

Second quarter 2023

August 10th 2023

Jan-Frode Janson
CEO

Trond Søråas
CFO



Q2 2023

Solid results

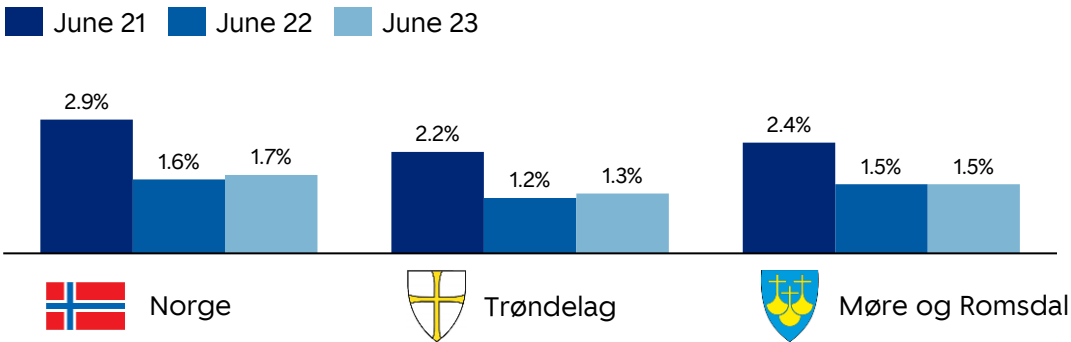
- **Return on equity of 15.1 %**
- **Merger with SpareBank 1 Søre Sunnmøre**
Positive effects on growth, income and solidity. The Q2 result is also impacted by costs related to the merger
- **Solid income development**
High interest income following growth and repricing. Strong results from accountancy services and real estate agency, while SpareBank 1 Gruppen ended Q2 with a loss
- **Loss of 29 NOKm**, of which 15 NOKm from portfolio disposals by SpareBank 1 Finans Midt-Norge
- **Well capitalised and with ample liquidity**,
positioned for further growth and with a strong dividend capacity
- **SpareBank SMN marks 200th anniversary**
with distributions and celebratory events all over Mid-Norway



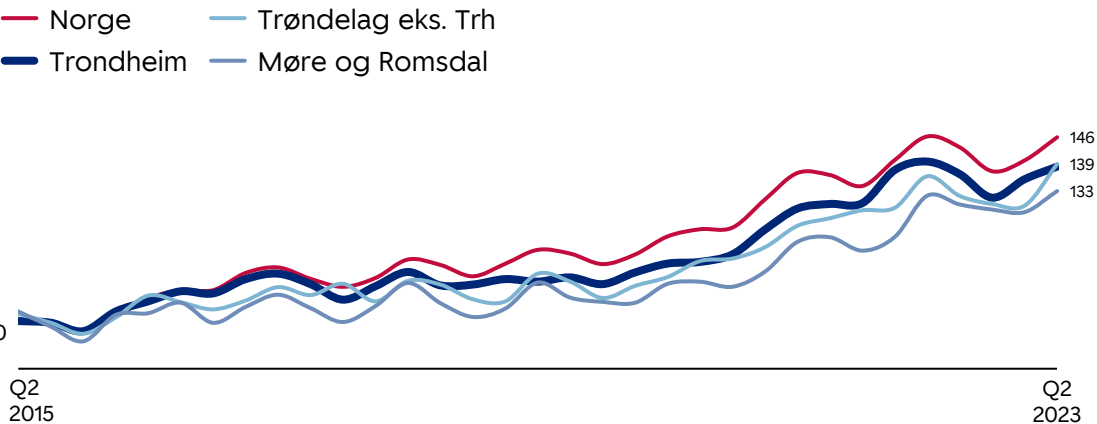
The Mid-Norwegian economy

Unemployment

Wholly unemployed as a percentage of the labour force

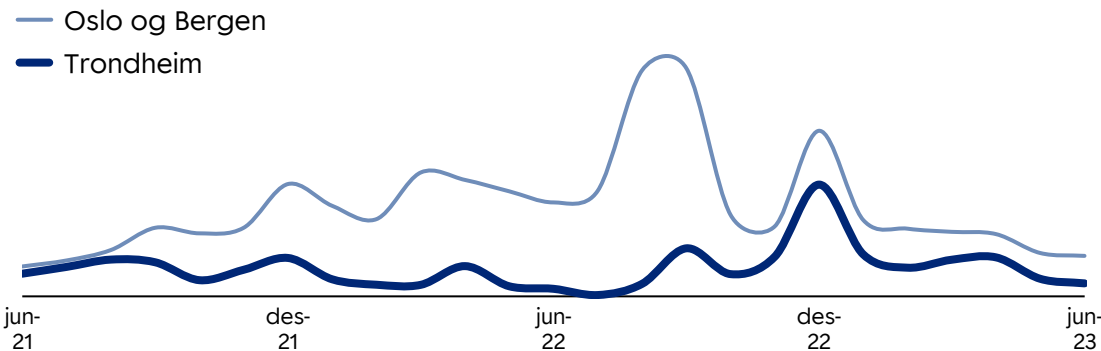


Housing prices



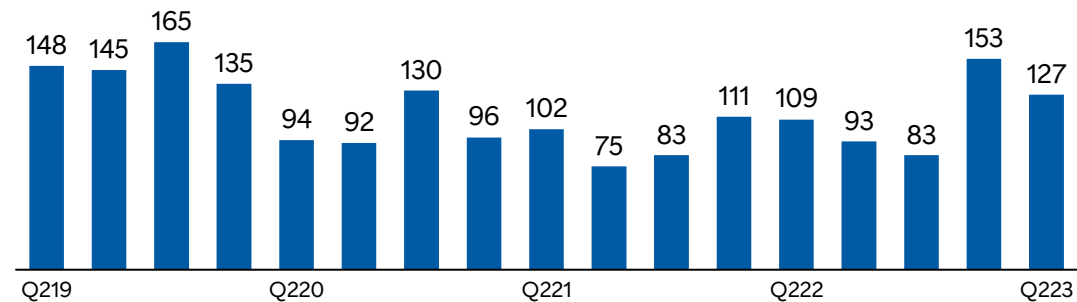
Sources: NAV, SSB, NordPool and Brønnøysundregisteret

Electricity prices

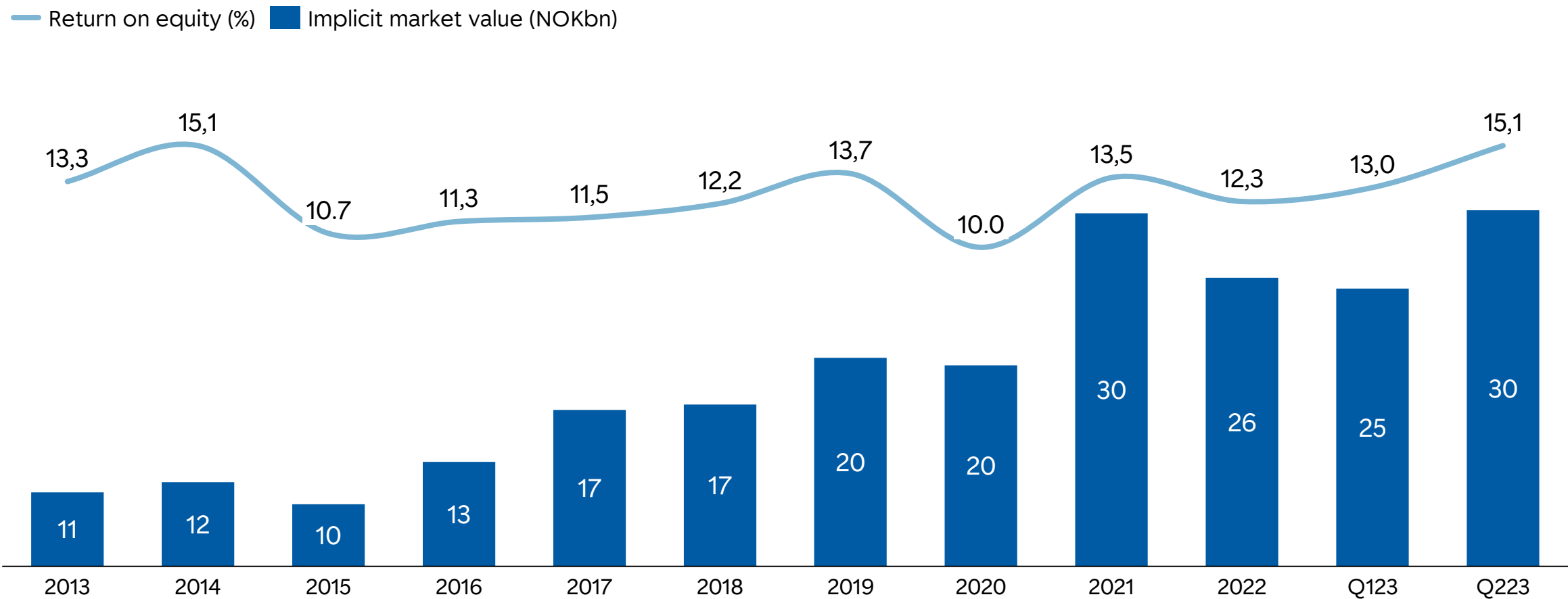


Bankruptcies

Number of bankruptcies in Trøndelag and Møre og Romsdal



High value creation over time

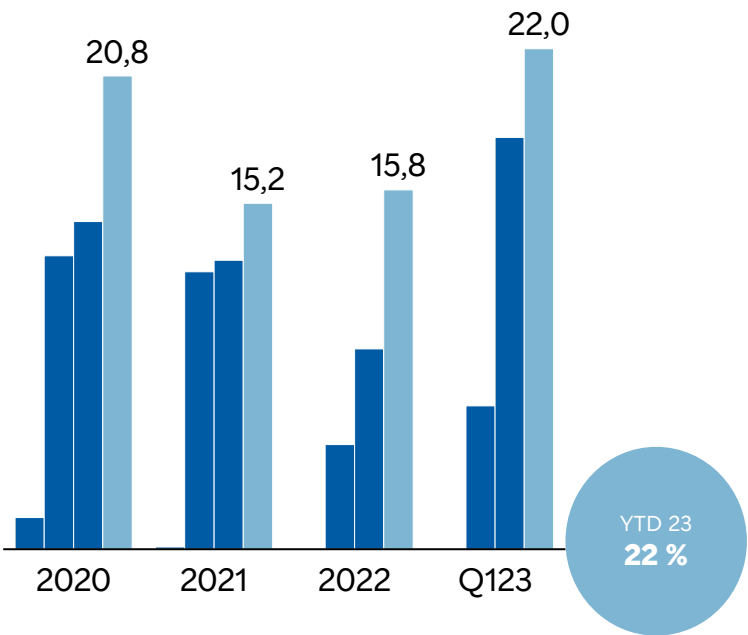


Strong development in subsidiaries

Accountancy services

Profit margin (%)

Regnskapshuset SMN
Peer 1 - 3

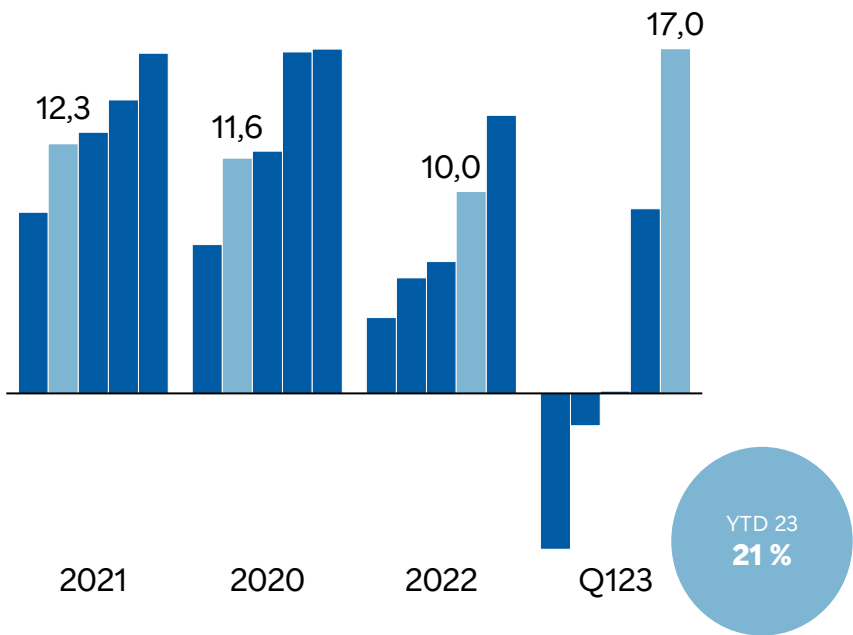


Peers: SB1 Regnskapshuset Nord-Norge, SB1 SR-Bank forretningspartner og SB1 Forretningspartner Østlandet

