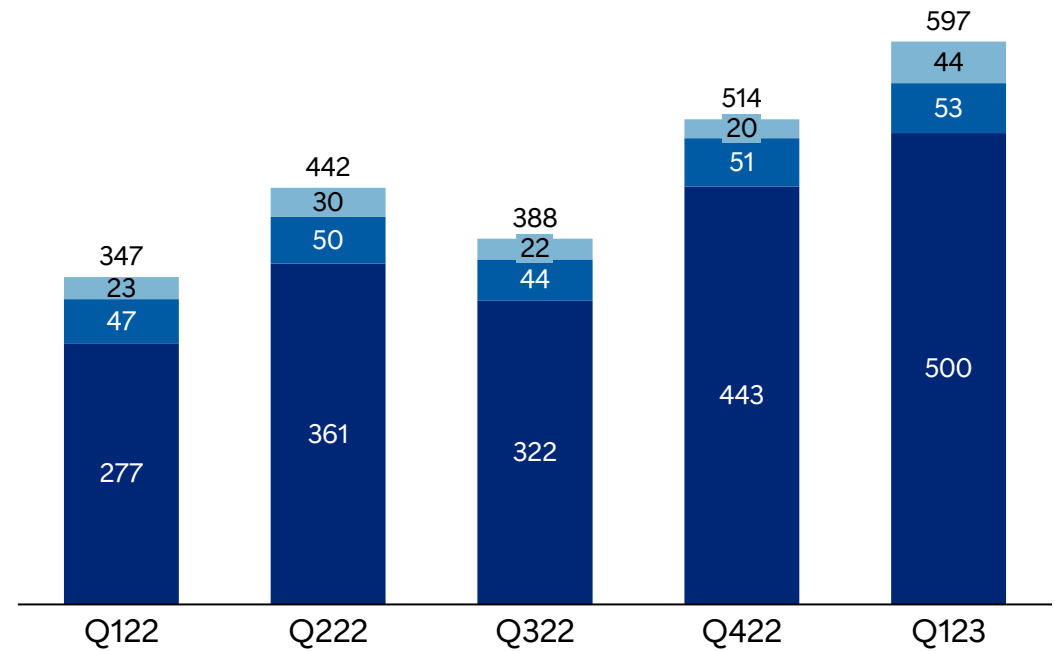
- EiendomsMegler 1 Midt-Norge
- Retail banking



## Corporate market

Pre-tax profit (NOKm)

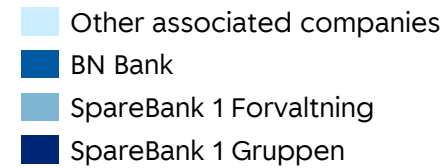
- Regnskapshuset SMN
- SB1 Finans Midt-Norge
- Corporate banking



# Broad product range and diversified income platform

## Ownership interests

Profits after tax (NOKm)



