

Third quarter 2023

November 2nd 2023

Trond Søråas
CFO



Q3 2023

Strong underlying operations

- **Return on equity of 13.0% year to date**
Growth and solid results across the group's business areas and customer segments.
- **Q3 affected by seasonal variations and extraordinary events**
Tax expense adjustment and asset value write-down at SpareBank 1 Mobilitet negatively impact profit.
Seasonal variations at Regnskapshuset, estate agency services and SB1 Markets along with a negative result at SB1 Group in the quarter.
- **Prepared for a lower demand ahead**
SMN focuses its growth strategy on attractive geographical locations, customer segments and increased synergies in finance centres.
SMN aspires to strengthen its market position.
- **Solid position, capital adequacy well above regulatory requirements**
Robust loan portfolios, solid capital adequacy and ample liquidity. Prospect of further growth and good dividend capacity.



Q3 2023

Net profit

740m (617)

Return on equity

11.1 % (10.9)

CET1 ratio

19.7 % (19.2)

Lending growth

1.0 % (1.7) in Q3 and 12.2 % (8.8) last 12 months

Deposit growth

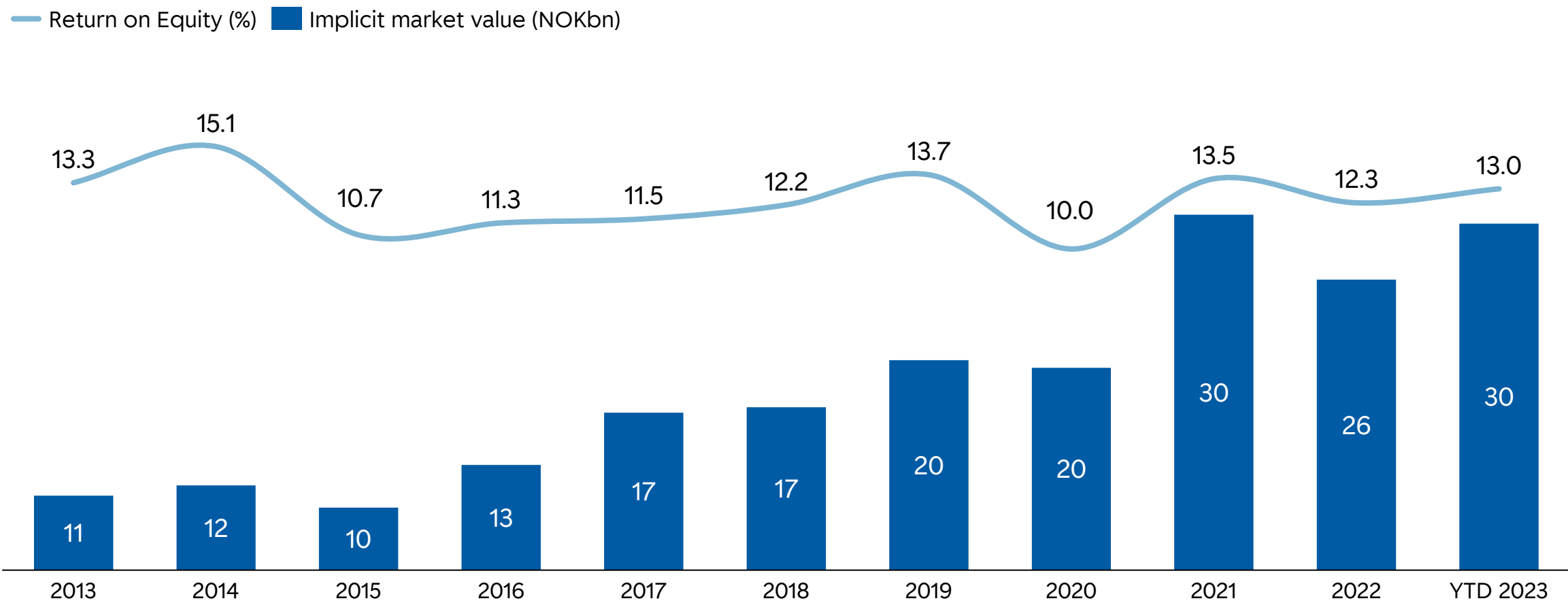
- 1.4 % (- 2.6) in Q3 and 14.7 % (9.9) last 12 months

Loan losses on 35m (22m)

Book value per EC NOK 116.39 (107.19)

Result per EC NOK 3.28 (2.89)

High value creation over time



Interest rate hikes start to bite, growth dampened

«Housing starts and car sales decline and house prices under pressure»

«Unemployment edging up, nationwide»

«Credit growth slows, for households and firms alike»

«Geopolitical risks heat up»

The good news:

- Inflation on the way down
- Purchasing power recovering
- Interest rate peak very near, but rates unlikely to fall quickly