Real Estate

Operating margin (%)

EiendomsMegler 1 Midt-Norge
Peer 1 - 4

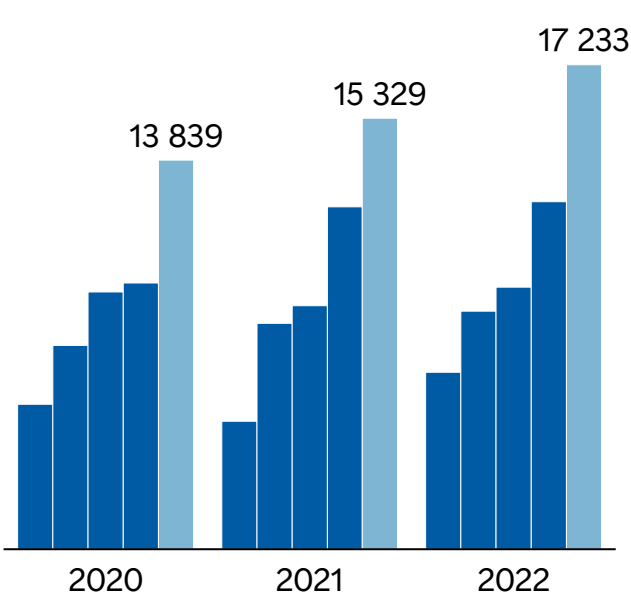


Peers: EM1 Nord-Norge, EM1 SR-Eiendom, EM1 Oslo Akershus og EM1 Ringerike Hadeland

Car financing

Number of collaterals

SpareBank 1 Finans Midt-Norge
Peer 1 - 4

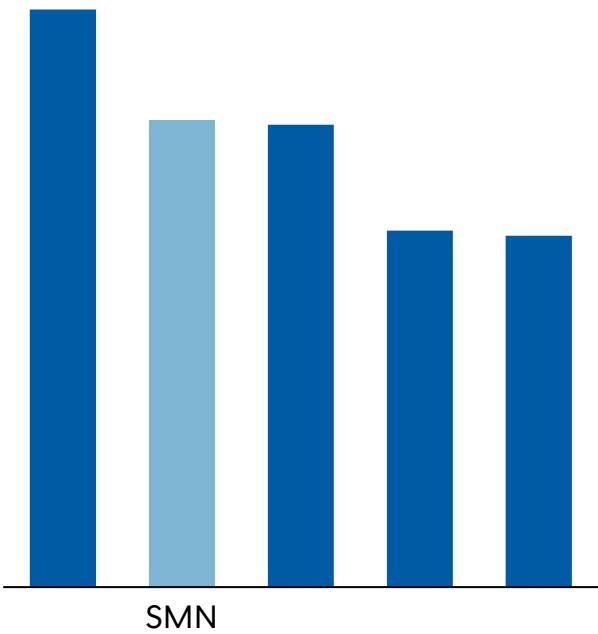


Peers: SB1 Finans Nord-Norge, SB1 SR-Bank, SB1 Finans Østlandet og Brage Finans

Ambition to be number 1 among Norwegian savings banks

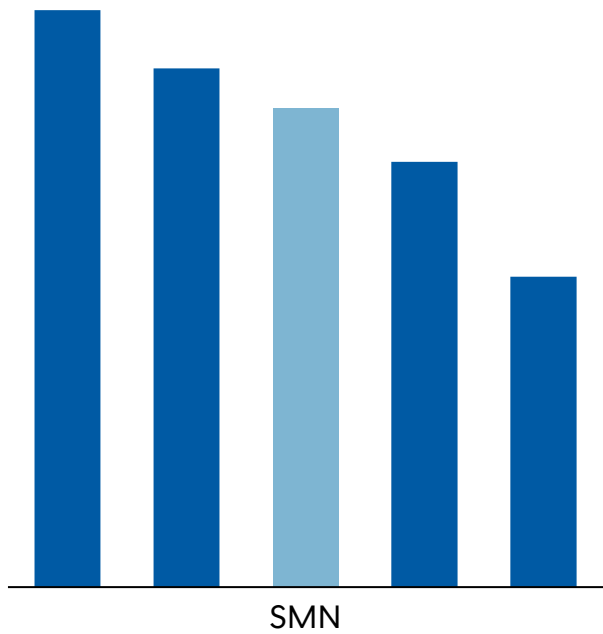
Implicit market value

Norwegian savings banks,
per Q123



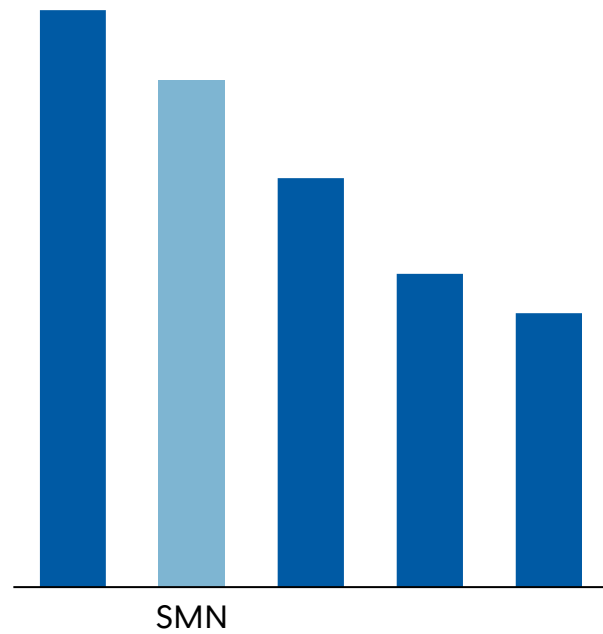
Gross lending to customers

Norwegian savings banks,
per Q123



Number of employees in the group

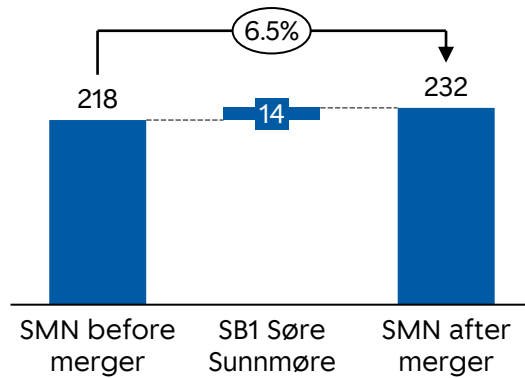
Norwegian savings banks,
per Q123



Source: Public Quarterly Report
Peers: SB1 SR-Bank, Vest, SB1 Nord-Norge og SB1 Østlandet

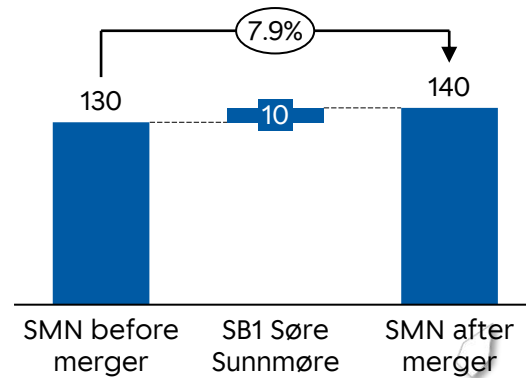
Lending

Q223 (NOKbn)



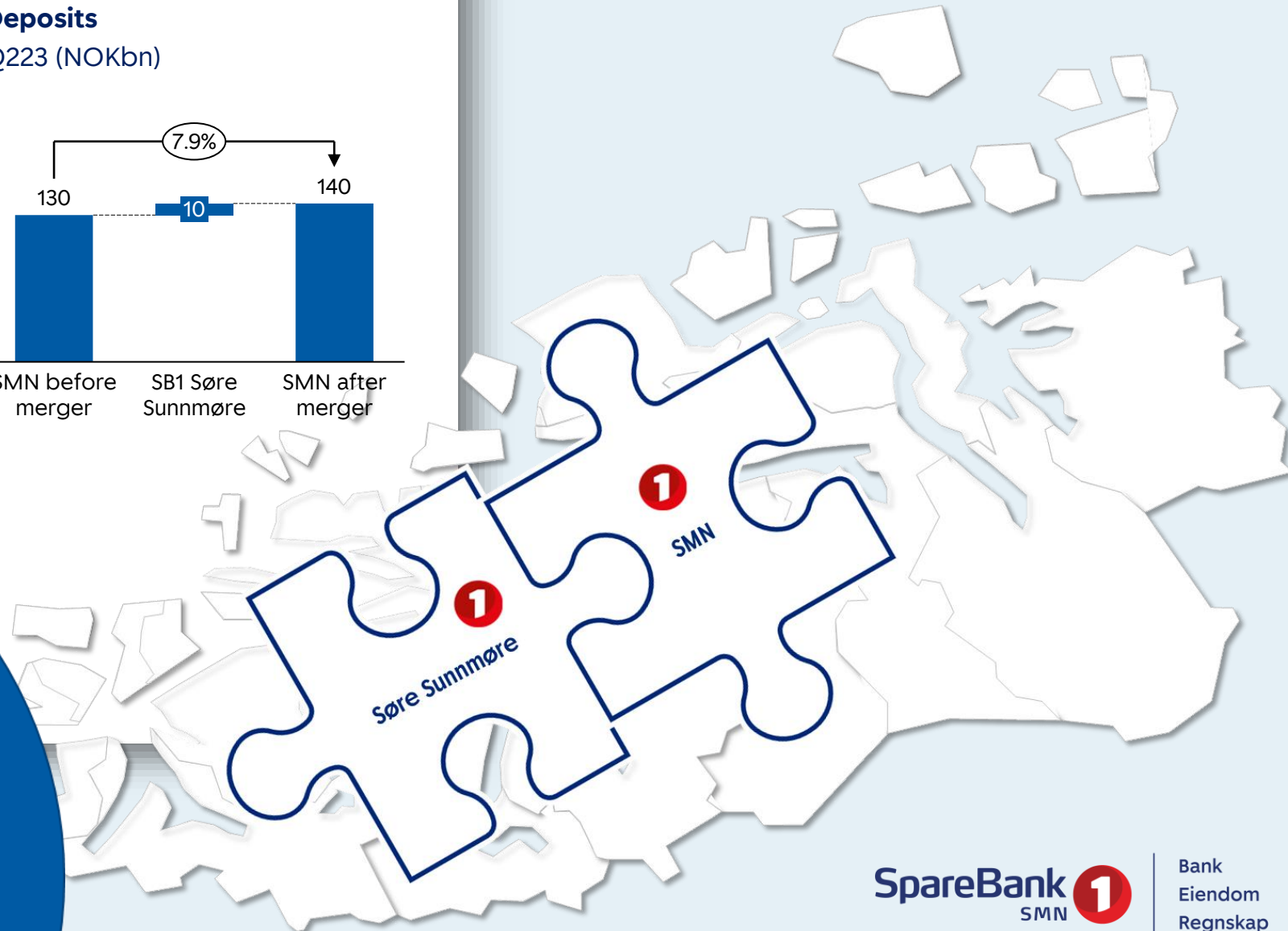
Deposits

Q223 (NOKbn)



Leading regional bank

Legal merger with SpareBank 1 Sør-Sunnmøre completed in May 2023



SpareBank 1 SMN expressed interest in acquiring Danske Bank portfolio

Group CEO Jan-Frode Janson relates that they were not invited to talks: - we were politely received, but that's as far as we got.