## Strong brands



### SpareBank 1 Gruppen

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

### SpareBank 1 Forvaltning

ODIN Forvaltning and SpareBank 1 Kapitalforvaltning

### SpareBank 1 Kreditt

Unsecured credit

### 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

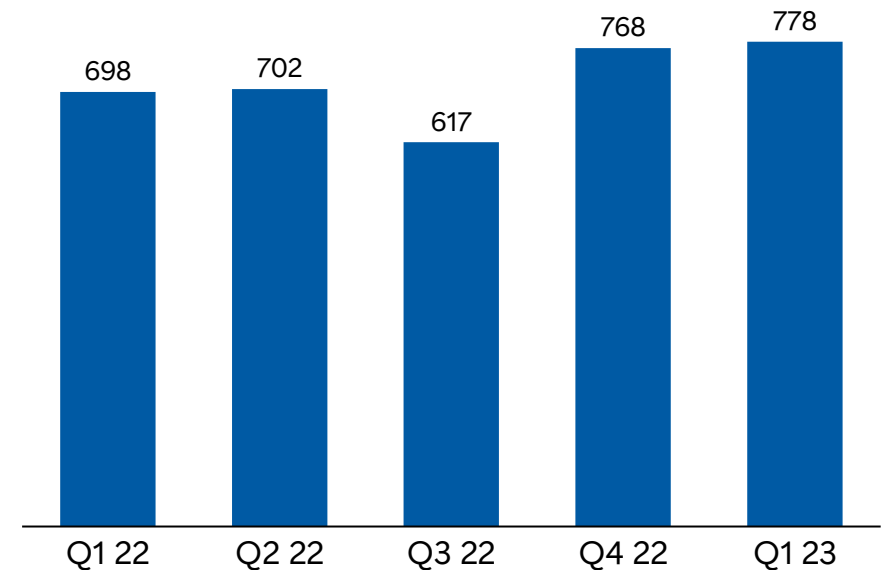
### Mortgage companies

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

# Profits

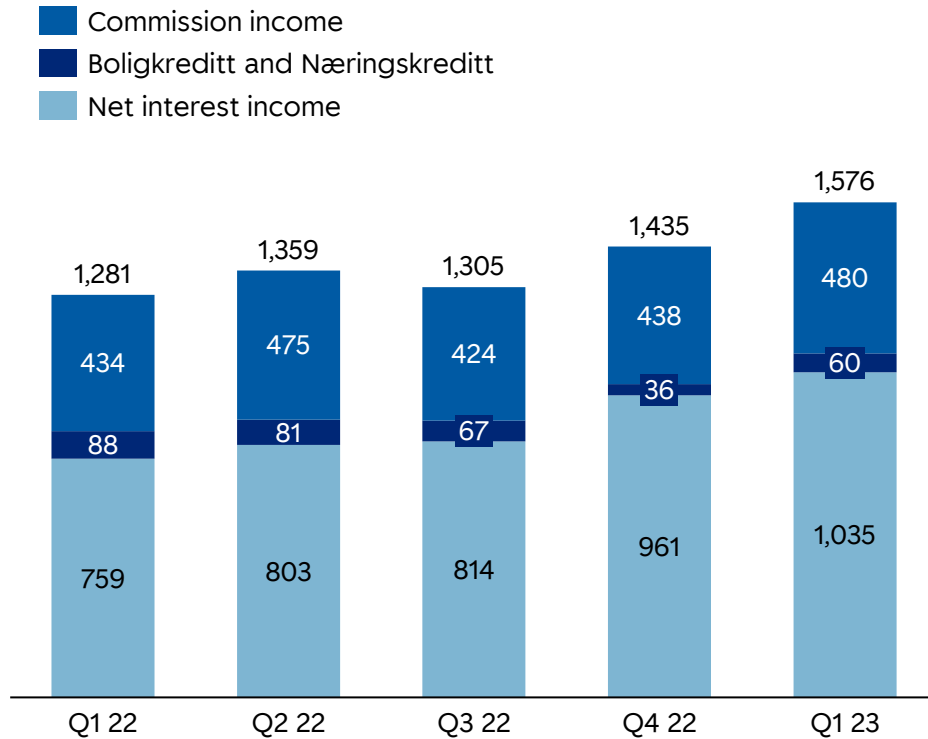
| NOK mill                                     | Q1 23         | Q4 22         | Q3 22         | Q2 22         | Q1 22         |
|--|---------------|---------------|---------------|---------------|---------------|
| Net interest income                          | 1,035         | 961           | 814           | 803           | 759           |
| Commission income and other income           | 541           | 473           | 491           | 555           | 522           |
| <b>Operating income</b>                      | <b>1,576</b>  | <b>1,435</b>  | <b>1,305</b>  | <b>1,359</b>  | <b>1,281</b>  |
| Total operating expenses                     | 728           | 646           | 583           | 585           | 629           |
| <b>Pre-loss result of core business</b>      | <b>847</b>    | <b>789</b>    | <b>722</b>    | <b>774</b>    | <b>652</b>    |
| Losses on loans and guarantees               | -71           | 19            | 22            | -48           | 0             |
| <b>Post-loss result of core business</b>     | <b>918</b>    | <b>770</b>    | <b>700</b>    | <b>822</b>    | <b>652</b>    |
| Related companies                            | 125           | 195           | 108           | 77            | 62            |
| Securities, foreign currency and derivatives | -97           | -33           | -22           | -120          | 113           |
| <b>Result before tax</b>                     | <b>946</b>    | <b>932</b>    | <b>785</b>    | <b>779</b>    | <b>827</b>    |
| Tax  | 206           | 210           | 179           | 164           | 166           |
| Result investment held for sale              | 38            | 46            | 10            | 87            | 37            |
| <b>Net profit</b>                            | <b>778</b>    | <b>768</b>    | <b>617</b>    | <b>702</b>    | <b>698</b>    |
| <b>Return on equity</b>                      | <b>13.0 %</b> | <b>13.1 %</b> | <b>10.9 %</b> | <b>12.9 %</b> | <b>12.6 %</b> |

Quarterly net profit  
NOKm



# Revenue

## Net interest income and other income

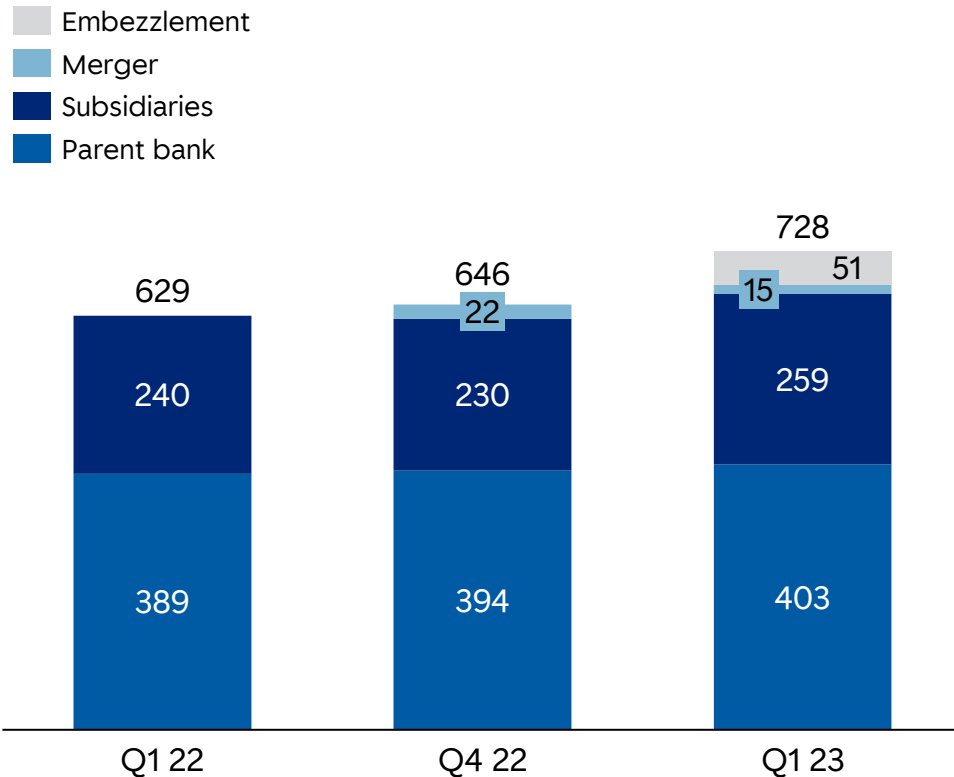


## Commission income

| <i>NOK mill</i>                             | Q1 23      | Q4 22      | Q3 22      | Q2 22      | Q1 22      |
|---|------------|------------|------------|------------|------------|
| Payment transmission income                 | 72         | 91         | 91         | 79         | 69         |
| Credit cards                                | 17         | 15         | 15         | 15         | 15         |
| Commissions savings and asset mgmt          | 10         | 11         | 9          | 10         | 9          |
| Commissions insurance                       | 61         | 60         | 60         | 59         | 57         |
| Guarantee commissions                       | 16         | 25         | 16         | 10         | 19         |
| Estate agency                               | 105        | 94         | 105        | 125        | 94         |
| Accountancy services                        | 188        | 127        | 115        | 167        | 156        |
| Other commissions                           | 11         | 14         | 12         | 9          | 14         |
| <b>Commissions ex. Bolig/Næringskreditt</b> | <b>480</b> | <b>438</b> | <b>424</b> | <b>475</b> | <b>434</b> |
| Commissions Boligkreditt (cov. bonds)       | 57         | 32         | 63         | 77         | 84         |
| Commissions Næringskreditt (cov. bonds)     | 3          | 4          | 4          | 4          | 4          |
| <b>Total commission income</b>              | <b>541</b> | <b>473</b> | <b>491</b> | <b>555</b> | <b>522</b> |