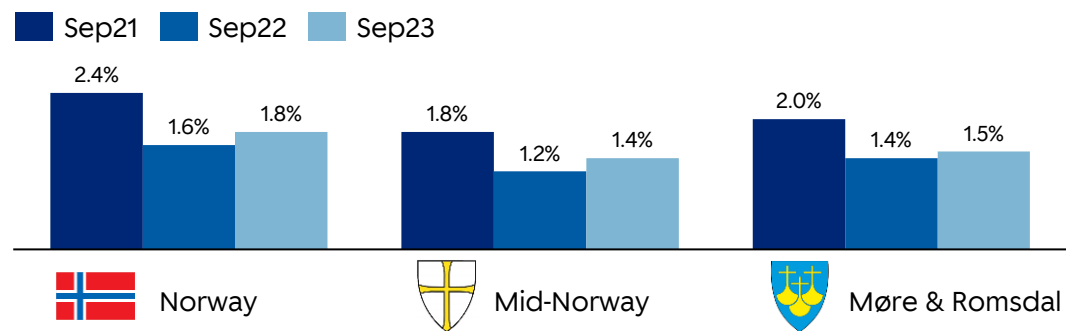


Harald Magnus Andreassen
Chief Economist SB1 Markets

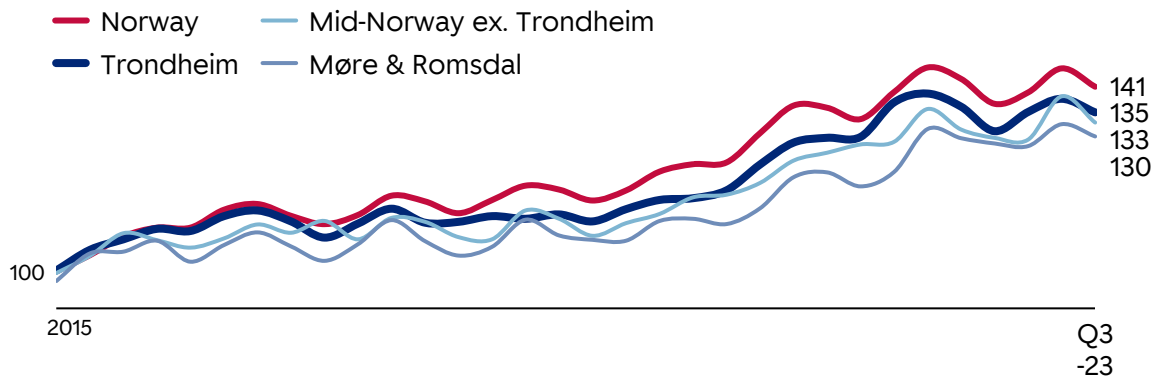
Macro in Mid-Norway

Unemployment

Wholly unemployed as a percentage of the labor force

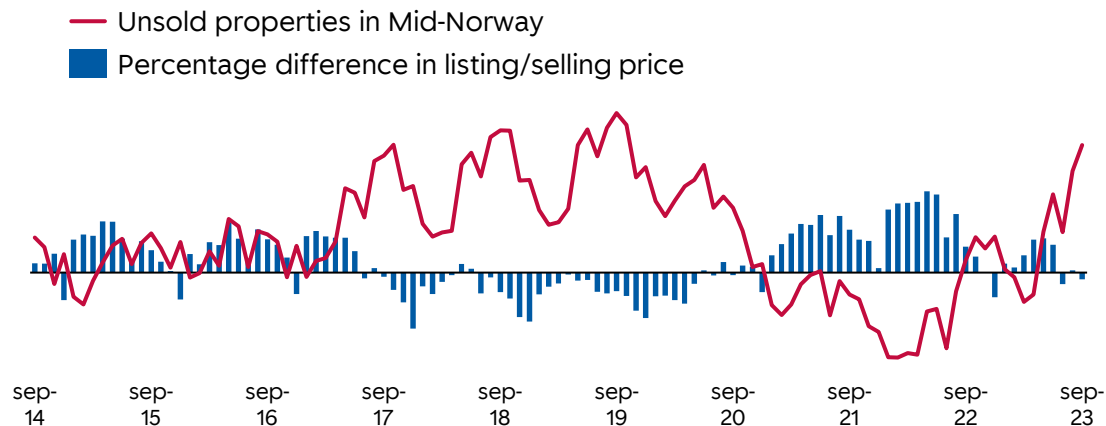


Development in housing prices

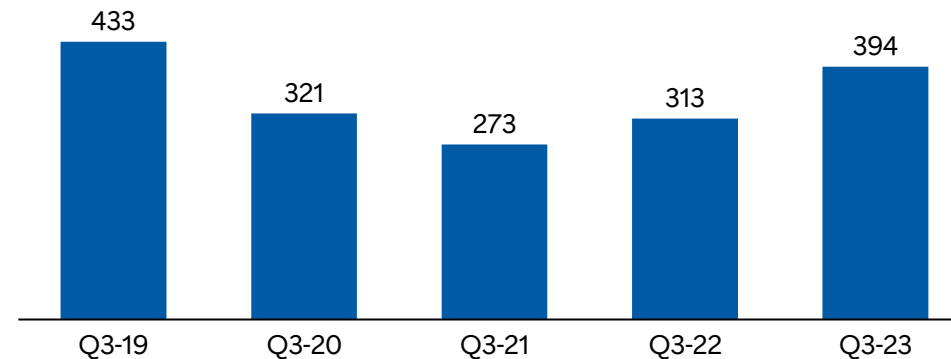


Source: NAV, SSB Boligpriser, Brønnøysundregisteret og Eiendomsverdi

From sellers to buyers' market



Number of bankruptcies in Trøndelag, Møre & Romsdal





Adresseavisen

Bank establishes financial health team

The cost of living is rising sharply and financial advisors at SpareBank 1 SMN more and more often encounter customers who are struggling to cope with the increased costs. The bank is therefore establishing a financial health team.

The financial health team will adopt a preventive approach to managing debt but will also seek to ensure that the high cost of living does not contribute to greater financial problems, social isolation and mental health issues for those who are already struggling.

Preventive initiatives focusing on vulnerable customer segments

SMN aspires to expand market shares

Proactive moves in a time of challenges and opportunities



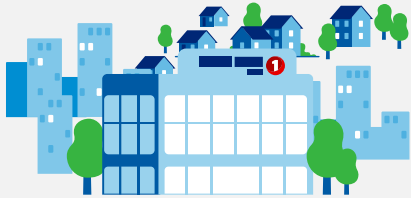
Organic growth

- Oslo
- Trondheim region



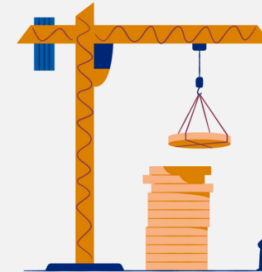
Segments in focus

- Private banking
- Saving and investment



Sales across the Group

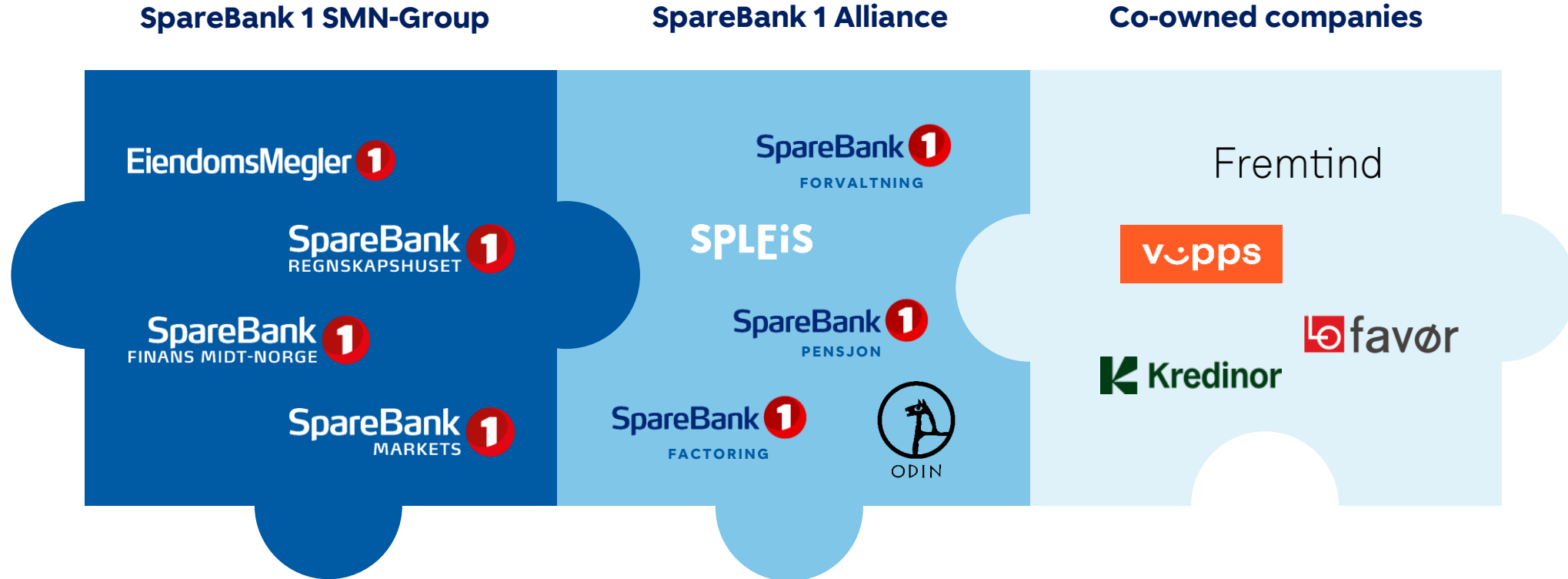
- One SMN
- Synergies across finance centres



Structural initiatives

- Søre Sunnmøre
- Acquisitions by Regnskapshuset
- Future ambitions

Cooperation as a competitive advantage

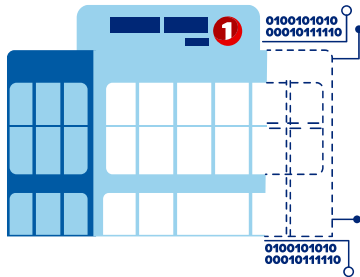


Strategic priorities unchanged – focus on execution



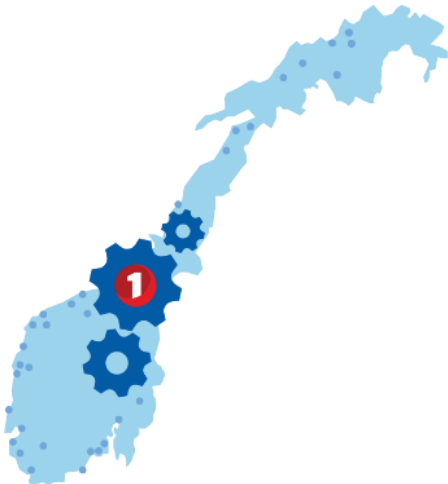
Creating One SMN

Ambition
Complete finance house with seamless customer offerings



Greater digitalization and use of insight

Ambition
Physical presence and leading digitally



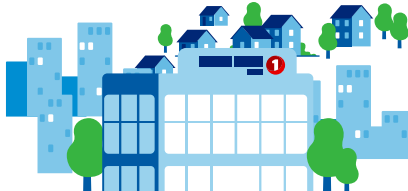
Head up the development of Norway's savings banks system