CEO of SpareBank 1 SMN Jan-Frode Janson

Large movement amongst customers and employees from Danske Bank

- **Increased customer influx from Danske Bank**
- Retail Banking acquired more than twice as many customers from Danske Bank in June and July compared to a normal level
- Corporate Banking with increased focus in the Trondheim region
- **More than 30 new employees from Danske Bank**
- Team within Private Banking
- Team within Asset Management
- Advisors within Retail and Corporate Banking
- Special functions



Såkorn 1 Midt

We are establishing a seed fund

SpareBank 1 SMN has established a seed fund named 'Såkorn 1 Midt'. With NOK 150 million at the fund's disposal, this is the largest-ever investment of community dividend monies. Fund resources are earmarked for Mid-Norwegian entrepreneurs and business startups, above all in the field of green innovation. - The object is to contribute to a bustling and attractive business sector in the region, says CEO Jan-Frode Janson

From left: Board Director in Såkorn 1 Midt Trond Mellingsæter, CEO SpareBank 1 SMN Jan-Frode Janson, Jan Biti and Cristina Santos in CoFounder



Join us as we mark our 200th anniversary with many small and large events all over Mid-Norway

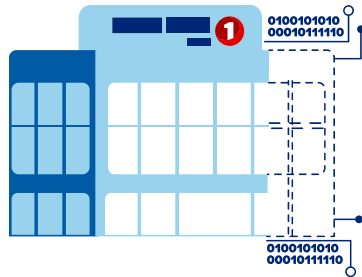


Strategic priorities unchanged – focus on execution



Creating One SMN

Ambition
**Complete finance centre
with seamless customer
offerings**



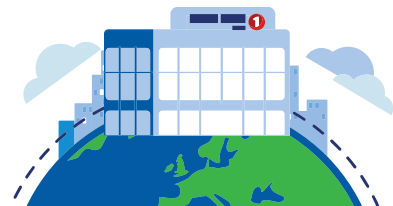
Greater digitalization and use of insight

Ambition
**Physical presence and digital
leader**



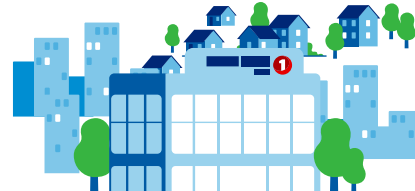
Head up the development of Norway's savings banks system

Ambition
**Number 1 among Norwegian
savings banks**



Integrating sustainability into the business

Ambition
Net zero emissions by 2050



Exploiting the power in SMN's ownership model

Ambition
**Sustainable growth and
attractive local communities**

Financial information



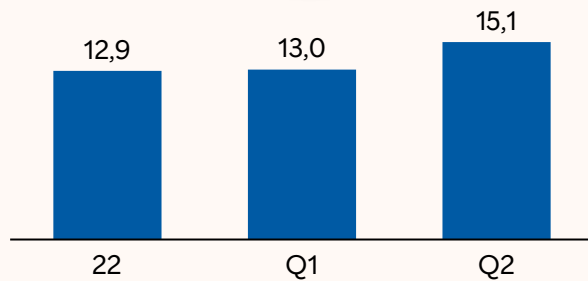
Financial targets

Profitable



13 %

Return on equity



Solid

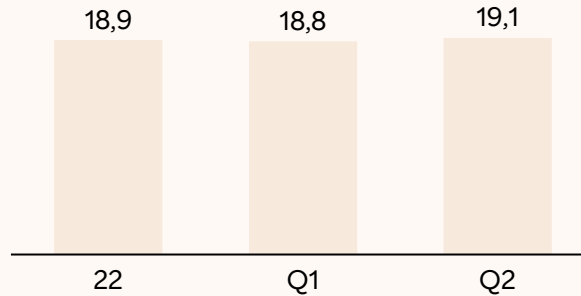


17.2 %

CET1 ratio

~ 50 %

Payout ratio



Efficient

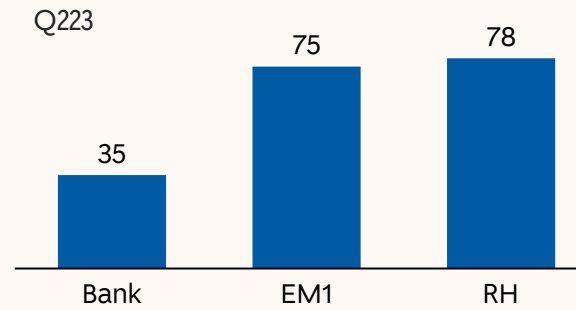


< 40 %

Cost/income in parent bank ex. finance

< 85 %

Cost/income subsidiaries



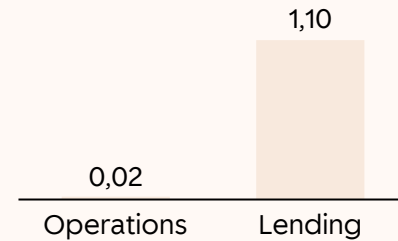
Responsible



Net zero

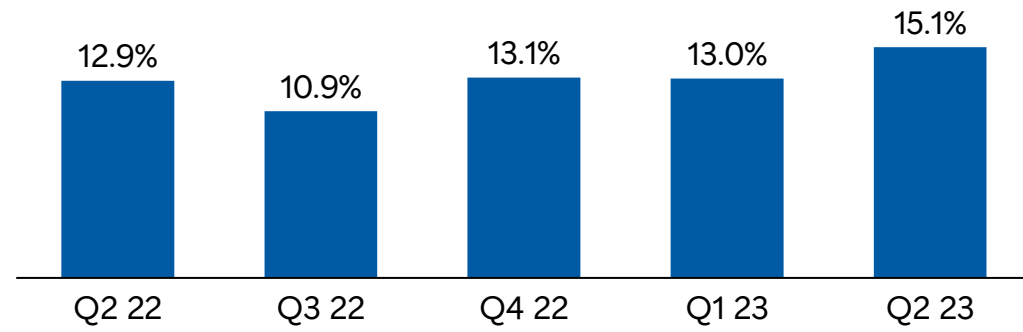
Climate footprint by 2050

2022 (mill tCo2e)

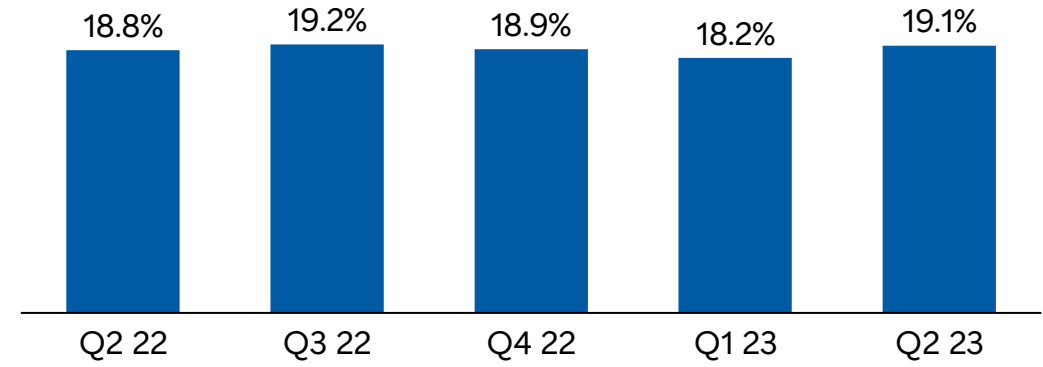


Profitable and solid

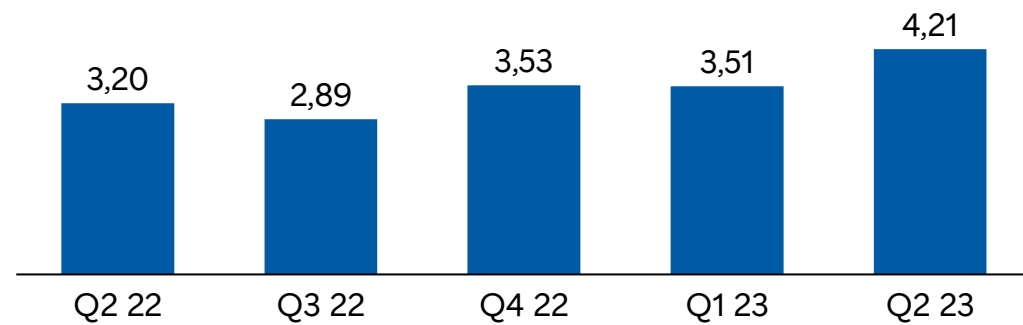
Return on equity



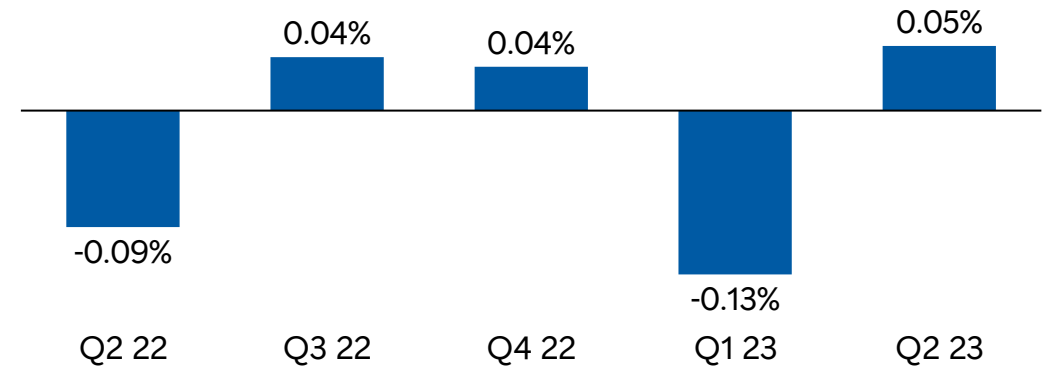
CET1 ratio



Earnings per equity certificate



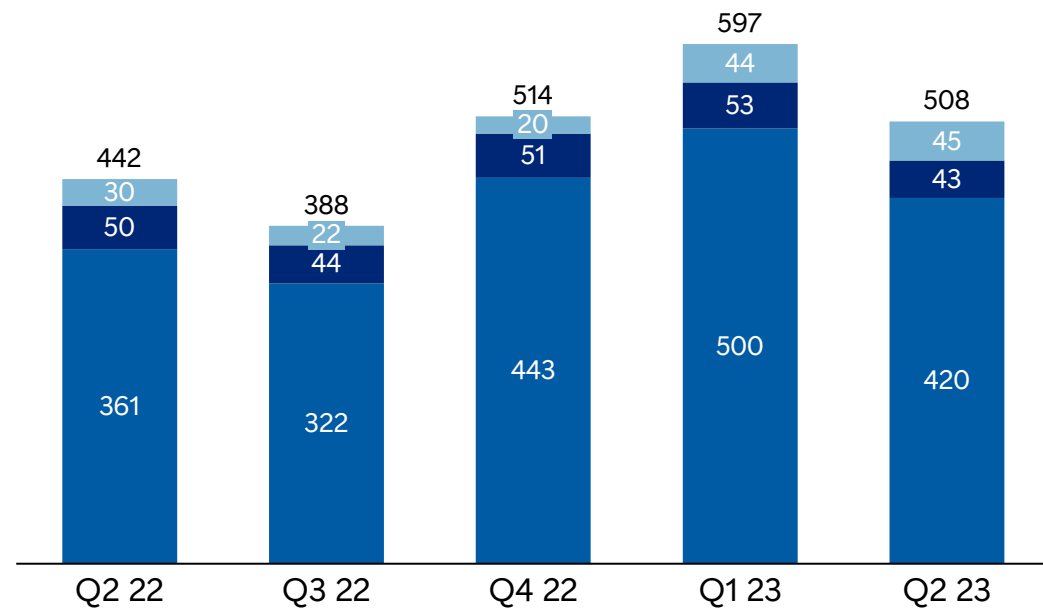
Loan losses in per cent of total lending



Corporate market

Pre-tax profit

(NOKm)



Corporate market
Oslo

Bank and Accountancy services in place in Oslo

- Team with years of experience from credit work
- Relationship concept with permanent advisor
- Moderate growth ambitions
- Industries where SMN has solid competence and experience
- Customers with 50-500NOKm, with a good history and low risk