# Costs

Total quarterly costs (NOKm)



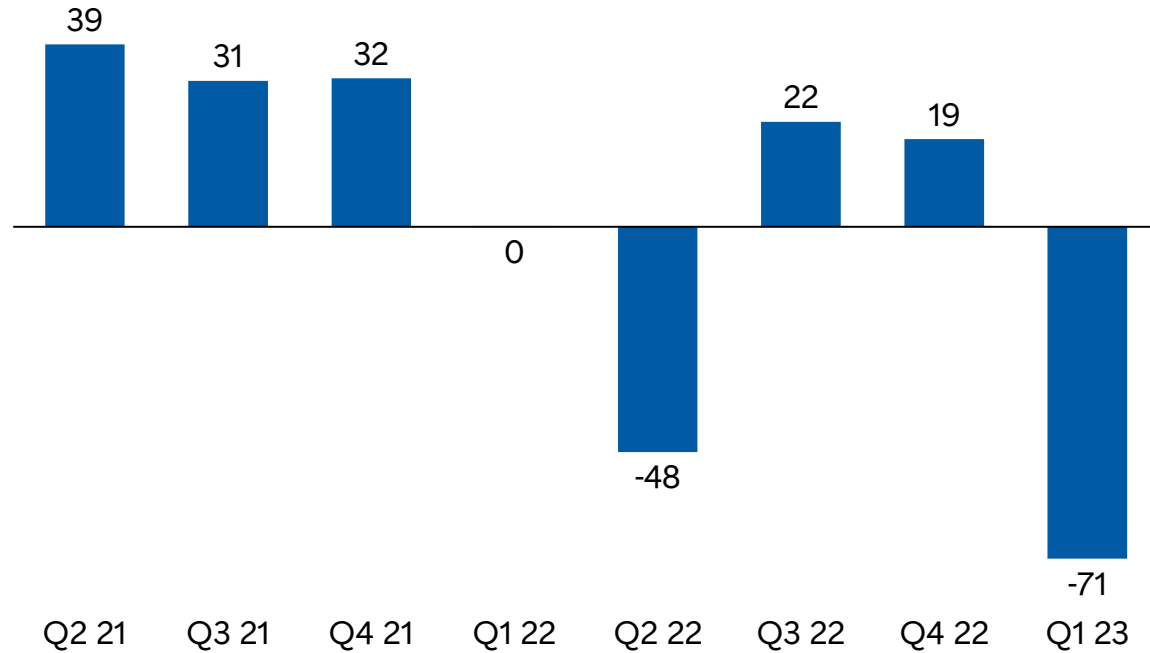
Total quarterly costs (NOKm)

| NOK mill                            | Q1 23      | Q4 22      | Q1 22      |
|-------------------------------------|------------|------------|------------|
| Staff costs                         | 398        | 333        | 375        |
| IT costs                            | 106        | 100        | 89         |
| Marketing                           | 23         | 24         | 19         |
| Ordinary depreciation               | 29         | 33         | 29         |
| Operating expenses, real properties | 16         | 9          | 22         |
| Purchased services                  | 38         | 53         | 52         |
| Merger expenses                     | 15         | 22         | 0          |
| Other operating expense             | 104        | 73         | 44         |
| <b>Total operating expenses</b>     | <b>728</b> | <b>646</b> | <b>629</b> |

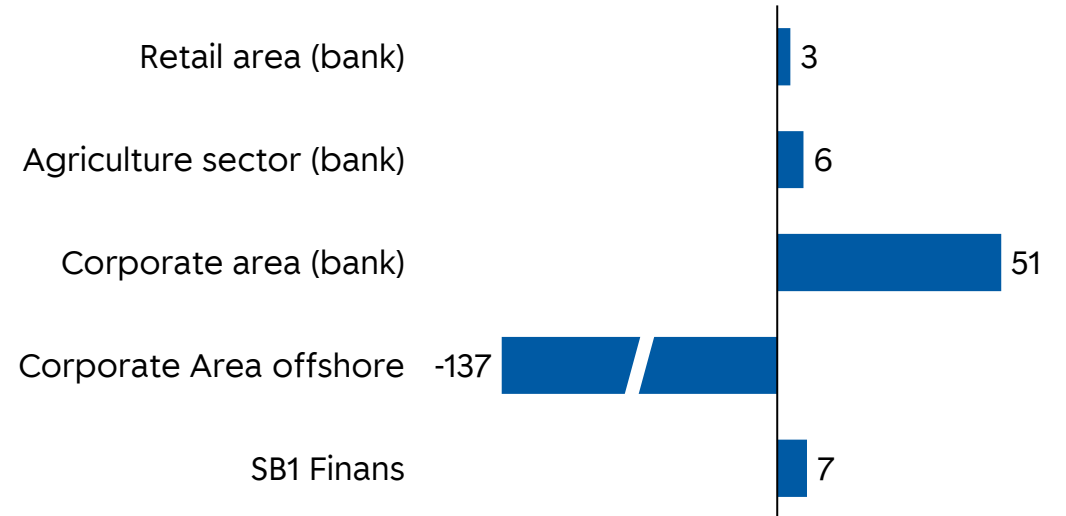


# Loan losses

Loan losses (NOKm)