Ambition
Number 1 among Norwegian savings banks



Integrating sustainability into the business

Ambition
Net zero climate footprint within 2050



Exploiting the power in SMN's ownership model

Ambition
Sustainable growth and attractive local communities

200
VERDI-
FULLE
ÅR

Young adults programme

in collaboration with WFUNA and the UN Association of Norway

100 young adults 18-25 yrs
20 nationalities
27 sustainable projects



Anniversary concert

in aid of worthy causes

Sondre Justad

Emma Steinbakken

Matoma

Adelina Ibishi

Tete Libbom

OKEY

Sold out

8.000

Tickets

Anniversary voyage

on the Statsraad Lehmkuhl
along Norway's coast

Financial Information



Financial targets

Profitable



13 %
ROE

YTD Q3
13.0 %

Solid



17.2 %
CET1 ratio

~ 50 %
Payout ratio

YTD Q3
19.7 %

Efficient



< 40 %
Cost/income in parent bank ex. finance

< 85 %
Cost/income subsidiaries

YTD Q3
36.6 % bank
86 % EM1 & 82 % Regnskapshus

Responsible



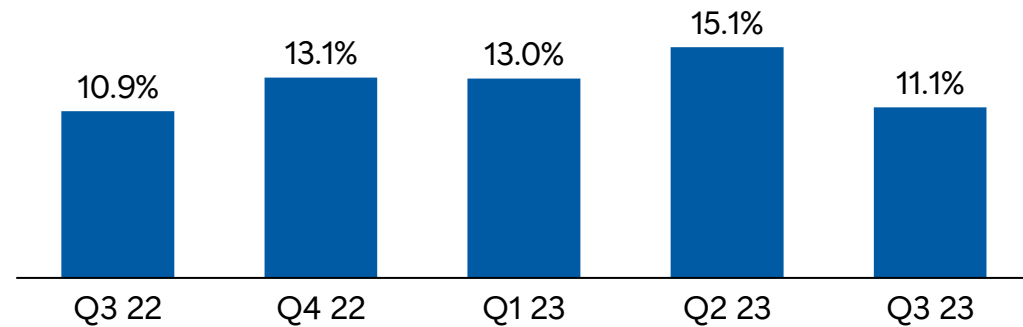
Net zero

Climate footprint by 2050

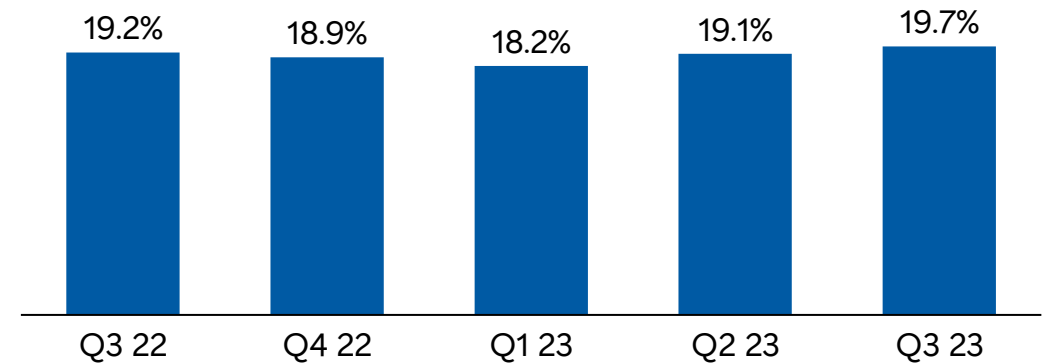
2022
0.02 mill tCo2e operations
1.1 mill tCo2e loans

Profitable and solid

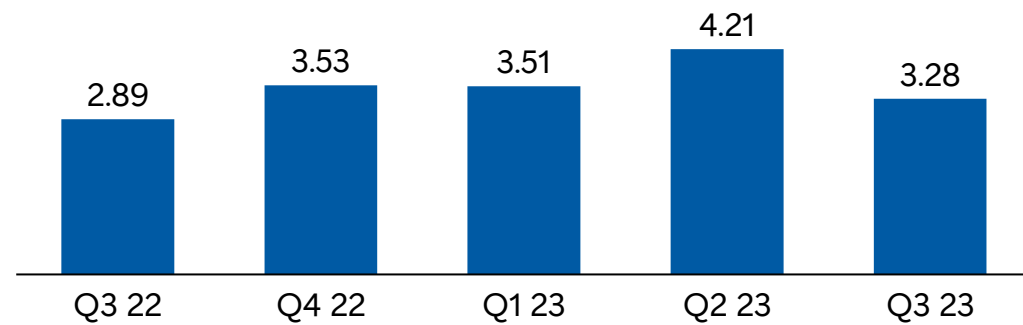
Return on equity



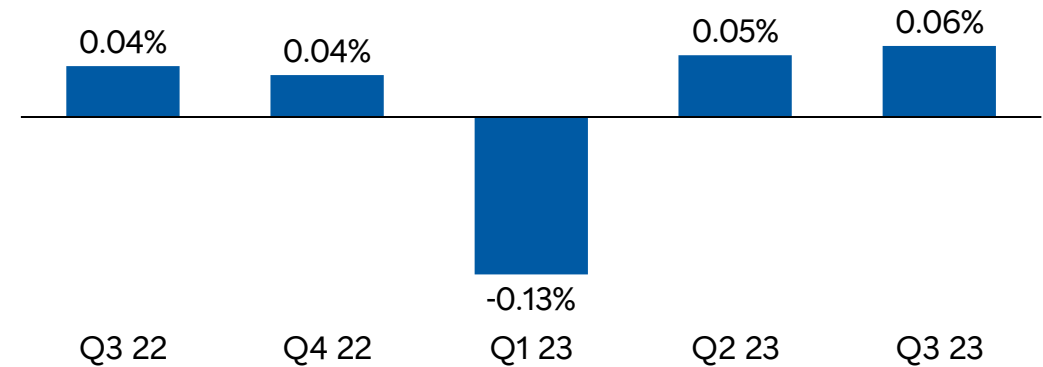
CET1 ratio



Result per ECC

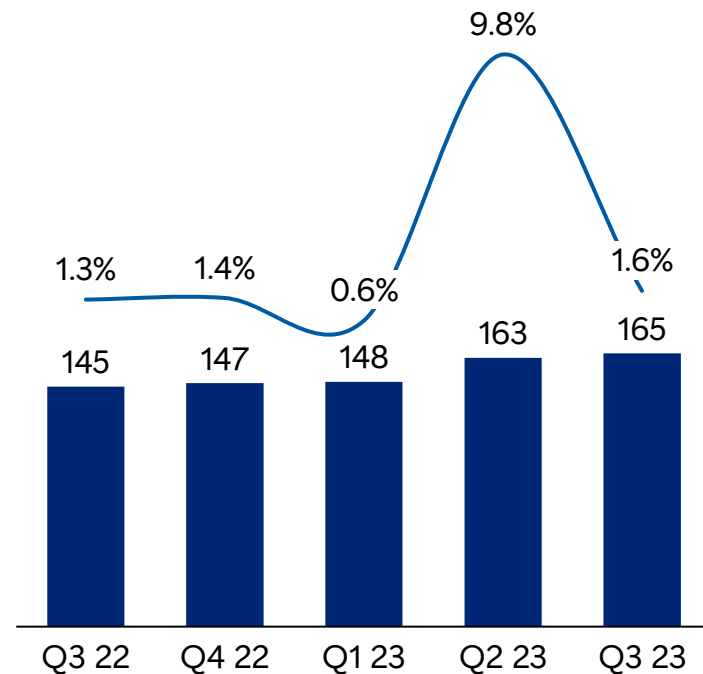


Loan losses in per cent of total lending

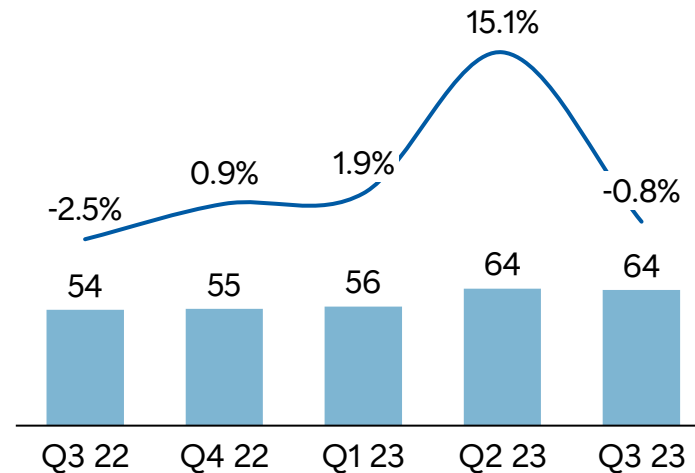


Growth and margins in Retail Banking - quarterly

Lending volume (NOKbn)

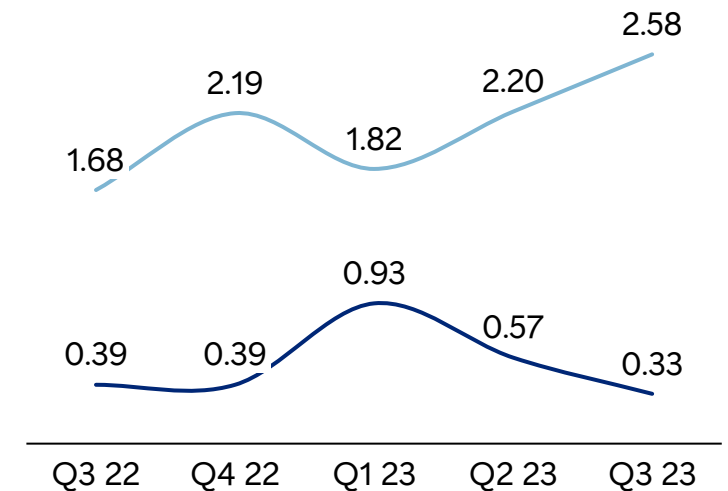


Deposit volume (NOKbn)