Corporate Banking – boosts staffing in Trondheim

- Technology companies
- Start ups
- Larger customers



Strong achievements by Regnskapshuset

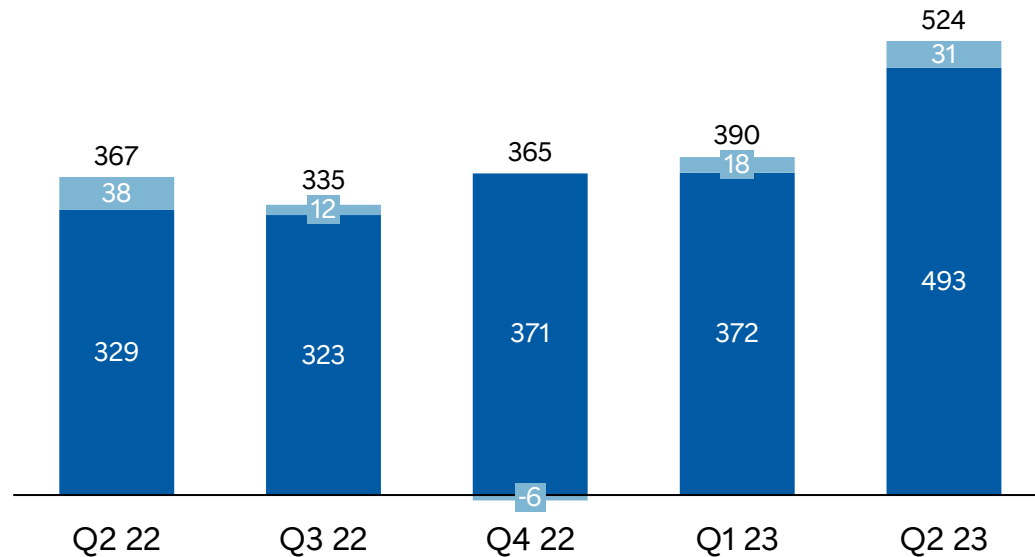
- Net growth in customers of 220 year-to-date
- Consulting revenues up 27% from Q2 22
- Positive development in customer satisfaction

Personal market

Pre-tax profit

NOKm

■ EiendomsMegler 1 Midt-Norge
■ Retail Banking

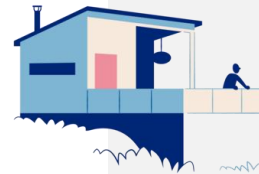


Growth in focal areas

- Merger makes for high growth in Sunnmøre and Fjordane
- Growth in Trondheim, especially from Danske Bank

Lower credit growth and increased inflation

- Credit growth to households below 4 per cent
- Low demand for mortgage payment holidays
- Well positioned in a market where advisory capabilities are a competitive advantage



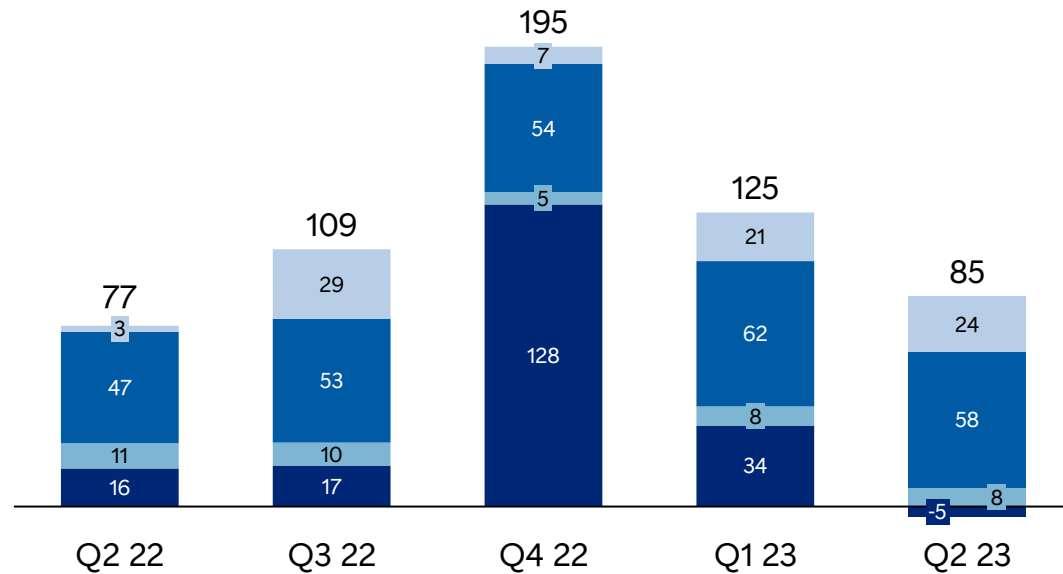
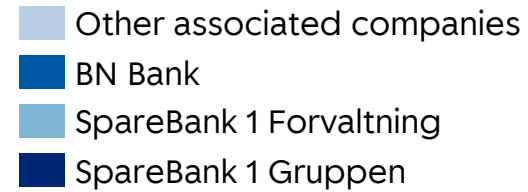
Continued high activity in the housing market

- Number of properties sold in Mid-Norway on par with previous year
- 10 per cent more properties were listed for sale in the second quarter compared to the same period last year

Broad product range and diversified income platform

Ownership interests

Profit 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



Bank
Eiendom
Regnskap

A strong result

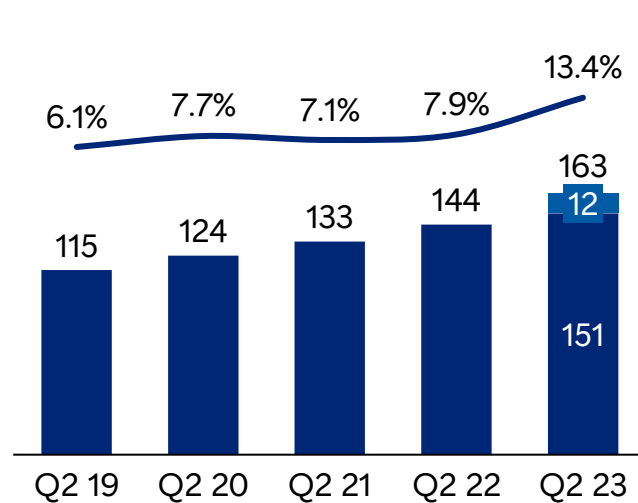
Mill kr	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Change from Q1 23	Change from Q2 22
Net interest income	1,094	1,035	961	814	803	59	291
Commission income and other income	561	541	473	491	555	20	5
Operating Income	1,655	1,576	1,435	1,305	1,359	79	296
Total operating expenses	683	728	646	583	585	-45	98
Pre-loss result of core business	972	847	789	722	774	124	198
Losses on loans and guarantees	29	-71	19	22	-48	100	77
Post-loss result of core business	943	918	770	700	822	24	121
Related companies	85	125	195	108	77	-40	8
Securities, foreign currency and derivatives	18	-97	-33	-22	-120	115	138
Result before tax	1,045	946	932	785	779	99	266
Tax	159	206	210	179	164	-46	-4
Result investment held for sale	37	38	46	10	87	-1	-50
Net profit	923	778	768	617	702	145	220
Return on equity	15.1 %	13.0 %	13.1 %	10.9 %	12.9 %	2.0 %	2.2 %

Growth and margins in Retail Banking – YoY

Lending volume (NOKbn)

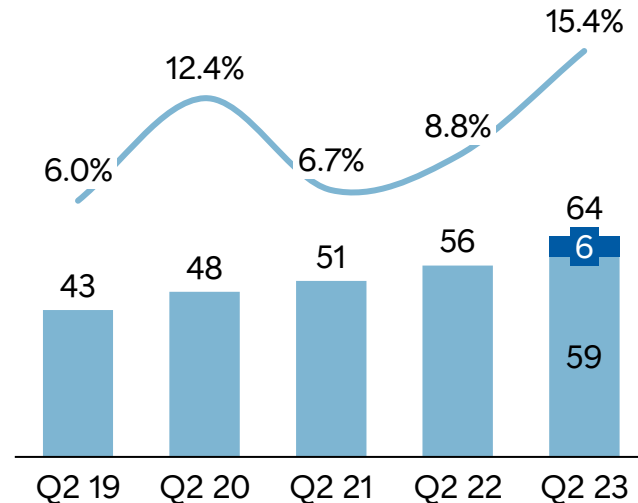
YoY growth ex. merger: 4.9 %

■ Lending ■ Merger



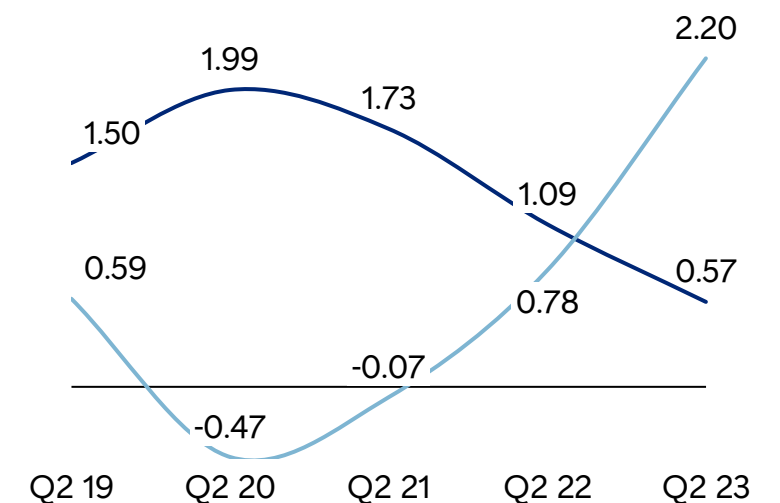
Deposit volume (NOKbn)

YoY growth ex. merger: 4.8 %



Margins vs NIBOR3M

— Lending margin — Deposit margin

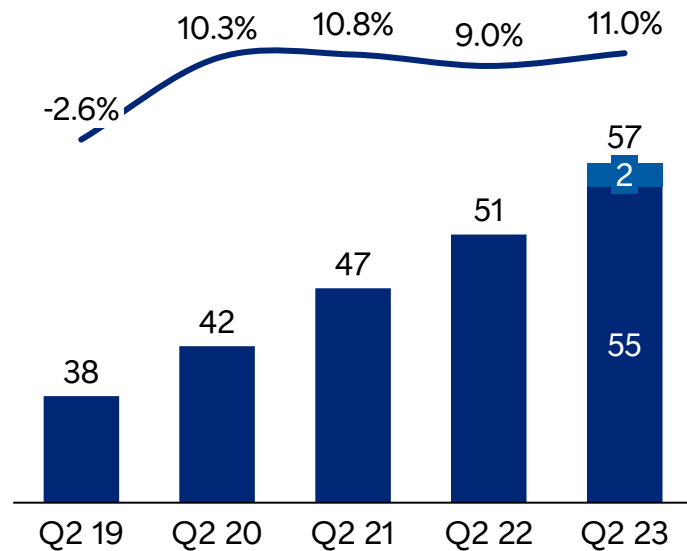


Growth and margins in Corporate Banking - YoY

Lending volume (NOKbn)