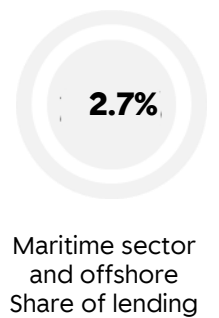
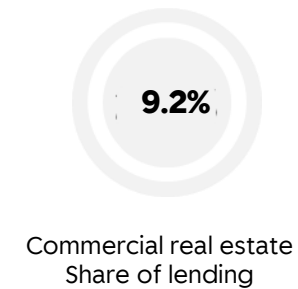
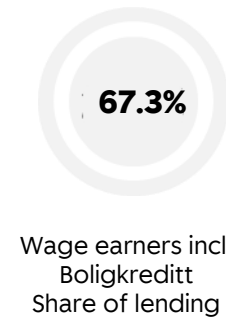
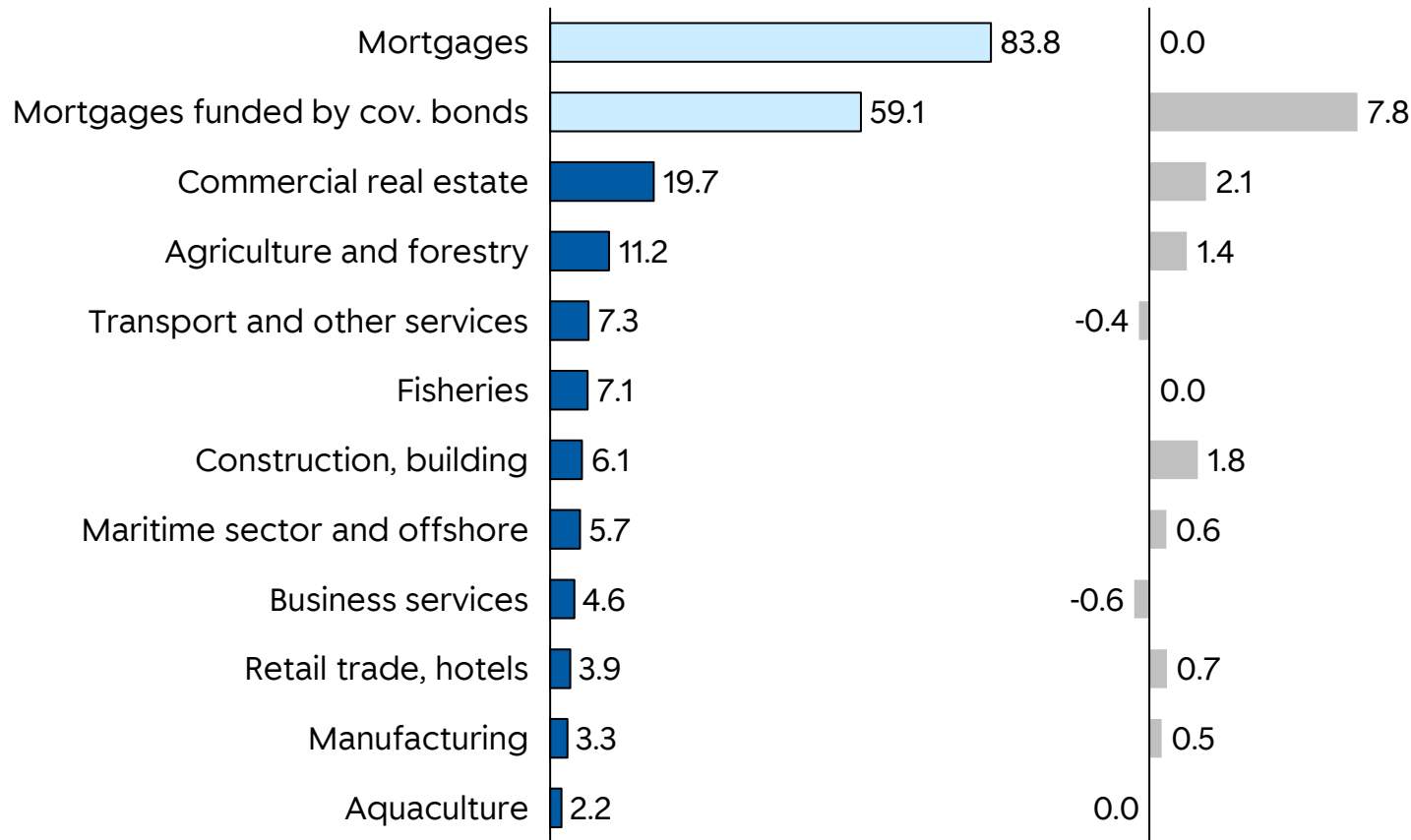


Distribution of losses Q1 23 (NOKm)