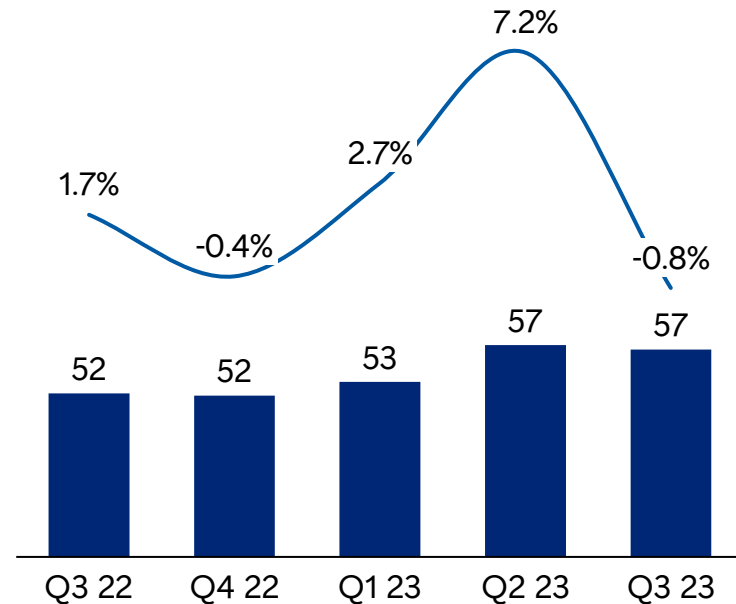
Margins vs NIBOR3M

— Lending margin — Deposit margin

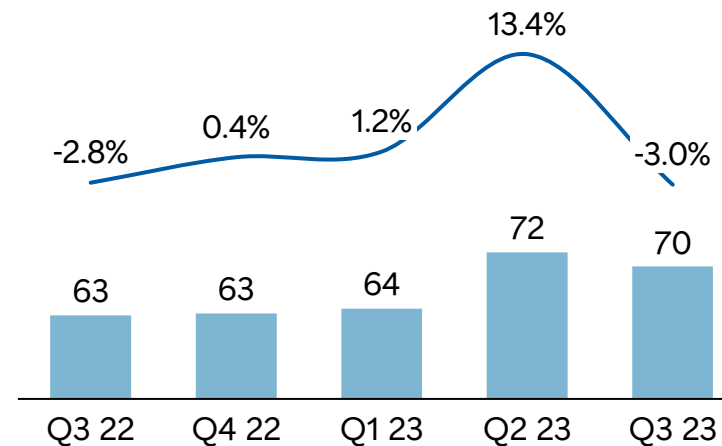


Growth and margins in Corporate Banking - quarterly

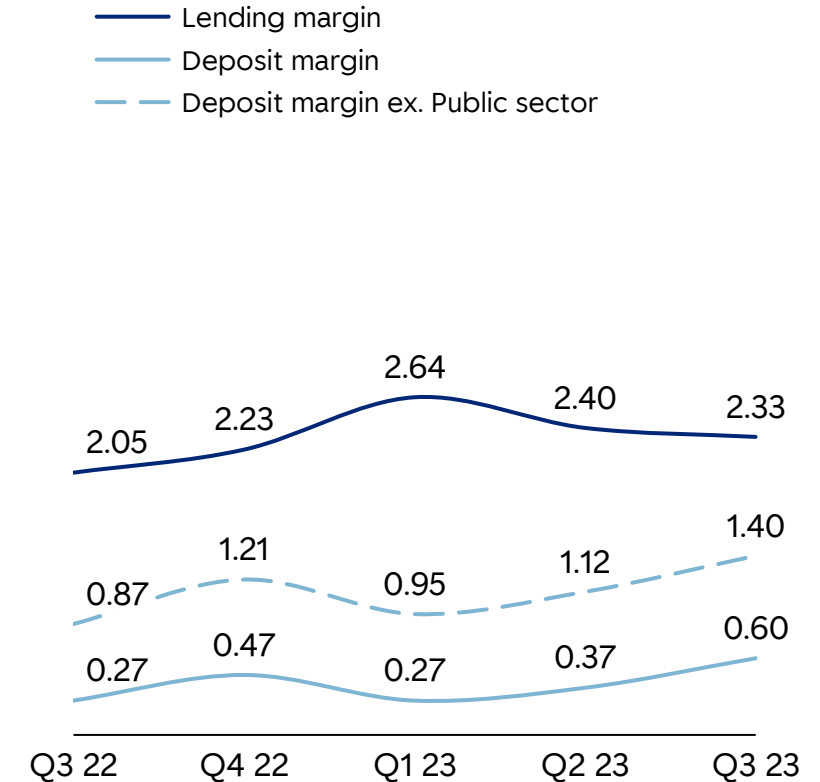
Lending volume (NOKbn)



Deposit volume (NOKbn)