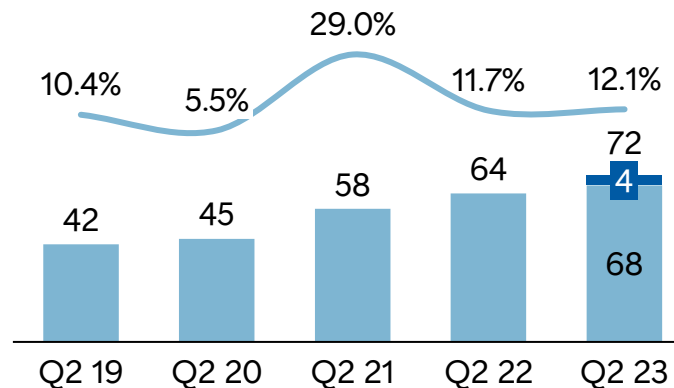
YoY growth ex. merger: 7.5 %

■ Lending ■ Merger



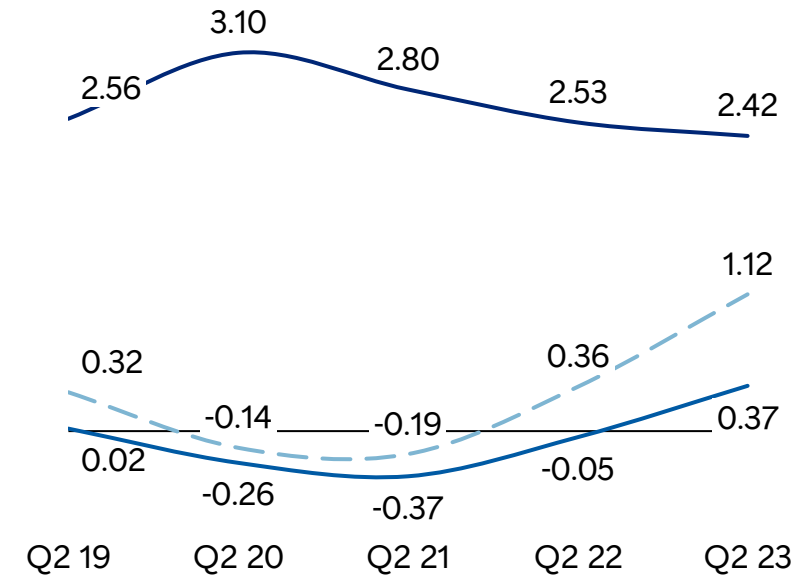
Deposit volume

YoY growth ex. merger: 6.8 %



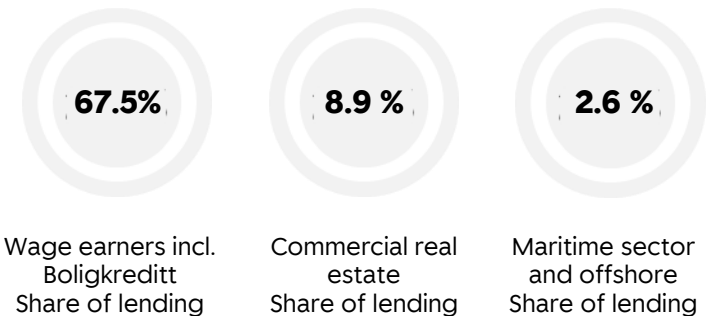
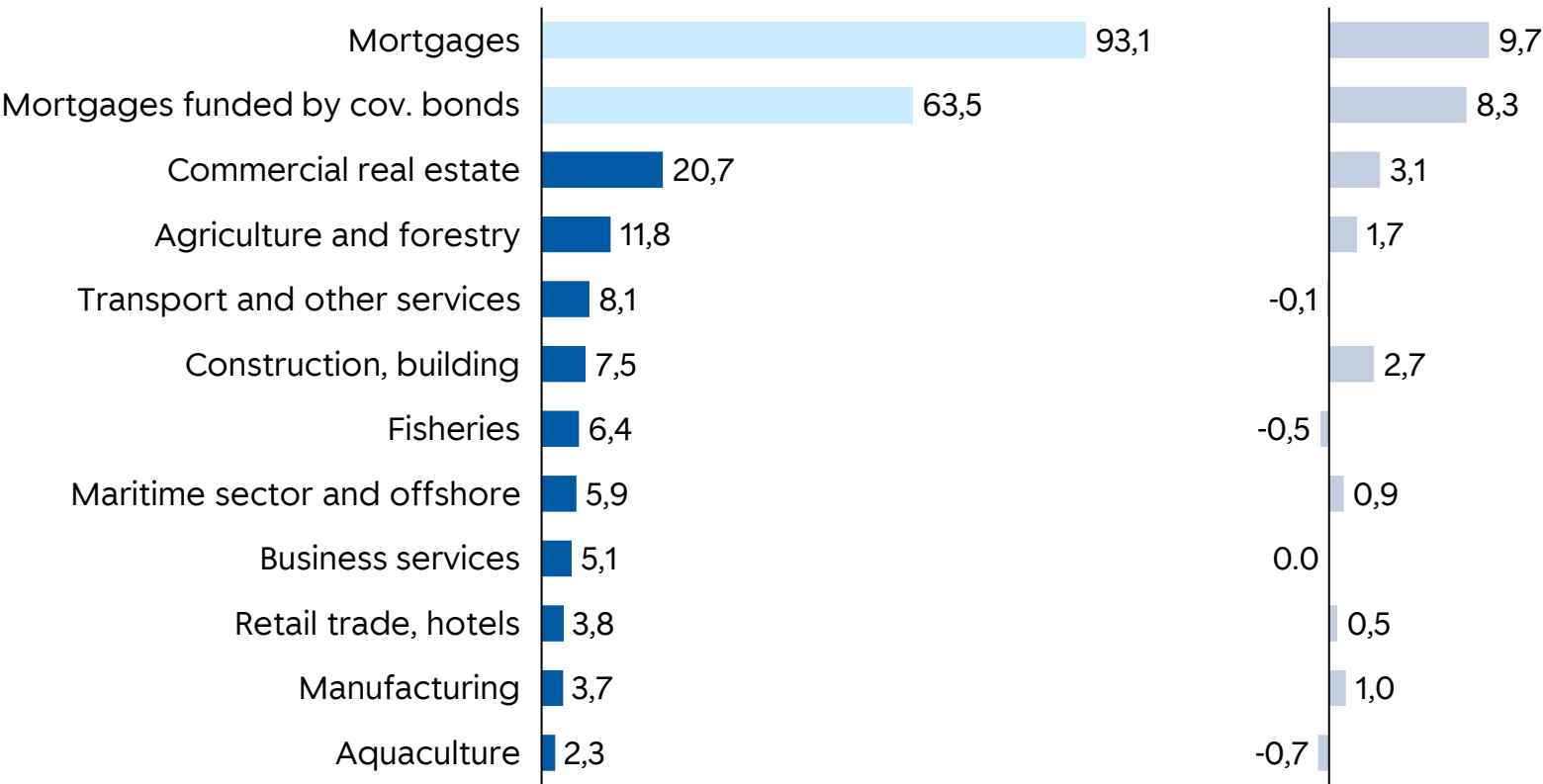
Margins vs NIBOR3M

— Lending margin
— Deposit margin
- - Deposit margin ex. Public sector



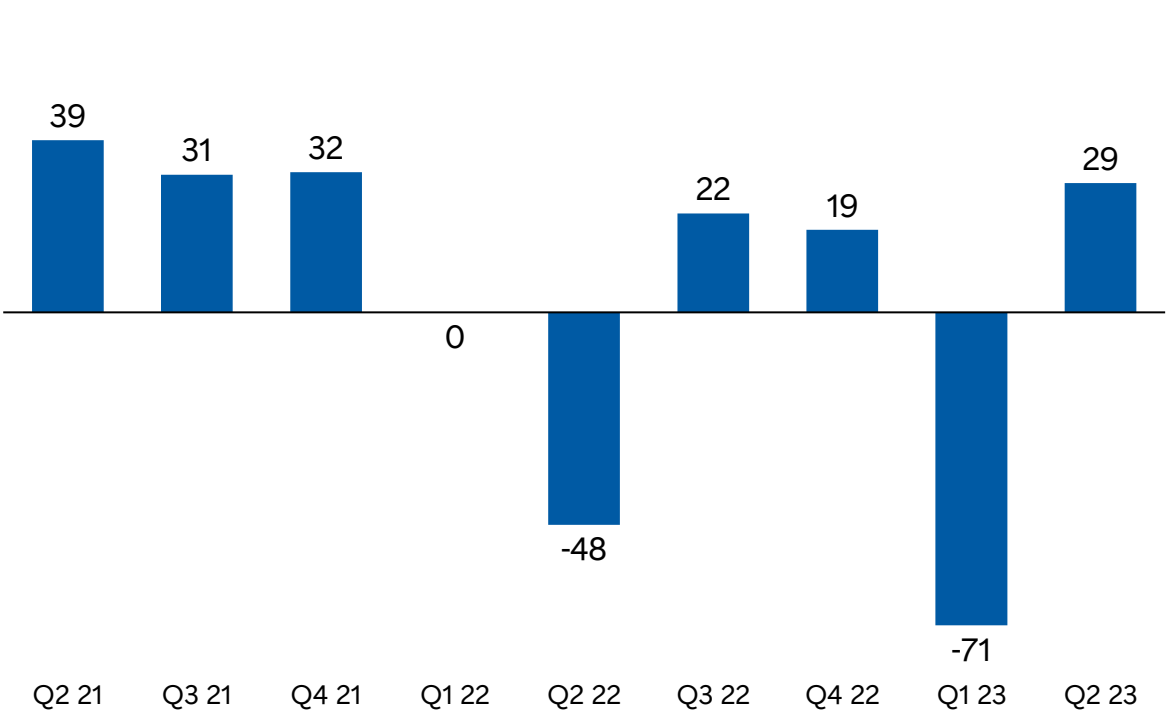
Loan portfolio

Lending as at 30.06.23 and change YoY (NOKbn)

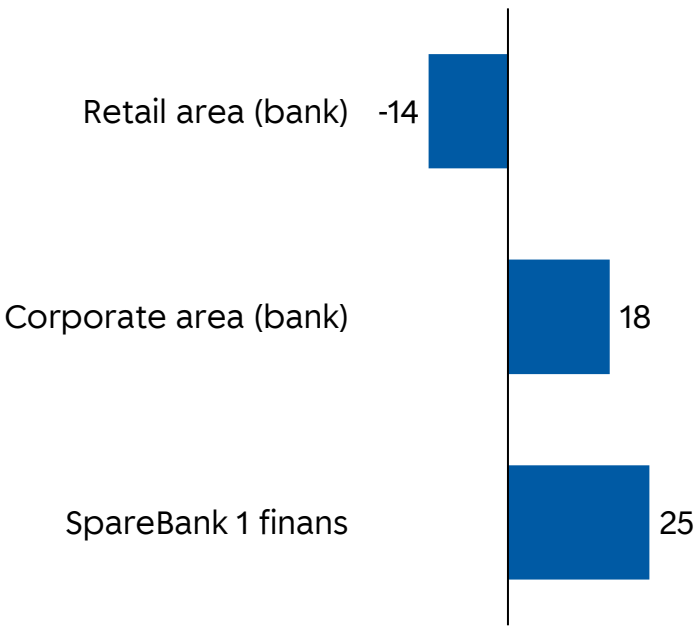


Losses

Loan losses (NOKm)

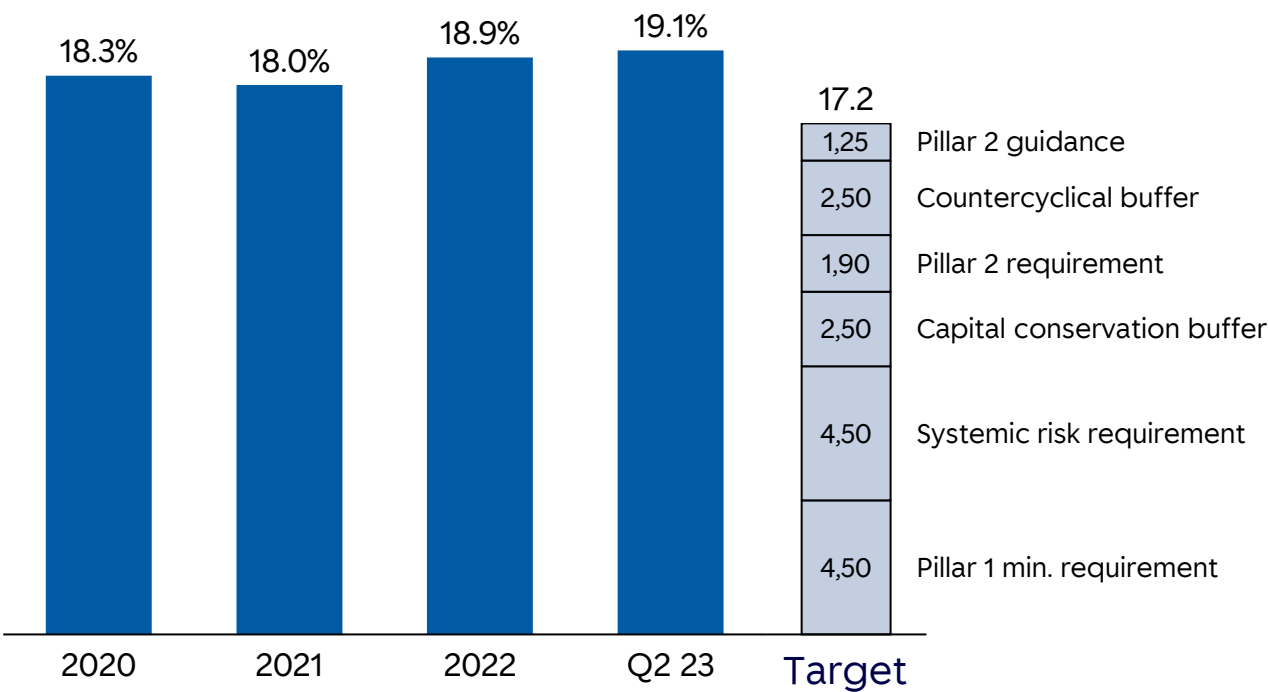


Distribution of losses Q2 (NOKm)