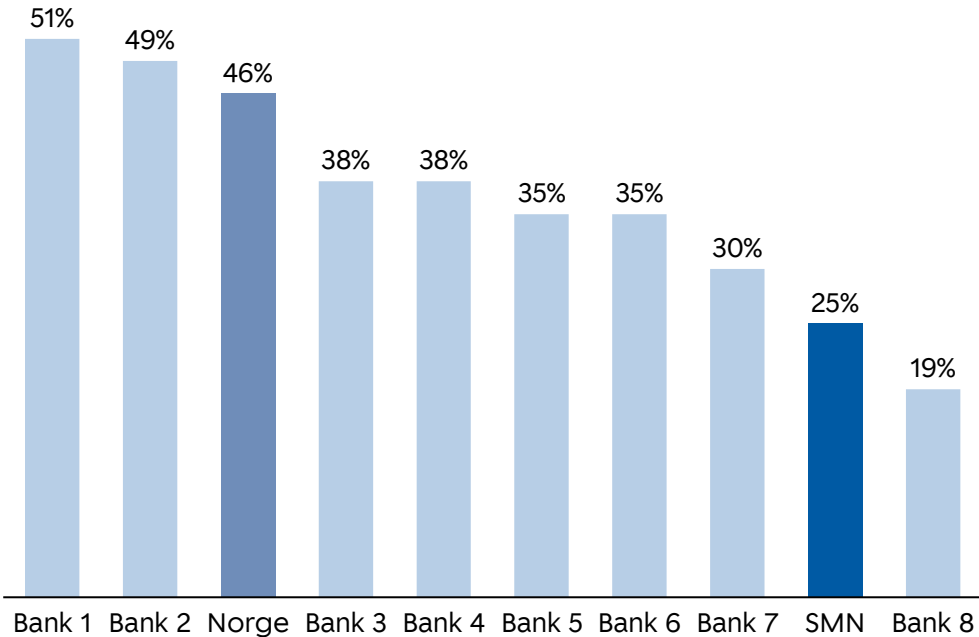
# Loan portfolio

## Lending as at 31.03.23 and change YoY (NOKbn)

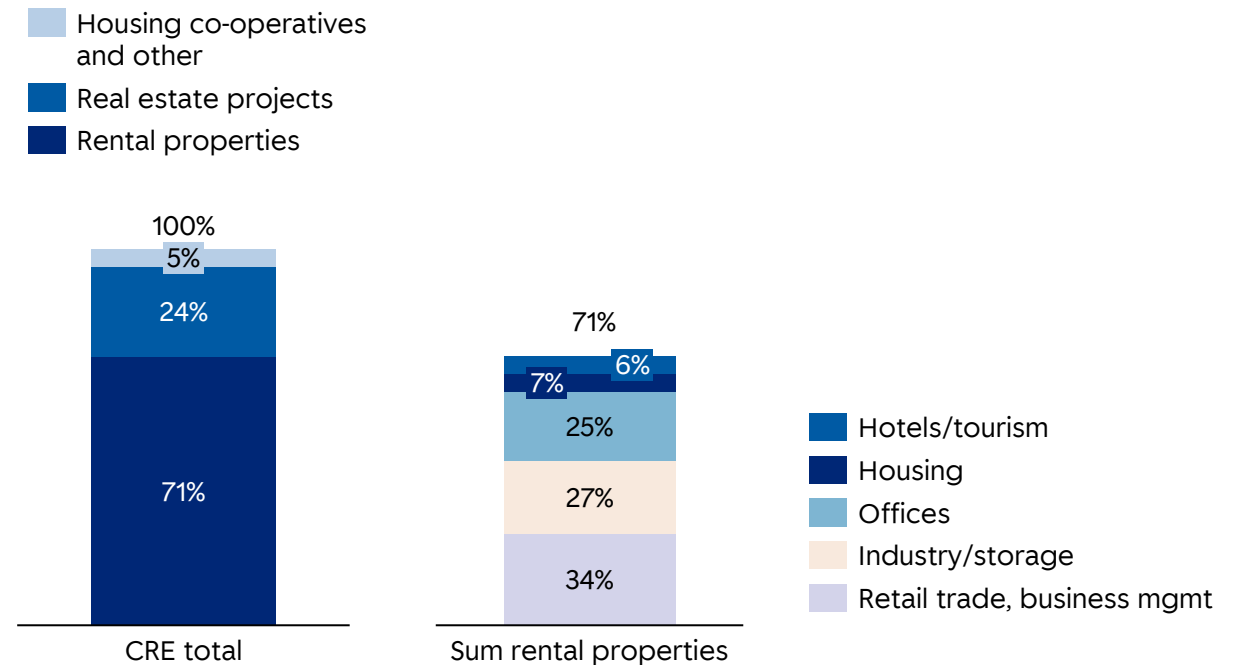


# Commercial real estate

Share of commercial real estate exposure in the corporate lending book\*



Rental properties make up over 70 % of the banks CRE exposure

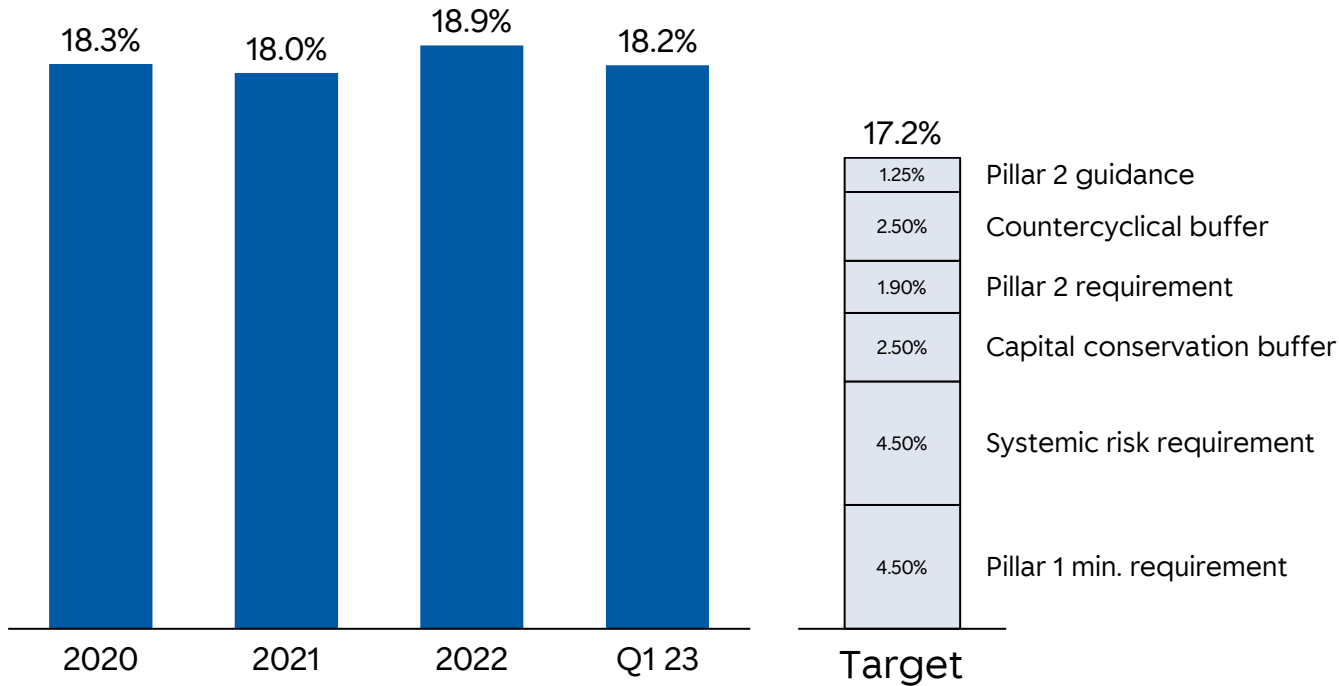


\* Gross lending to commercial real estate as a share of corporate lending. National data from «Assessment of financial stability 2022». Data for individual banks are based on reported numbers in yearly reports.