Margins vs NIBOR3M

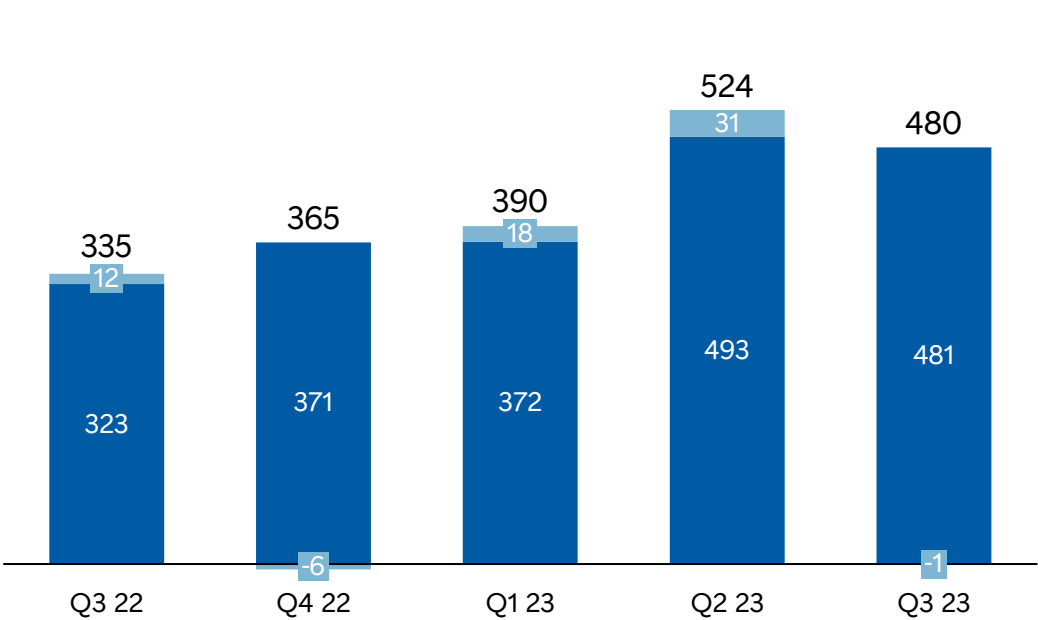


Strong results across the group

Private market

NOKm

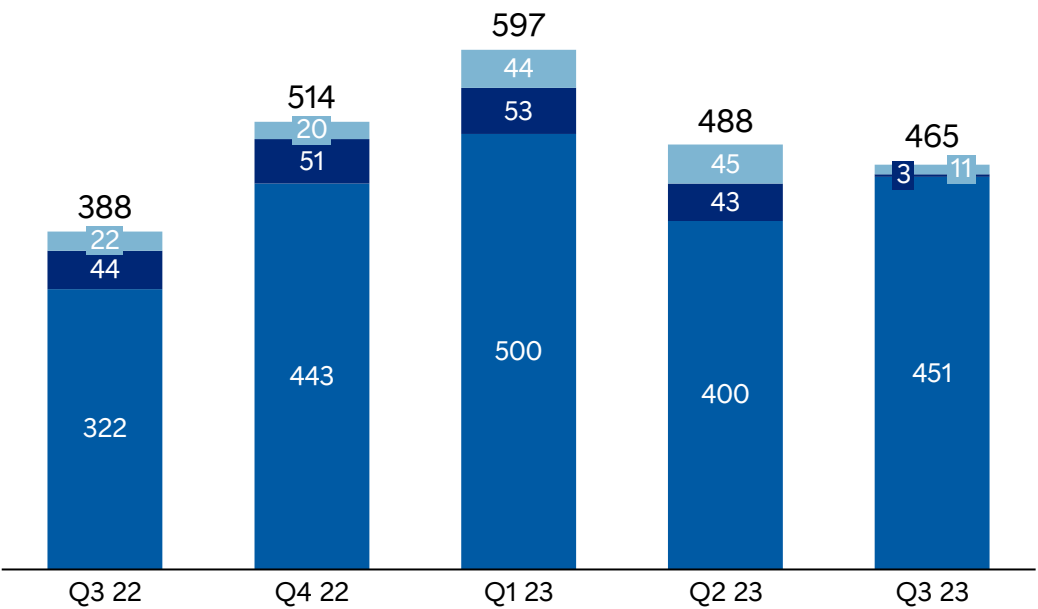
- Real estate agency
- Retail Banking



Corporate market

NOKm

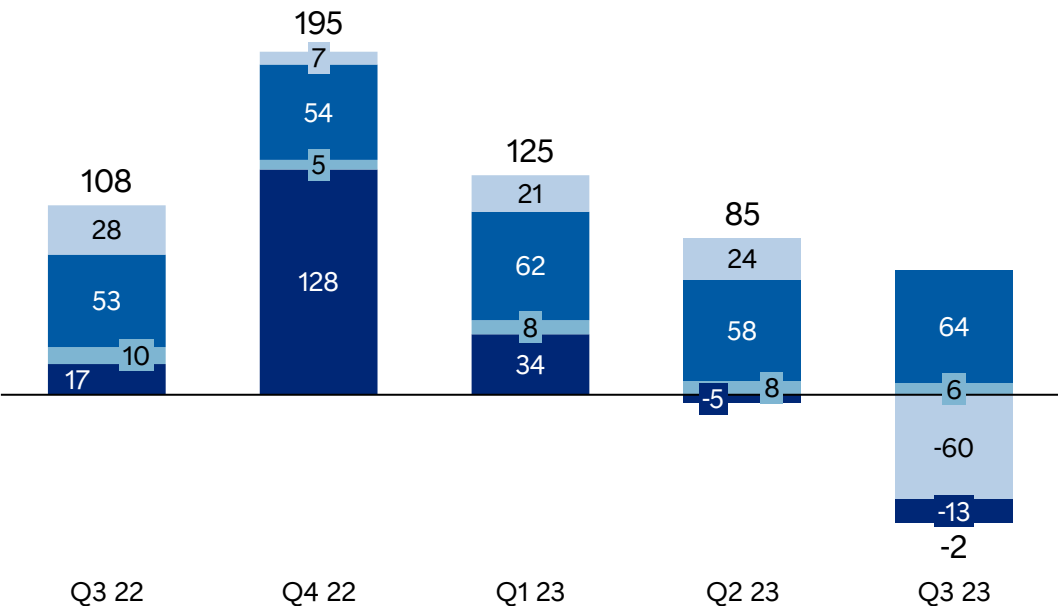
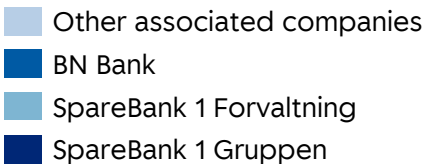
- Regnskapshuset SMN
- SB1 Finans Midt-Norge
- Corporate Banking



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

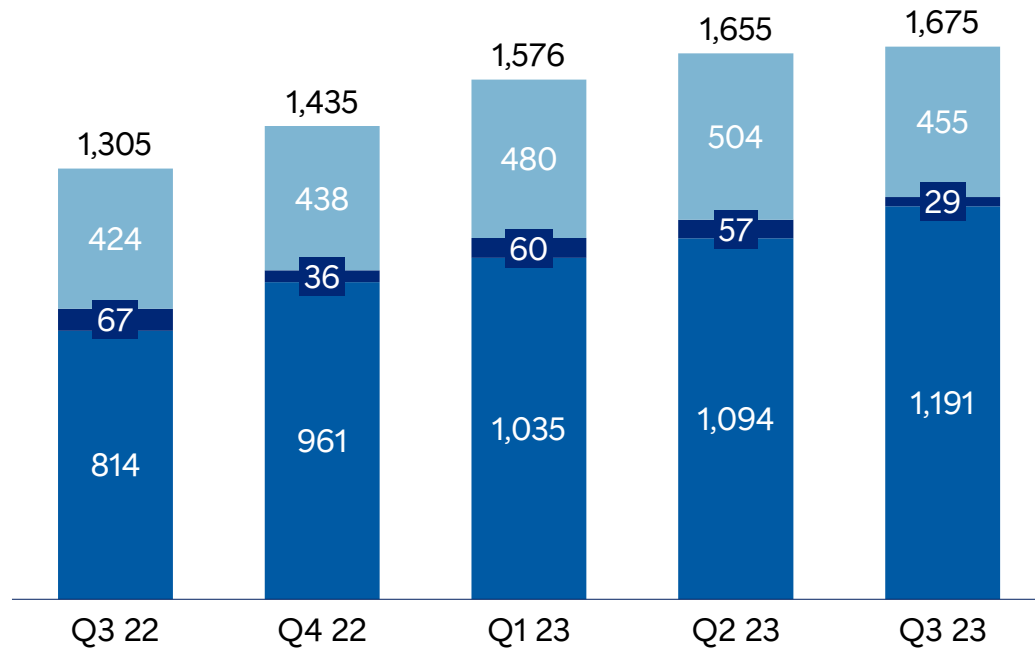
Strong underlying operations

mNOK	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Change from Q2 23	Change from Q3 22
Net interest income	1,191	1,094	1,035	961	814	97	376
Commission income and other income	484	561	541	473	491	-76	-7
Operating Income	1,675	1,655	1,576	1,435	1,305	20	370
Total operating expenses	741	683	728	646	583	58	158
Pre-loss result of core business	934	972	847	789	722	-37	212
Losses on loans and guarantees	35	29	-71	19	22	6	13
Post-loss result of core business	899	943	918	770	700	-43	200
Related companies	-2	85	125	195	108	-86	-110
Securities, foreign currency and derivatives	99	18	-97	-33	-22	81	121
Result before tax	996	1,045	946	932	785	-49	211
Tax	278	159	206	210	179	119	99
Result investment held for sale	22	37	38	46	10	-15	12
Net profit	740	923	778	768	617	-182	124
Return on equity	11.1 %	15.1 %	13.0 %	13.1 %	10.9 %	-3.9 %	0.2 %