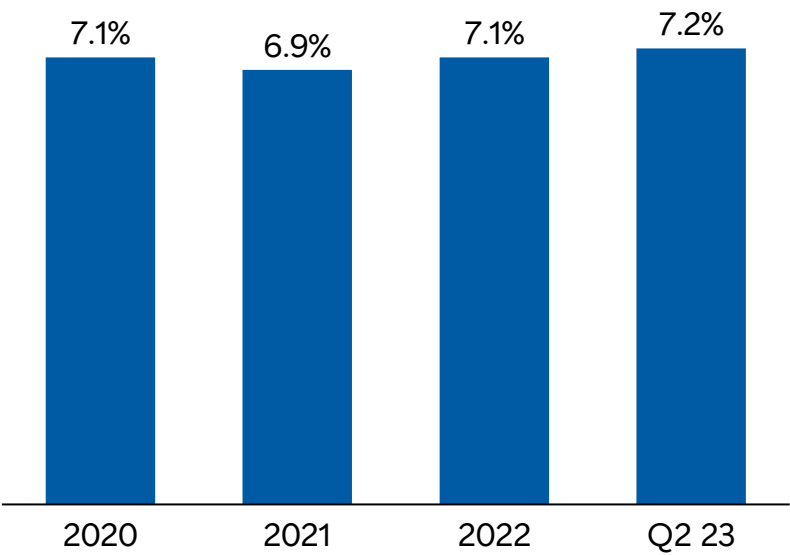


Financial solidity

CET1*



Leverage ratio



*SMN has a CET 1 requirement of 16.6%, of which 0.7 % is temporary pillar 2 requirement, pending the FSAs approval of IRB-model change. In addition, The Norwegian Financial Authority has communicated a Pillar 2 Guidance on 1.25%.

SpareBank 1 MING



1

High return over time

efficient operations with synergies in the group, well capitalised and shareholder-friendly dividend policy

2

Strong position and with growth ambitions

sustainable growth in an attractive region, diversified customer portfolio and income platform

3

Strong brand with development potential

based on ownership value and local presence

4

Substantial underlying value

through ownership positions in and outside the SpareBank 1 Alliance

5

Well positioned in terms of consolidation

amongst Norwegian savings banks

Appendix



Increased costs and lower activity



Retail trade

Status ■ Outlook ↘



Construction

Status ■ Outlook ↘



Fisheries

Status ■ Outlook ↘



Offshore

Status ■ Outlook ↗



Agriculture

Status ■ Outlook →



Aquaculture

Status ■ Outlook →



Industry indicator



Commercial property

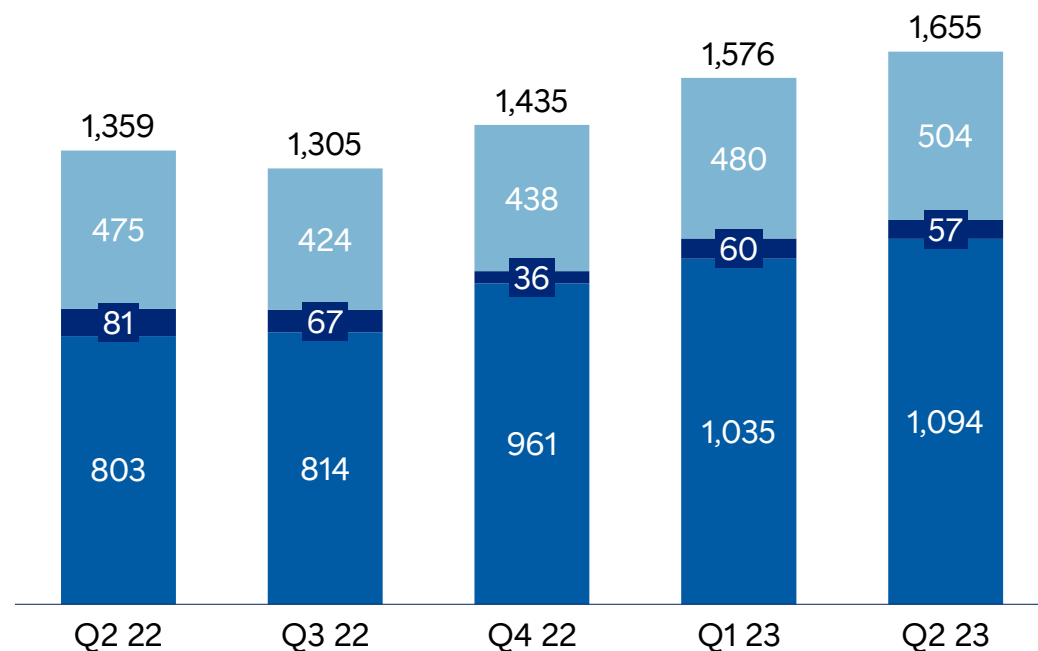
Status ■ Outlook ↘

Sources: SpareBank 1 SMNs bransjeindikator per 1. halvår 2023

Income

Net interest income and other income

■ Commission income
■ Bolig- og Næringskred.
■ Net interest income

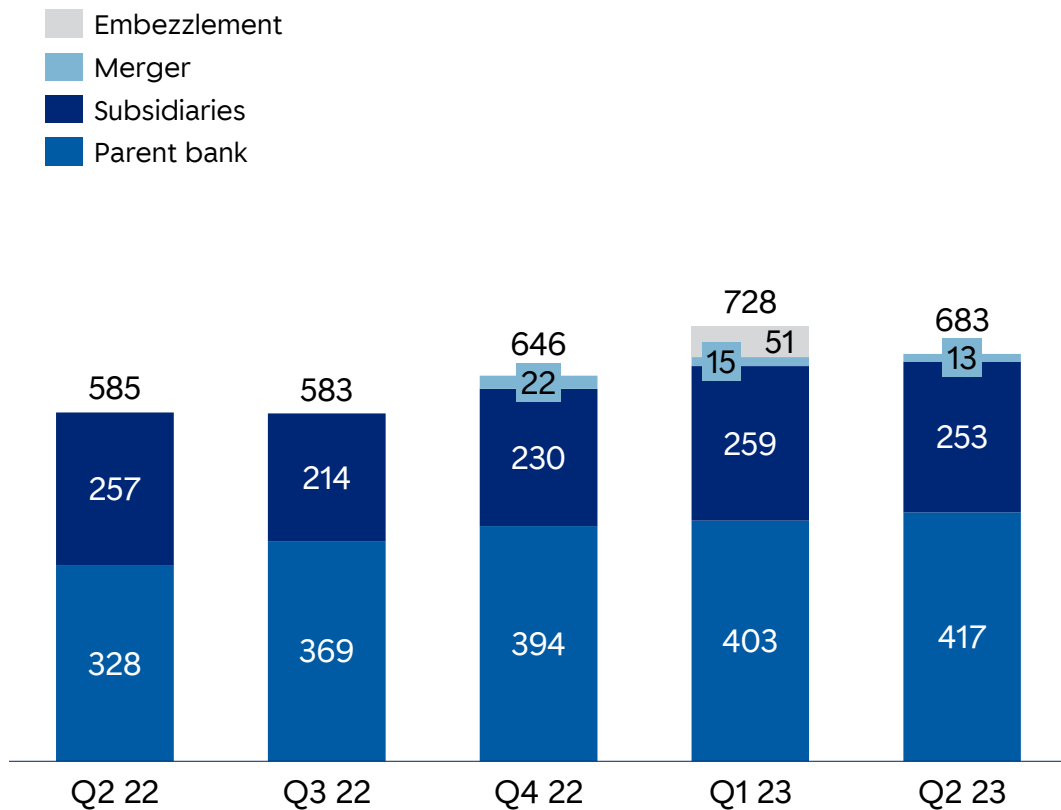


Commission income

NOKm	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Change from Q1 23	Change from Q2 22
Payment transmission income	77	72	91	91	79	6	-2
Credit cards	15	17	15	15	15	-2	-1
Commissions savings and asset mgmt	12	10	11	9	10	1	1
Commissions insurance	65	61	60	60	59	4	6
Guarantee commissions	13	16	25	16	10	-3	3
Estate agency	119	105	94	105	125	13	-6
Accountancy services	182	188	127	115	167	-6	15
Other commissions	22	11	14	12	9	10	12
Commissions ex. Bolig/Næringskreditt	504	480	438	424	475	23	29
Commissions Boligkreditt (cov. bonds)	53	57	32	63	77	-4	-23
Commissions Næringskreditt (cov. bonds)	4	3	4	4	4	0	0
Total commission income	561	541	473	491	555	20	5

Costs

Total operating expenses per quarter (NOKm)



Costs per category

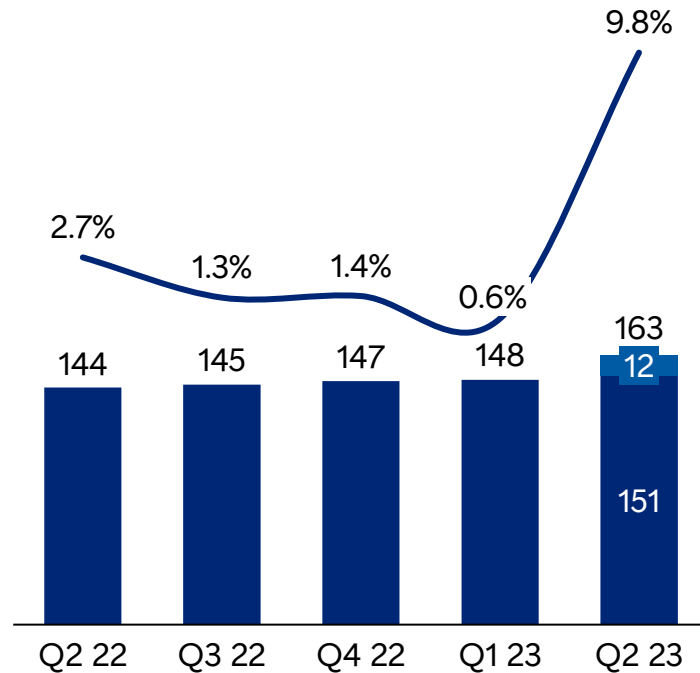
NOKm	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Change from Q1 23	Change from Q2 22
Staff costs	383	398	333	348	350	-15	33
IT costs	105	106	100	84	82	-1	23
Marketing	25	23	24	18	26	2	-1
Ordinary depreciation	35	29	33	26	29	6	6
Operating expenses, real properties	14	16	9	17	7	-2	7
Purchased services	62	38	53	48	42	24	20
Merger expenses	13	15	22	0	0	-2	13
Other operating expense	59	104	73	42	48	-45	10
Total operating expenses	683	728	646	583	585	-45	98

Growth and margins in Retail Banking - quarterly

Lending volume (NOKbn)