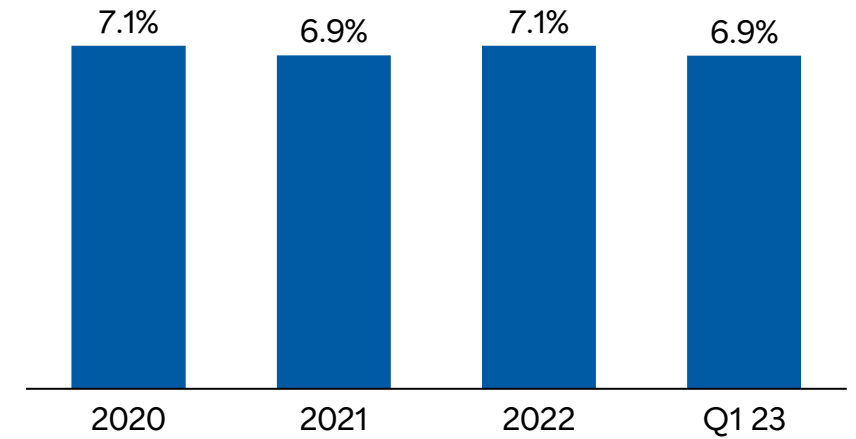
EAD commercial real estate by segment

# Solidity

## CET1 \*



## Leverage ratio



\* The bank is subject to a provisional add-on of 0.7 per cent to its Pillar 2 requirement. Until the application for adjustment of IRB models has been processed the CET1 requirement is 17.85%

# SpareBank 1 SMN

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First quarter 2023





# Appendix



# Commission income

| <i>NOK mill</i>                             | <b>Q1 23</b> | <b>Q4 22</b> | <b>Q3 22</b> | <b>Q2 22</b> | <b>Q1 22</b> |
|---|--------------|--------------|--------------|--------------|--------------|
| Payment transmission income                 | 72           | 91           | 91           | 79           | 69           |
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| Guarantee commissions                       | 16           | 25           | 16           | 10           | 19           |
| Estate agency                               | 105          | 94           | 105          | 125          | 94           |
| Accountancy services                        | 188          | 127          | 115          | 167          | 156          |
| Other commissions                           | 11           | 14           | 12           | 9            | 14           |
| <b>Commissions ex. Bolig/Næringskreditt</b> | <b>480</b>   | <b>438</b>   | <b>424</b>   | <b>475</b>   | <b>434</b>   |
| Commissions Boligkreditt (cov. bonds)       | 57           | 32           | 63           | 77           | 84           |
| Commissions Næringskreditt (cov. bonds)     | 3            | 4            | 4            | 4            | 4            |
| <b>Total commission income</b>              | <b>541</b>   | <b>473</b>   | <b>491</b>   | <b>555</b>   | <b>522</b>   |

# Product companies

## Profit share after tax

### Associated companies (after tax)

| NOK mill, SMN's share in parentheses | Q1 23      | Q4 22      | Q3 22      | Q2 22     | Q1 22     |
|--------------------------------------|------------|------------|------------|-----------|-----------|
| SpareBank 1 Gruppen (19.5%)          | 34         | 128        | 17         | 16        | 13        |
| SpareBank 1 Boligkreditt (22.6%)     | 33         | -1         | 10         | -4        | -5        |
| SpareBank 1 Næringskreditt (16.3%)   | 2          | 2          | 0          | 2         | 0         |
| BN Bank (35.0%)                      | 62         | 54         | 53         | 47        | 49        |
| SpareBank 1 Kreditt (18.0%)          | -4         | 0          | 3          | 3         | 3         |
| SpareBank 1 Betaling (20.8%)         | -8         | 22         | -3         | 0         | -5        |
| SpareBank 1 Forvaltning (19.6%)      | 8          | 5          | 10         | 11        | 8         |
| Other companies                      | -3         | -15        | 19         | 2         | -1        |
| <b>Sum associated companies</b>      | <b>125</b> | <b>195</b> | <b>109</b> | <b>77</b> | <b>62</b> |

# Subsidiaries

## Profit before tax

| NOK mill, SMN's share in parentheses  | Q1 23     | Q4 22     | Q3 22     | Q2 22     | Q1 22      |
|---------------------------------------|-----------|-----------|-----------|-----------|------------|
| EiendomsMegler 1 Midt-Norge (87%)     | 18        | -6        | 12        | 38        | 14         |
| SpareBank 1 Regnskapshuset SMN (89%)  | 44        | 20        | 22        | 30        | 23         |
| SpareBank 1 Finans Midt-Norge (54.3%) | 53        | 51        | 44        | 50        | 47         |
| SpareBank 1 SMN Invest (100%)         | -31       | -21       | -30       | -29       | 132        |
| Other companies                       | 4         | 3         | 3         | 1         | 1          |
| <b>Subsidiaries</b>                   | <b>88</b> | <b>47</b> | <b>50</b> | <b>91</b> | <b>218</b> |

# Return on financial investments

| <i>NOK mill</i>                            | <b>Q1 23</b> | <b>Q4 22</b> | <b>Q3 22</b> | <b>Q2 22</b> | <b>Q1 22</b> |
|--|--------------|--------------|--------------|--------------|--------------|
| Net gain/(loss) on stocks                  | -17          | -23          | -67          | -35          | 137          |
| Net gain/(loss) on financial instruments   | -105         | -55          | 6            | -117         | -33          |
| Net gain/(loss) on forex                   | 23           | 25           | 30           | 29           | 8            |
| <b>Net return on financial instruments</b> | <b>-99</b>   | <b>-52</b>   | <b>-30</b>   | <b>-123</b>  | <b>111</b>   |