Income

Net interest income and other income

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



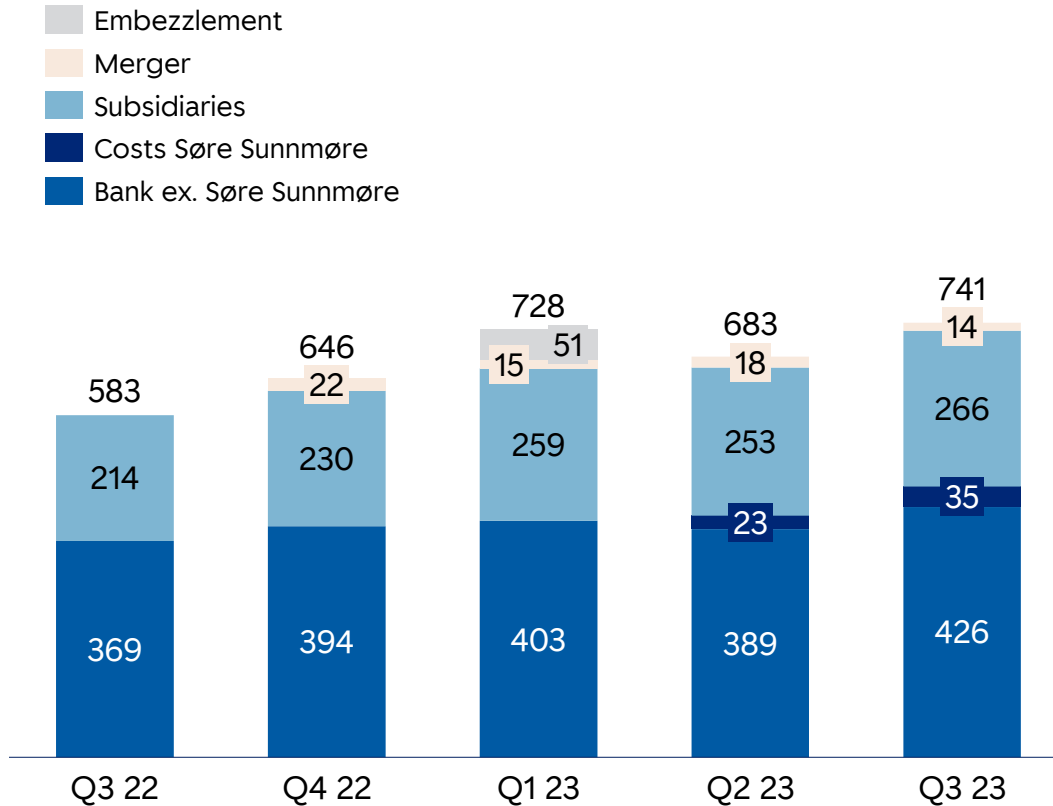
Commission income

NOKm	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Change from Q2 23	Change from Q3 22
Payment transmission income	79	77	72	91	91	2	-12
Credit cards	16	15	17	15	15	1	0
Commissions savings and asset mgmt	10	12	10	11	9	-1	1
Commissions insurance	67	65	61	60	60	2	7
Guarantee commissions	15	13	16	25	16	2	-1
Estate agency	110	119	105	94	105	-9	5
Accountancy services	138	182	188	127	115	-44	24
Other commissions	20	22	11	14	12	-1	8
Commissions ex. Bolig/Næringskreditt	455	504	480	438	424	-48	31
Commissions Boligkreditt (cov. bonds)	25	53	57	32	63	-28	-37
Commissions Næringskreditt (cov. bonds)	4	4	3	4	4	0	-1
Total commission income	484	561	541	473	491	-76	-7

Costs

Increased price and wage growth in 2023

Total operating expenses per quarter (NOKm)



Costs per category

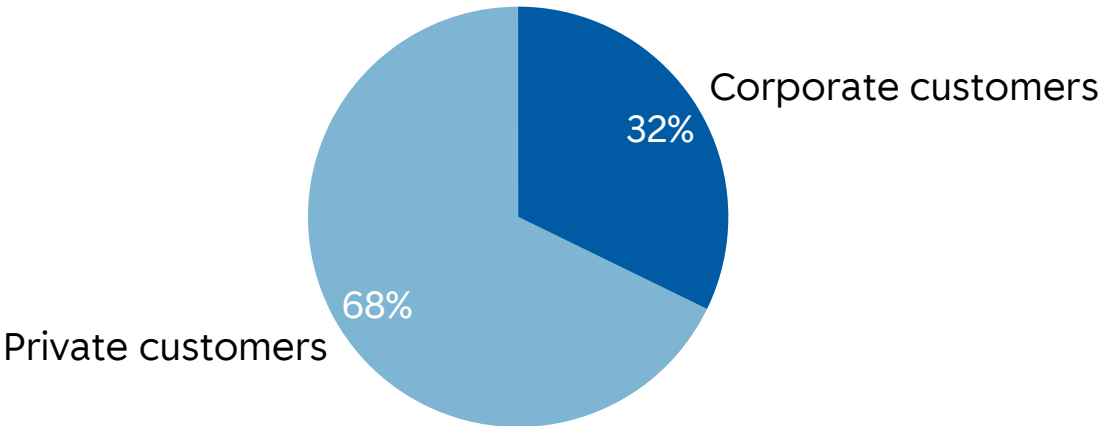
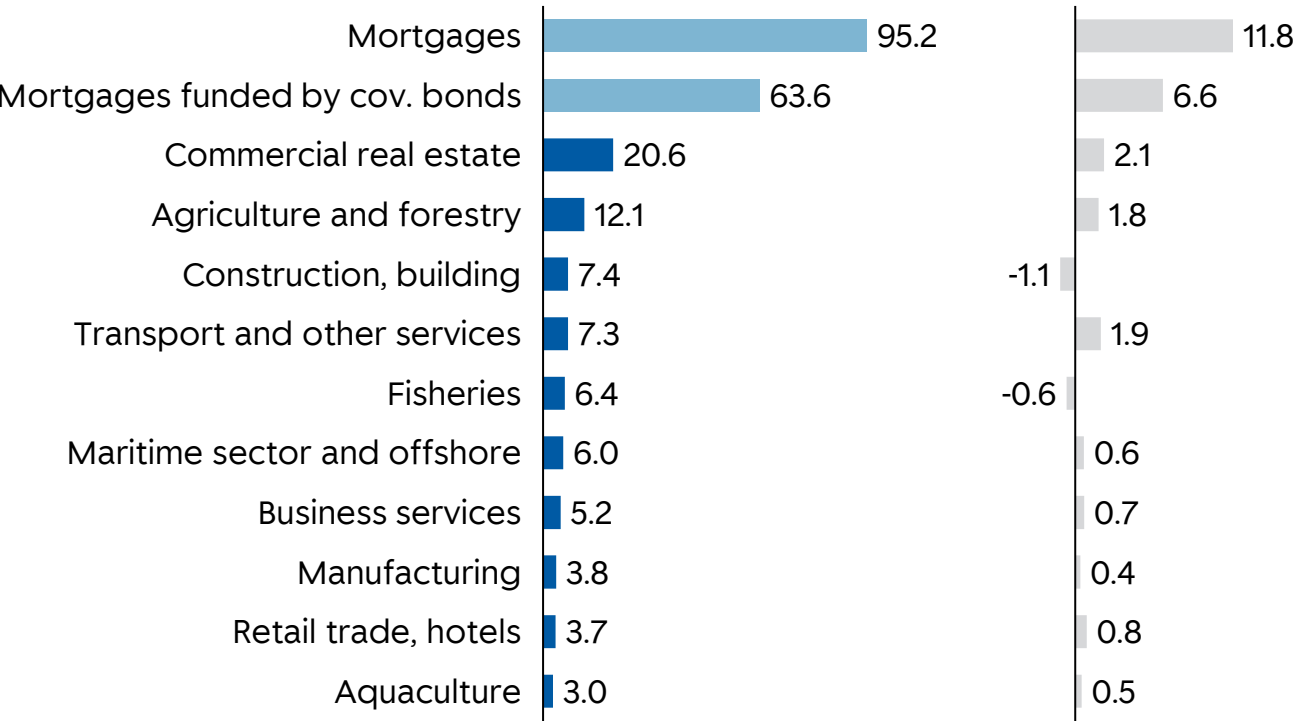
- Costs in the bank rising from last quarter following an increase in staff and full effect from SpareBank 1 Søre Sunnmøre's cost base
- Increased costs in subsidiaries mainly because of acquisitions in Regnskapshuset
- In addition, the quarter is affected by costs related to 200-year anniversary

mNOK	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Change from Q2 23	Change from Q3 22
Staff costs	435	383	398	333	348	52	86
IT costs	103	105	106	100	84	-2	19
Marketing	24	25	23	24	18	-1	6
Ordinary depreciation	43	35	29	33	26	8	17
Operating expenses, real properties	15	14	16	9	17	1	-2
Purchased services	51	44	38	53	48	7	3
Merger expenses	14	18	15	22	0	-5	14
Other operating expense	56	59	104	73	42	-3	14
Total operating expenses	741	683	728	646	583	58	158

Well diversified lending portfolio dominated by mortgages

Loans per sector

per 30th of September 2023 and change last 12 months (NOKbn)