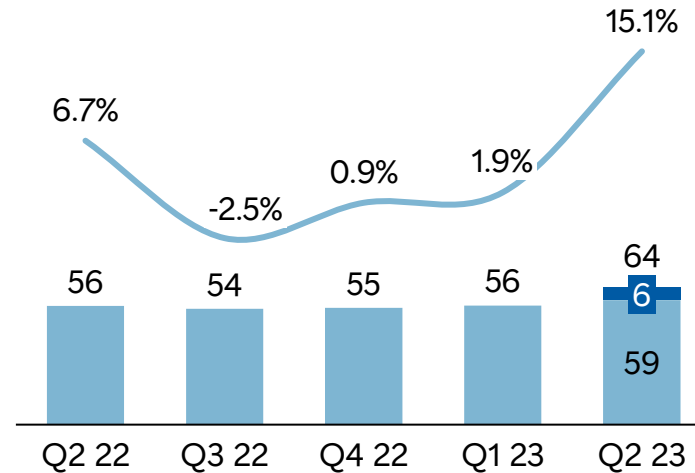
Quarterly growth ex. merger: 1.5 %

■ Lending ■ Merger



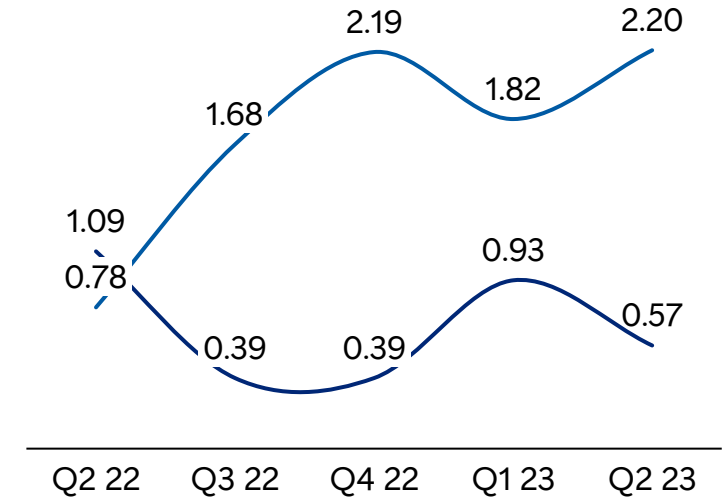
Deposit volume (NOKbn)

Quarterly growth ex. merger: 4.6%



Margins vs NIBOR3M

— Lending margins — Deposit margins

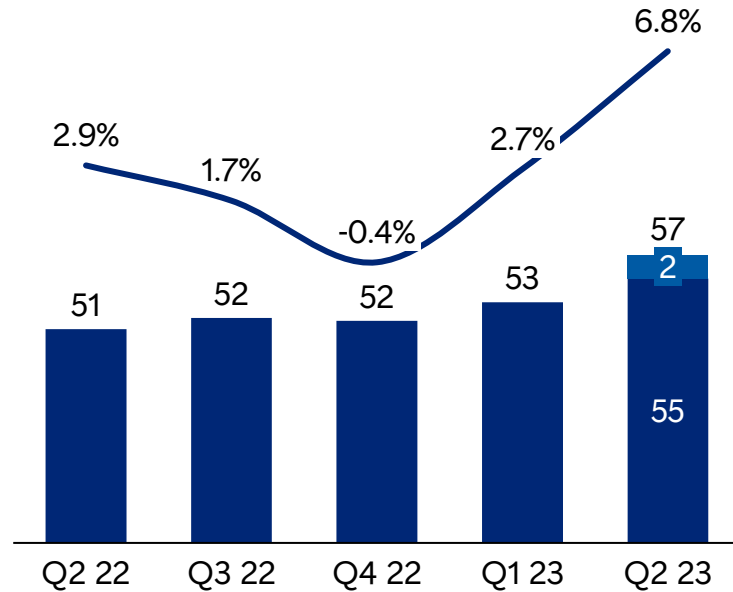


Growth and margins in Corporate Banking - quarterly

Lending volume (NOKbn)

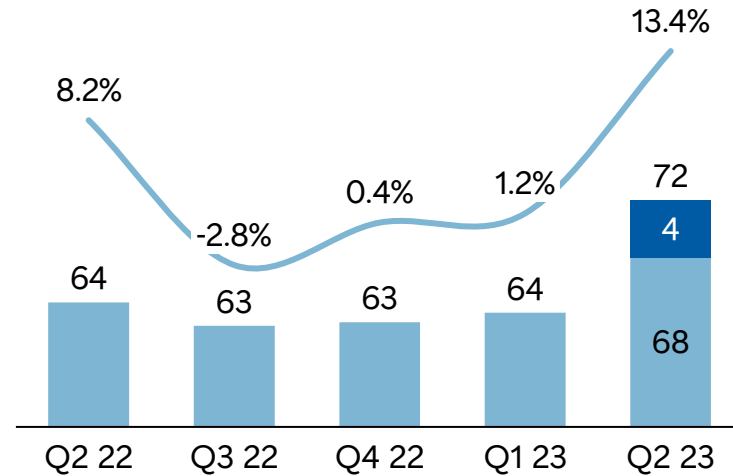
Quarterly growth ex. merger: 3.3 %

■ Lending ■ Merger



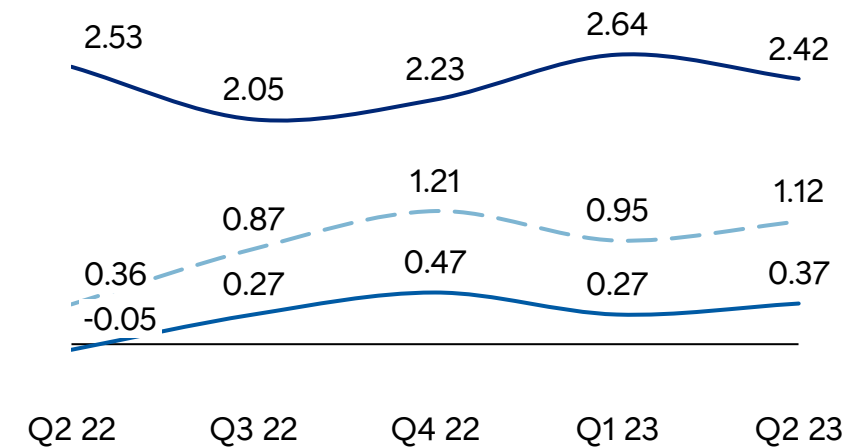
Deposit volume (NOKbn)

Quarterly growth ex. merger: 6.5%



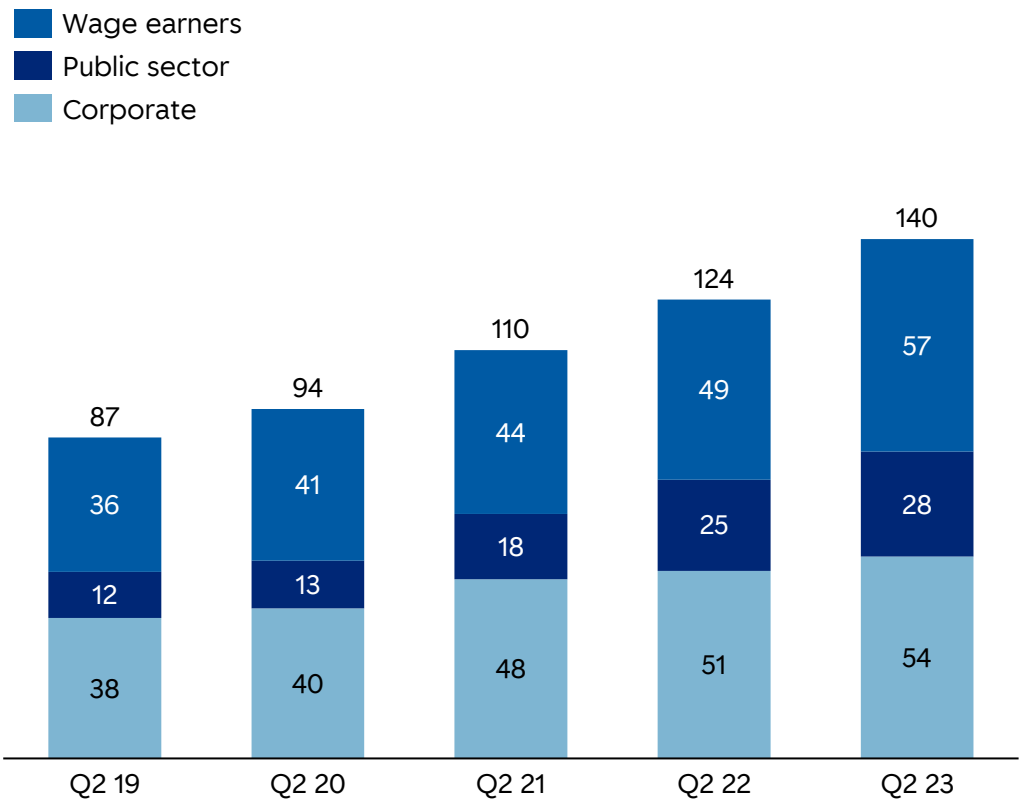
Margins vs NIBOR3M

— Lending margin
— Deposit margin
- - Deposit margin ex. Public sector

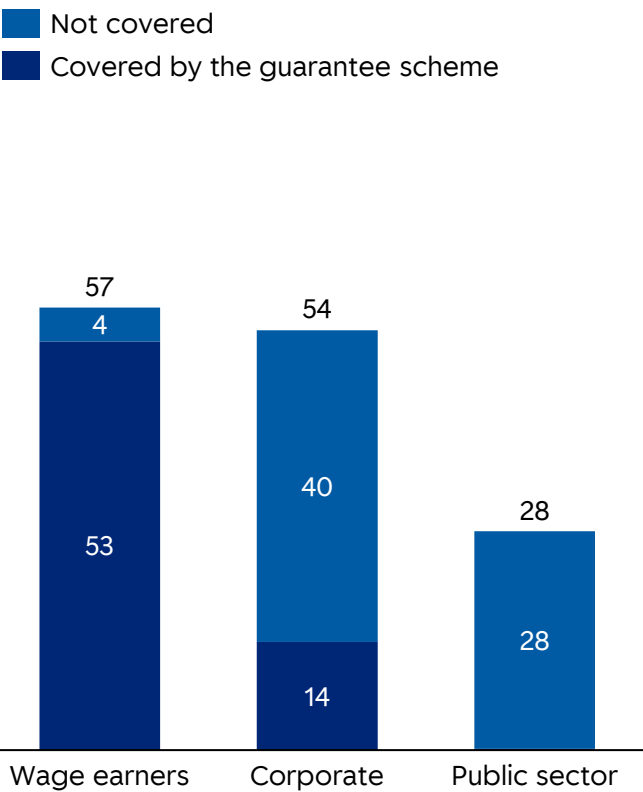


Diversified deposit base

Deposits by sector (NOKbn)



Deposits covered by the deposit guarantee scheme (NOKbn)



Public deposits are not covered by the guarantee scheme, but are mostly bound by contractual obligations

LCR as at 30.06.23 (per cent)



LCR: Liquidity Coverage Ratio

Product companies

NOKm (SMNs share in parentheses)	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Change from Q1 23	Change from Q2 22
SpareBank 1 Gruppen (19.5 %)	-5	34	128	17	16	-39	-21
SpareBank 1 Boligkreditt (24.1 %)	29	33	-1	10	-4	-4	33
SpareBank 1 Næringskreditt (17.8 %)	3	2	2	0	2	0	1
BN Bank (35.0 %)	58	62	54	53	47	-4	10
SpareBank 1 Kreditt (19.2 %)	-2	-4	-0	3	3	2	-5
SpareBank 1 Betaling (21.9 %)	-11	-8	22	-3	-0	-3	-11
SpareBank 1 Forvaltning (20.9%)	8	8	5	10	11	-0	-3
Other companies	5	-3	-15	18	2	8	3
Sum associated companies	85	125	195	108	77	-40	8

Subsidiaries

NOKm	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Change from Q1 23	Change from Q2 22
EiendomsMegler 1 Midt-Norge (92.4 %)	31	18	-6	12	38	13	-8
SpareBank 1 Regnskapshuset SMN (93.3 %)	45	44	20	22	30	0	14
SpareBank 1 Finans Midt-Norge (58.0 %)	43	53	51	44	50	-10	-7
SpareBank 1 SMN Invest (100 %)	-4	-31	-21	-30	-29	27	25
Other companies	4	4	3	3	1	-0	2
Sum subsidiaries	118	88	47	50	91	30	27