# Equity certificate, key figures

| <b>Key figures</b>                | <b>31.3.23</b> | <b>31.3.22</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> |
|-----------------------------------|----------------|----------------|-------------|-------------|-------------|-------------|
| ECC ratio                         | 64.0 %         | 64.0 %         | 64.0 %      | 64.0 %      | 64.0 %      | 64.0 %      |
| Total issued ECCs (mill)          | 129.43         | 129.39         | 129.29      | 129.39      | 129.39      | 129.30      |
| ECC price                         | 123.60         | 141.20         | 127.40      | 149.00      | 97.60       | 100.20      |
| Market value (NOKm)               | 15,997         | 18,270         | 16,471      | 19,279      | 12,629      | 12,956      |
| Booked equity capital per ECC     | 105.63         | 99.55          | 109.86      | 103.48      | 94.71       | 90.75       |
| Post-tax earnings per ECC, in NOK | 3.51           | 3.20           | 12.82       | 13.31       | 8.87        | 12.14       |
| Dividend per ECC                  | -              | -              | 6.50        | 7.50        | 4.40        | 6.50        |
| P/E                               | 8.79           | 11.05          | 9.94        | 11.19       | 11.01       | 8.26        |
| Price / Booked equity capital     | 1.17           | 1.42           | 1.16        | 1.44        | 1.03        | 1.10        |

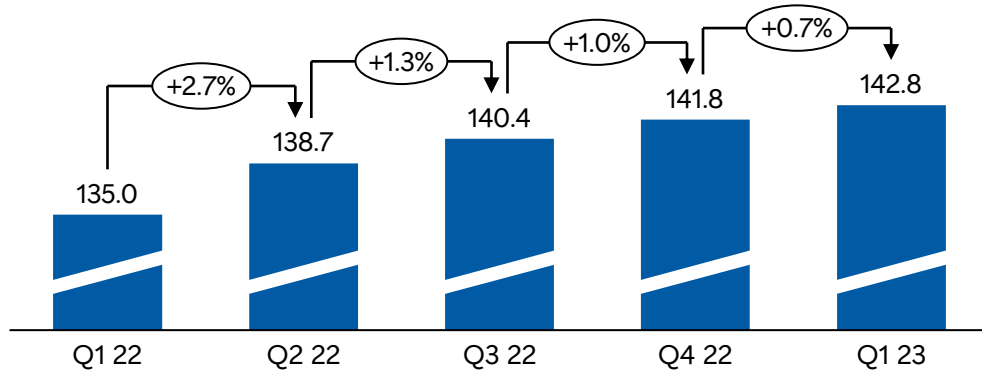
# Balance sheet

| <b>NOK bn</b>   | <b>31.3.23</b> | <b>31.3.22</b> | <b>31.3.21</b> |
|---|----------------|----------------|----------------|
| Cash and receivables from central banks                   | 1.2            | 1.2            | -              |
| Deposits with and loans to credit institutions            | 8.6            | 9.5            | 9.5            |
| Net loans to and receivables from customers               | 152.2          | 145.8          | 135.9          |
| Fixed-income CDs and bonds                                | 44.3           | 32.0           | 30.9           |
| Shares, units and other equity interests                  | 0.8            | 2.6            | 2.1            |
| Investment in related companies                           | 7.9            | 7.5            | 7.4            |
| Intangible assets   | 0.7            | 0.9            | 0.9            |
| Other assets  | 12.4           | 7.6            | 7.2            |
| <b>Total assets</b>                                       | <b>228.2</b>   | <b>207.0</b>   | <b>193.8</b>   |
| Capital market funding                                    | 65.2           | 56.6           | 59.4           |
| Deposits from and debt to customers                       | 123.5          | 114.1          | 102.4          |
| Other liabilities   | 12.7           | 12.2           | 8.5            |
| Investment held for sale                                  | 1.1            | -              | -              |
| Subordinated loan capital                                 | 2.1            | 1.8            | 1.8            |
| Total equity ex Tier 1 Capital                            | 22.4           | 21.2           | 20.5           |
| Addition Tier 1 Capital                                   | 1.7            | 1.3            | 1.3            |
| <b>Total liabilities and equity</b>                       | <b>228.2</b>   | <b>207.0</b>   | <b>193.8</b>   |
| In addition loans sold to Boligkreditt and Næringskreditt | 60.8           | 52.9           | 43.5           |