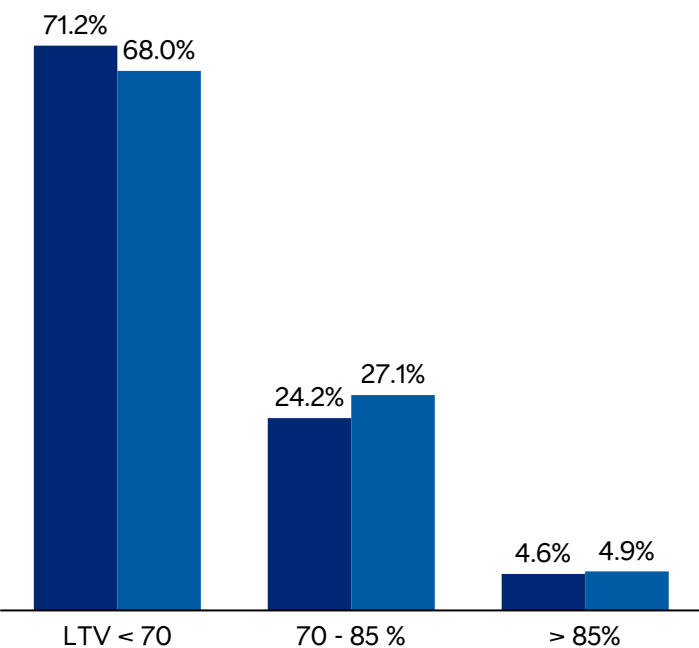


Robust mortgage portfolio

Loan-to-value ratio in the mortgage portfolio

Share of mortgages by LTV

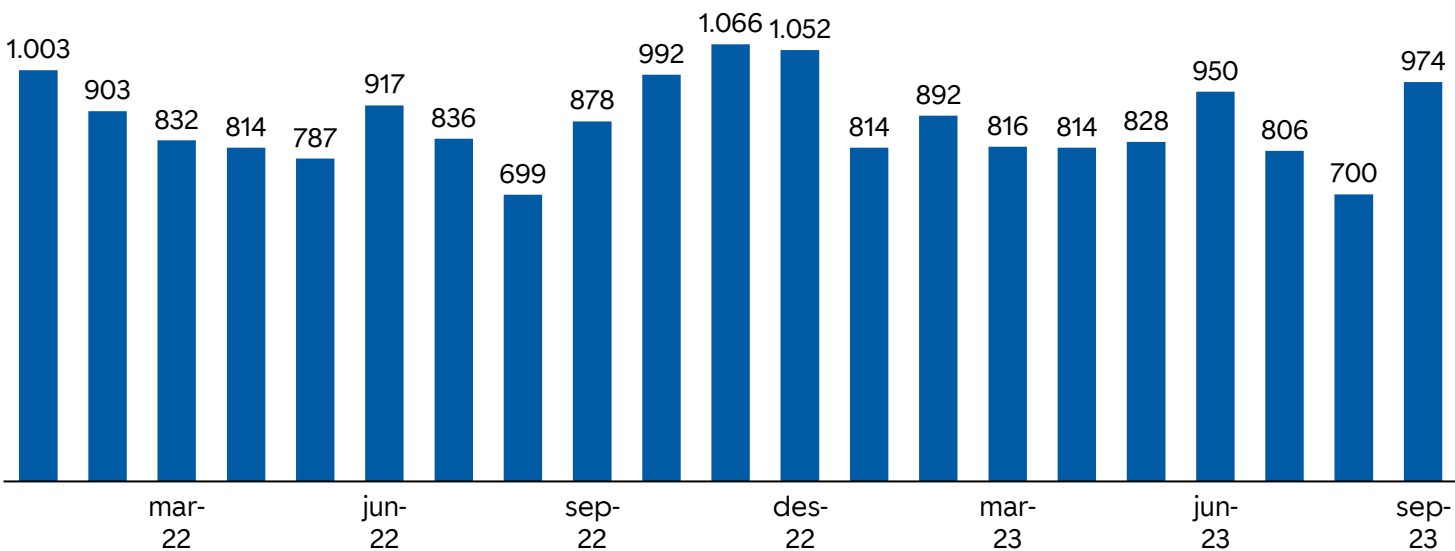
■ Sep 22 ■ Sep 23



Granted interest-only periods

Retail Banking portfolio

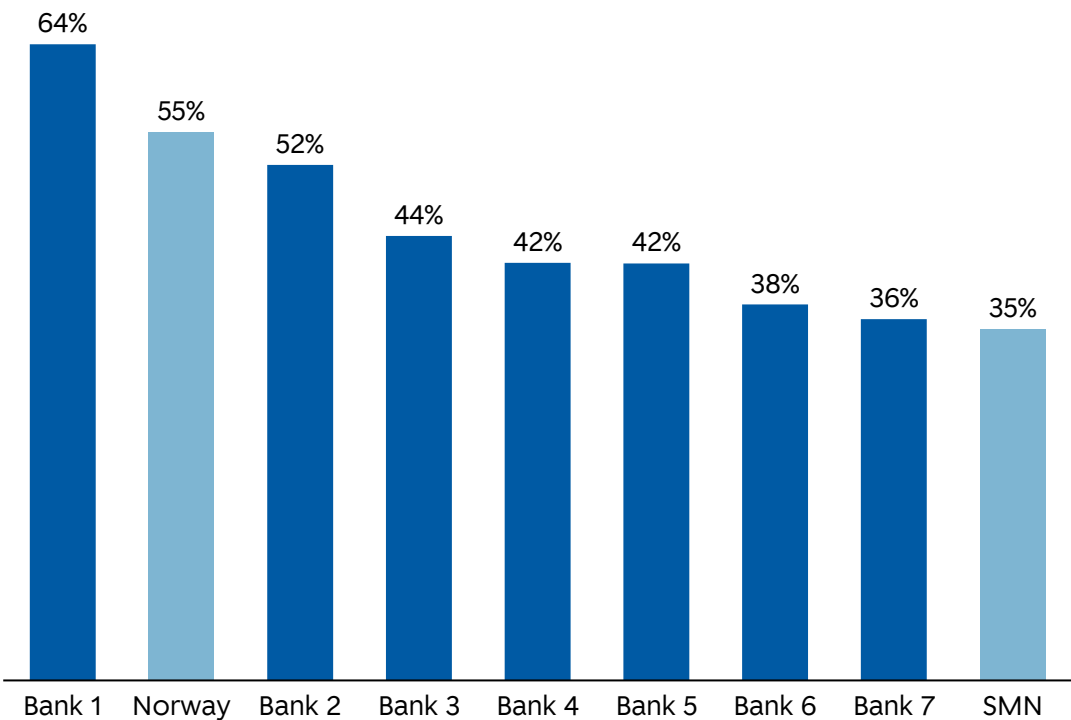
■ Number



Commercial property, construction, building

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

Percentage

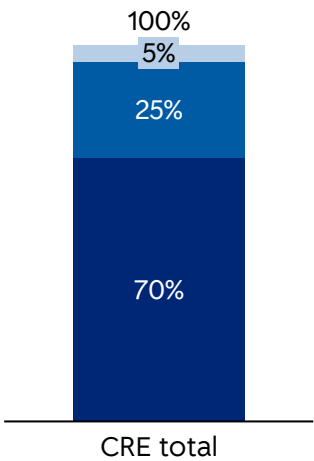


*Gross lending to commercial real estate as a share of corporate lending. National data from "Assessment of financial stability 2022". Data for individual banks are based on reported numbers in yearly reports.

Rental properties make up 70 % of the banks CRE exposure, mainly to retail trade, industry/storage and offices

Distribution of property per Q323

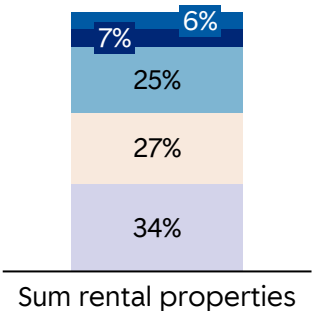
- Housing co-operatives and other
- Real estate projects
- Rental properties



EAD commercial real estate by segment

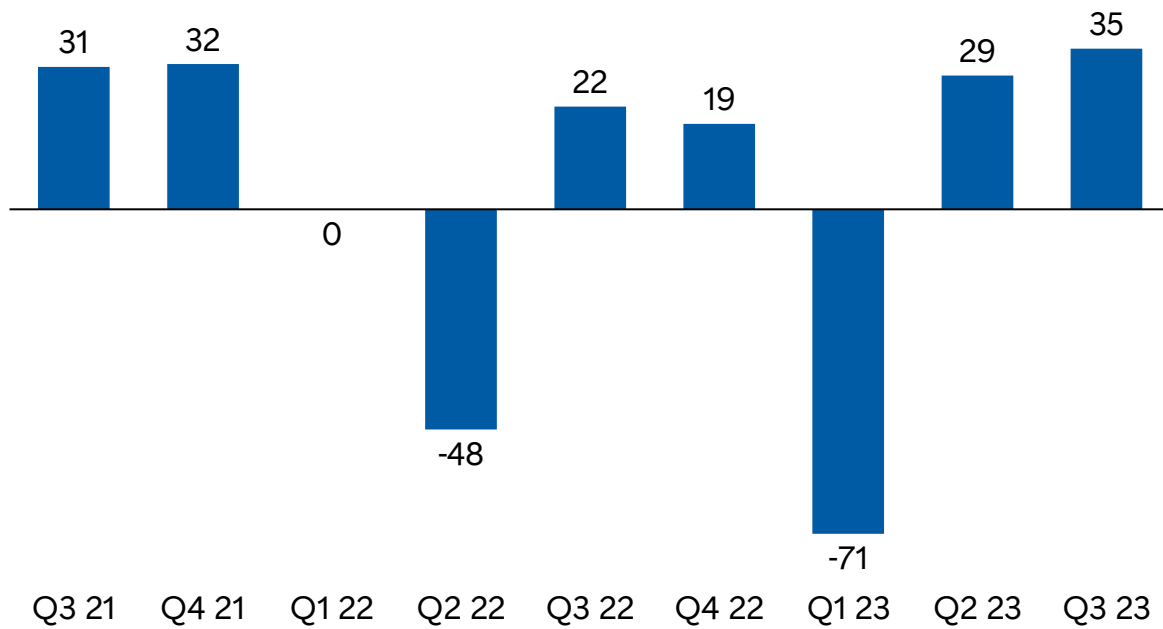
Distribution of area per Q422

- Hotel/tourism
- Housing
- Offices
- Industry/storage
- Retail trade, business mgmt