Return on financial investments

NOKm	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Change from Q1 23	Change from Q2 22
Net gain/(loss) on stocks	-7	-17	-23	-67	-35	10	28
Net gain/(loss) on financial instruments	-30	-105	-55	6	-117	76	87
Net gain/(loss) on forex	38	23	25	30	29	14	9
Net return on financial instruments	1	-99	-52	-30	-123	100	124

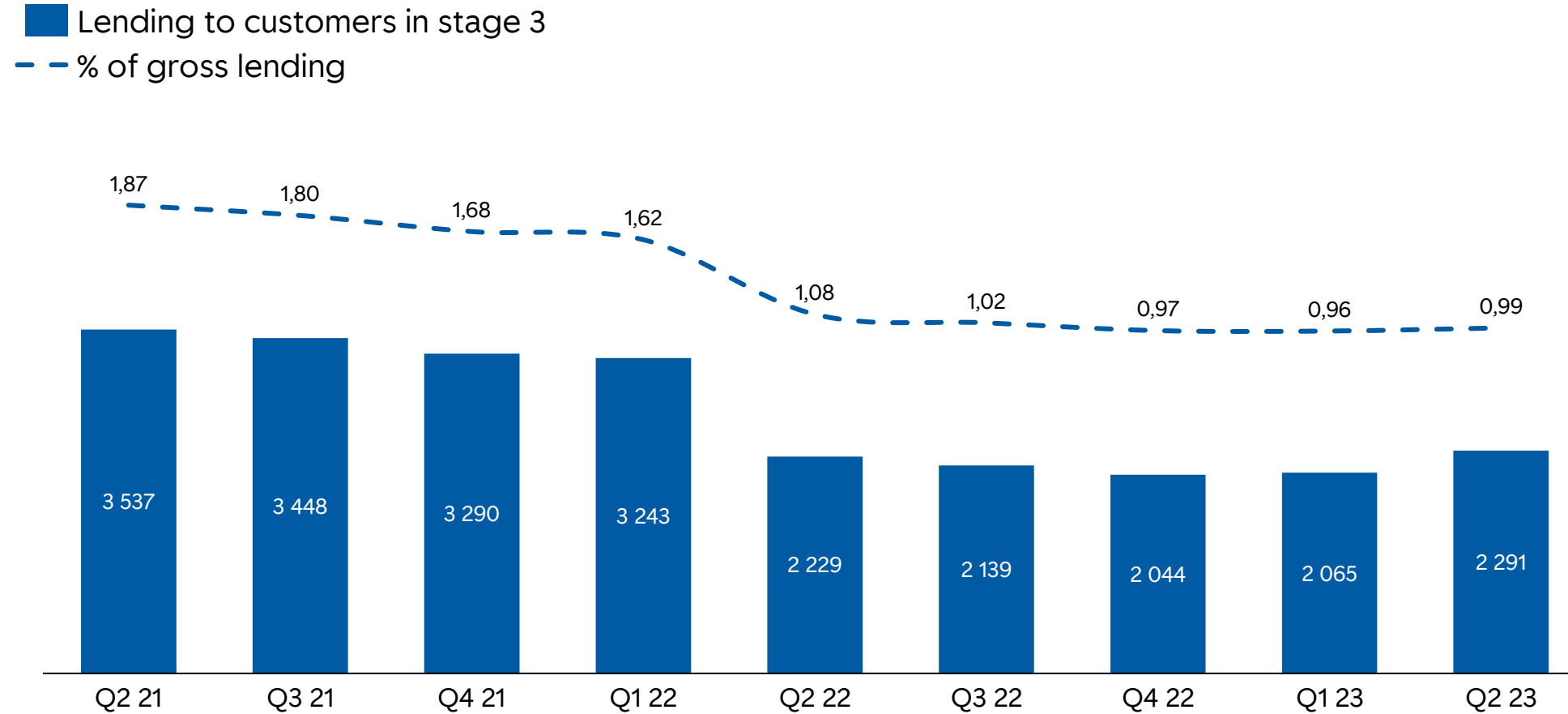
Equity certificate, key figures

Key figures	30.06.2023	30.06.2022	2022	2021	2020	2019
ECC ratio	66.8 %	64.0 %	64.0 %	64.0 %	64.0 %	64.0 %
Total issued ECCs (mill)	143.80	129.31	129.29	129.39	129.39	129.30
ECC price	141.0	115.8	127.4	149.0	97.6	100.2
Market value (NOKm)	20,275	14,974	16,471	19,279	12,629	12,956
Booked equity capital per ECC	112.81	102.91	109.86	103.48	94.71	90.75
Post-tax earnings per ECC, in NOK	7.82	6.39	12.82	13.31	8.87	12.14
Dividend per ECC			6.50	7.50	4.40	6.50
P/E	9.01	9.06	9.94	11.19	11.01	8.26
Price / Booked equity capital	1.25	1.13	1.16	1.44	1.03	1.10

Balance sheet

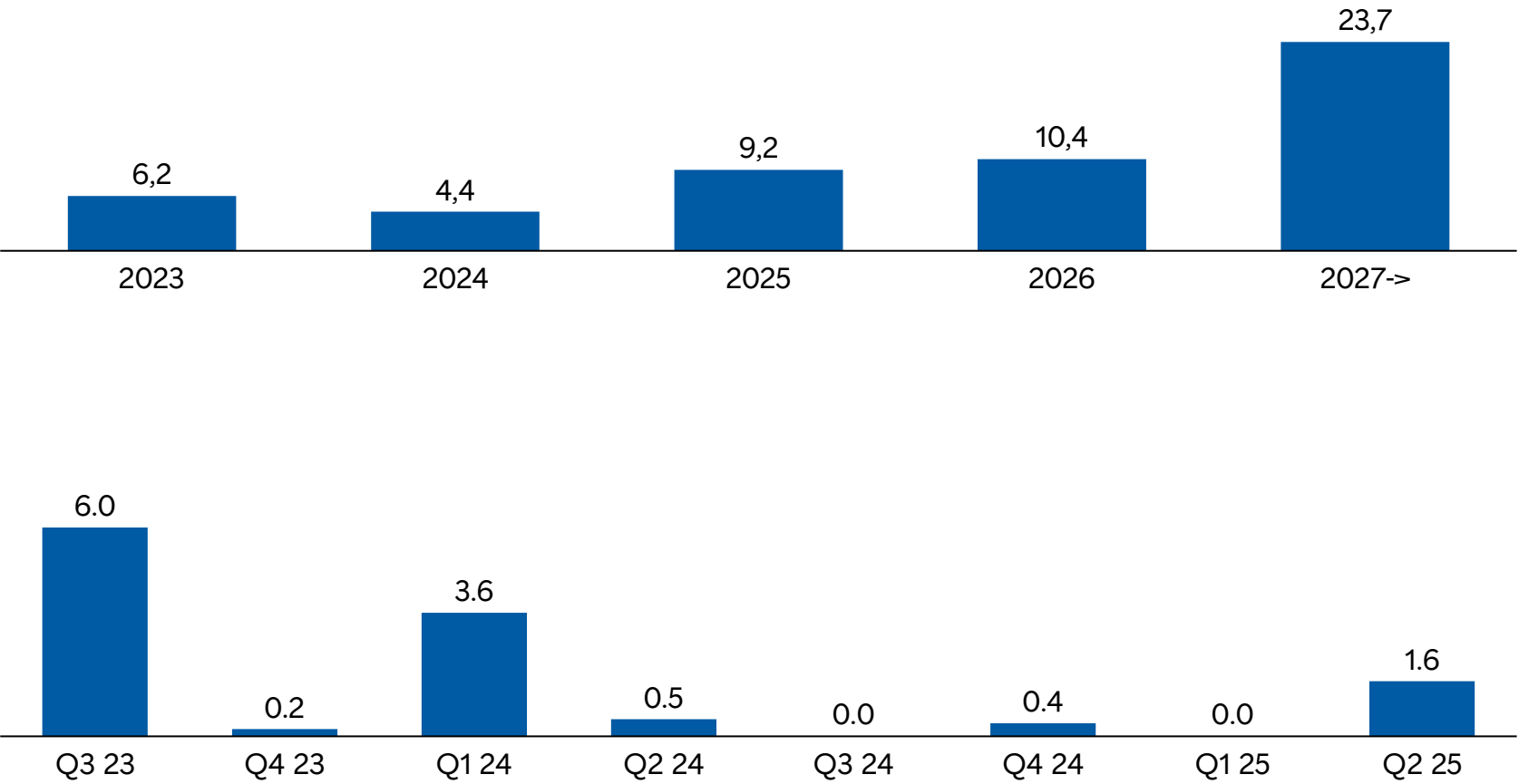
NOKbn	30.6.23	30.6.22	31.12.22
Cash and receivables from central banks	0.6	5.7	1.2
Deposits with and loans to credit institutions	20.4	11.1	11.7
Net loans to and receivables from customers	165.8	147.6	151.5
Fixed-income CDs and bonds	38.1	32.9	38.1
Shares, units and other equity interests	1.1	2.4	0.8
Investment in related companies	8.0	7.5	7.9
Intangible assets	1.1	0.9	0.7
Other assets	13.7	9.4	11.3
Total assets	248.8	217.5	223.1
Capital market funding	64.4	57.6	62.1
Deposits from and debt to customers	140.2	123.8	122.0
Other liabilities	13.0	10.9	11.0
Investment held for sale	1.6	0.0	1.1
Subordinated loan capital	2.6	2.1	2.1
Total equity ex Tier 1 Capital	25.2	21.7	23.0
Addition Tier 1 Capital	1.7	1.3	1.8
Total liabilities and equity	248.8	217.5	223.1
In addition loans sold to Boligkreditt and Næringskreditt	65.3	56.8	56.8

Problem loans



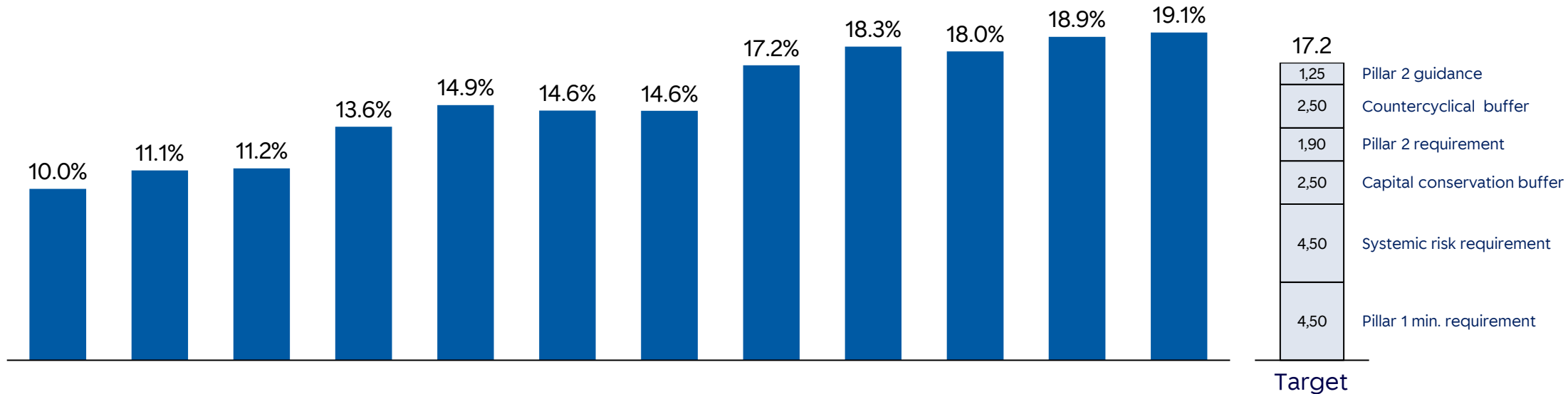
Maturity structure

NOKbn



Development in CET1 capital and capital adequacy

CET1 ratio in per cent



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q2 2023
CET1	8.254	9.374	10.679	12.192	13.223	13.820	14.727	15.830	17.041	17.790	19.776	22.044
ROE	11.7%	13.3%	15.1%	10.7%	11.3%	11.5%	12.2%	13.7%	10.0%	13.5 %	12.3 %	13.9 %
RWA	82.450	84.591	95.322	89.465	88.786	94.807	101.168	91.956	93.096	98.664	104.716	115.215