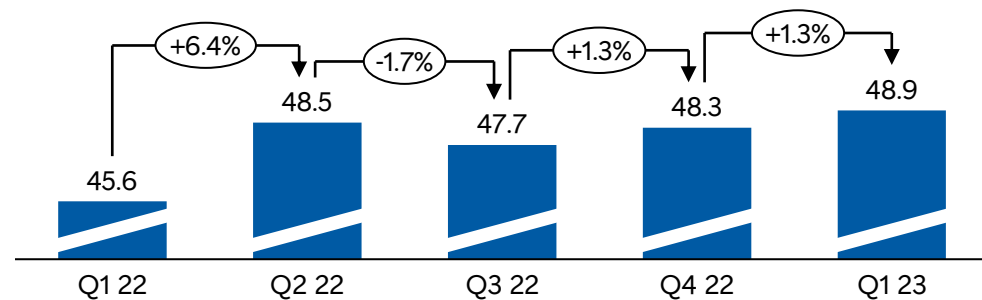
# Quarterly growth

## Retail banking

### Lending

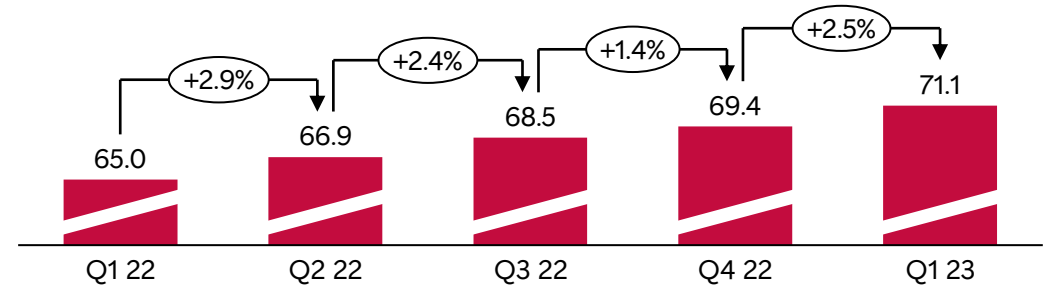


### Deposits

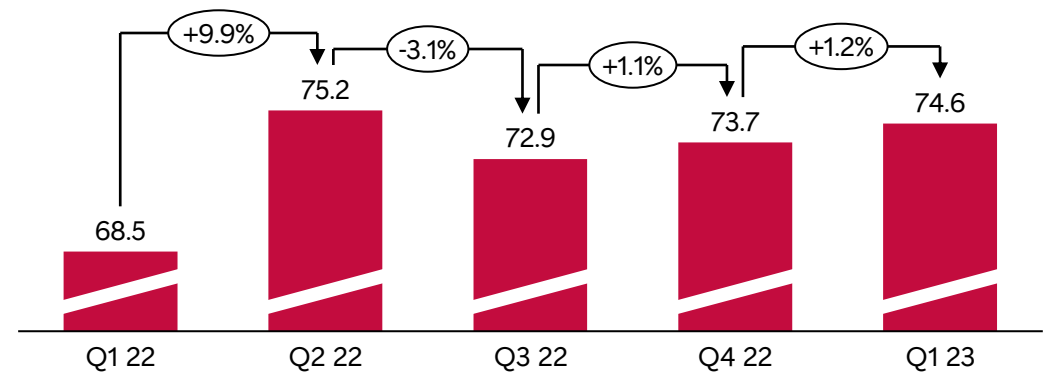


## Corporate banking

### Lending



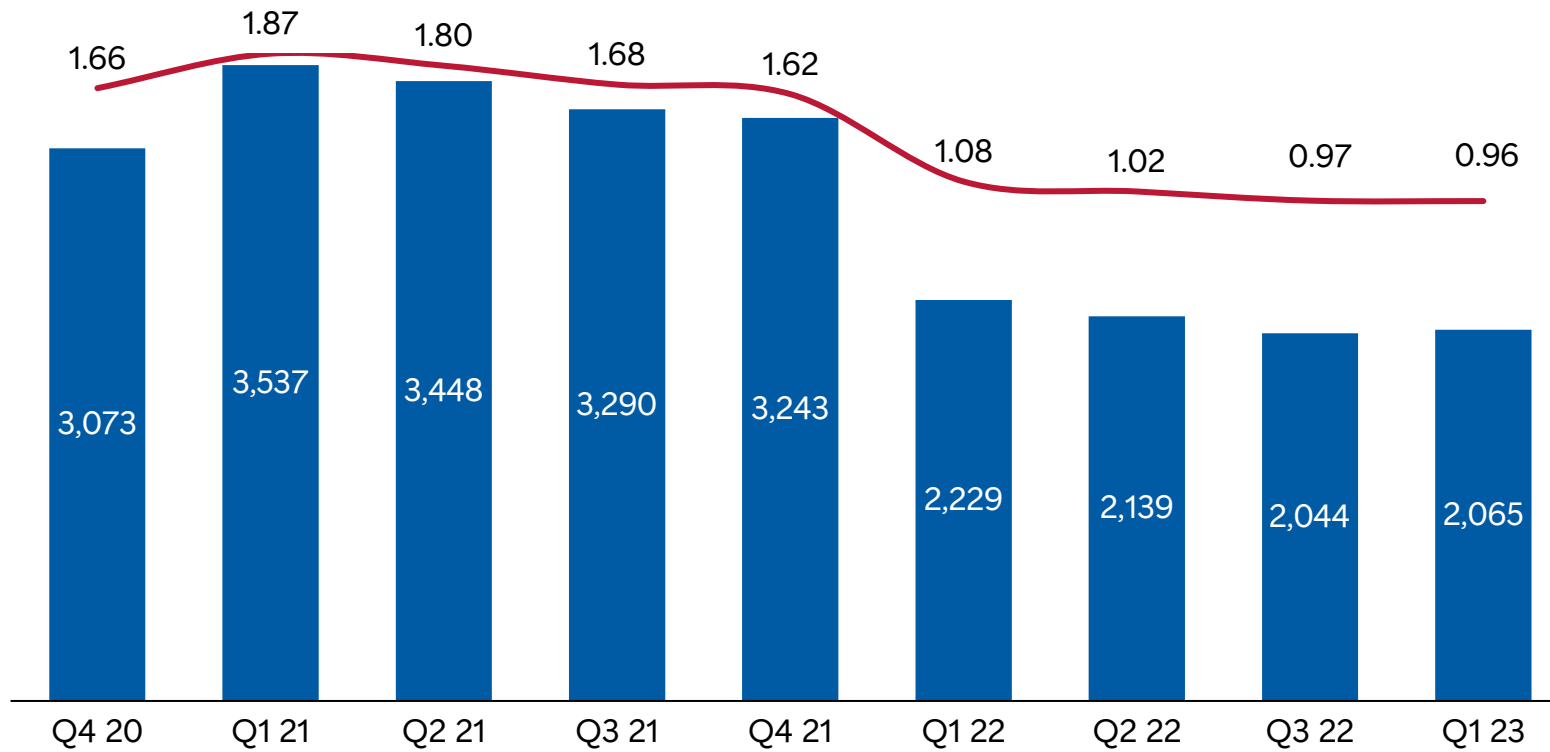
### Deposits



# Problem loans

## Loans to customers in stage 3

■ Lending to customers in stage 3  
— % of gross lending



# Funding and liquidity

The bank has a conservative liquidity strategy. The LCR is 194 per cent as at 31 March 2023 (155 per cent). The regulatory requirement is 100 per cent.

The bank's funding sources and products are well diversified. SpareBank 1 Boligkreditt and Næringskreditt are important funding sources. Loans totalling NOK 61bn (53bn) had been sold to these mortgage companies as at 31 March 2023

In Q1 SpareBank 1 SMN issued the equivalent of NOK 760m in senior non-preferred debt (MREL) denominated in Japanese Yen.

As at 31. March 2023 SpareBank 1 SMN held NOK 7.9 bn in senior non-preferred debt (MREL). SpareBank 1 SMN will meet the MREL requirements by the end of 2023.

Maturity structure as at March 31 2023 (NOKbn)