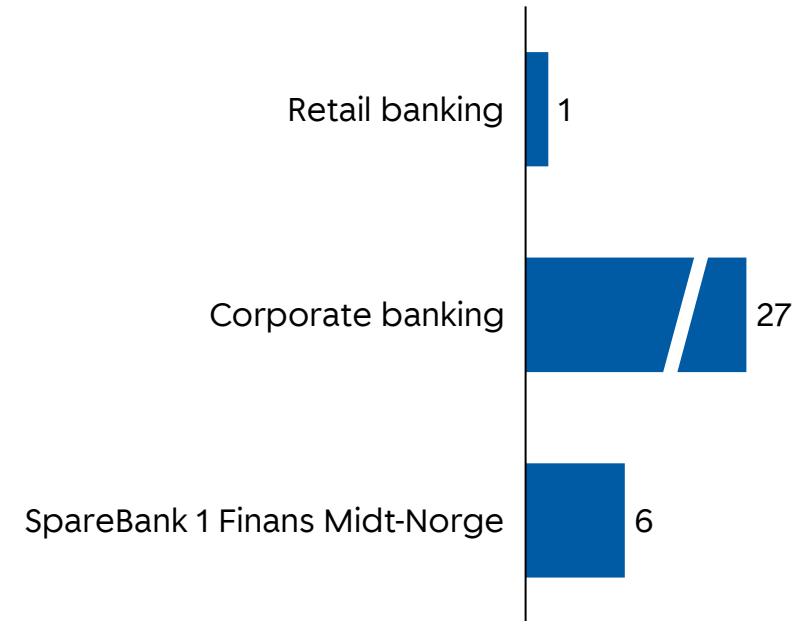


Losses

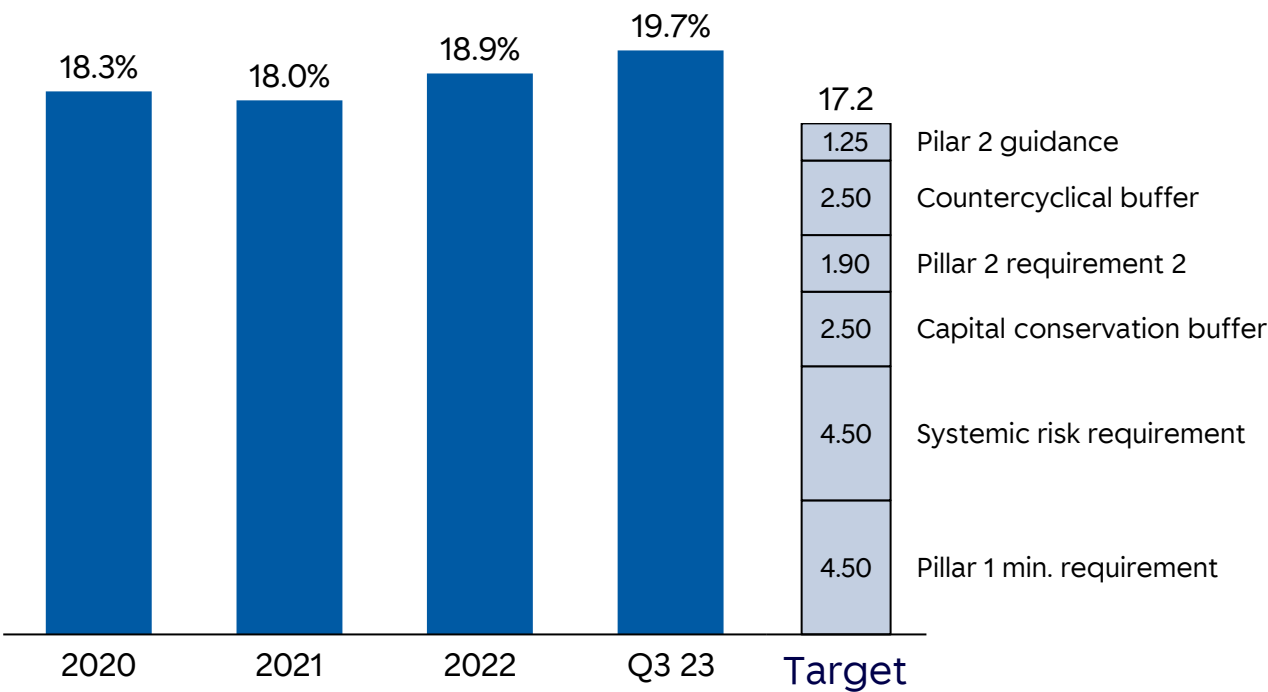
Loan losses (NOKm)



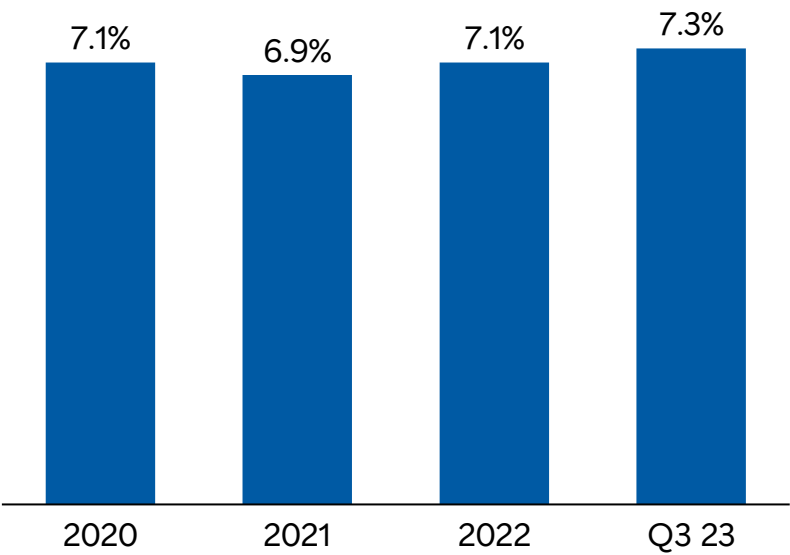
Distribution of losses Q3 (NOKm)



CET 1



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%

Upgraded rating to Aa3

Moody's upgrades SpareBank 1 SMN's deposit and senior unsecured ratings to Aa3 from A1

MOODY'S

London, October 27, 2023:

«Moody's Investors Service ("Moody's") has today upgraded SpareBank 1 SMN's (SMN) Baseline Credit Assessment (BCA) and Adjusted BCA to a3 from baa1, long-term (LT) deposit ratings to Aa3 from A1, LT issuer and senior unsecured debt ratings to Aa3 from A1 (...)

The upgrade of the SMN's BCA is reflective of the bank's resilient financial performance as evident by its sound capital base, strong profitability and improved risk profile, while continuing to grow its retail deposit base, resulting in somewhat lower use of market funds. The BCA upgrade also reflects Moody's expectation that the bank will continue to demonstrate a strong underlying financial performance.”

SpareBank 1 MING



1

High return over time

efficient operations with synergies in the group, solidly capitalized 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 regards to consolidation

amongst Norwegian savings banks

Appendix



Still negative outlooks

Improvement



Neutral



2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024



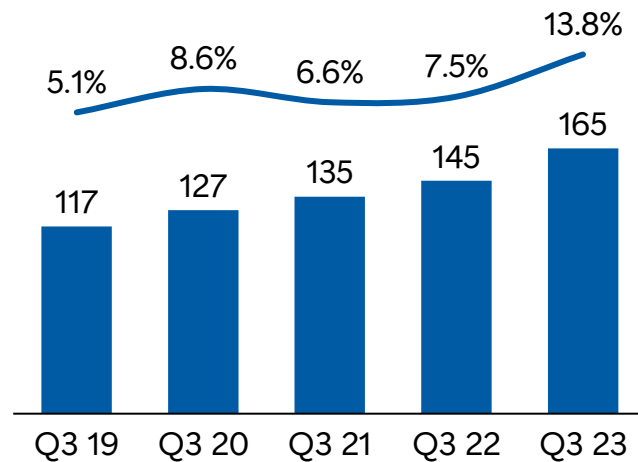
Deterioration



Growth and margins in Retail Banking - Yearly

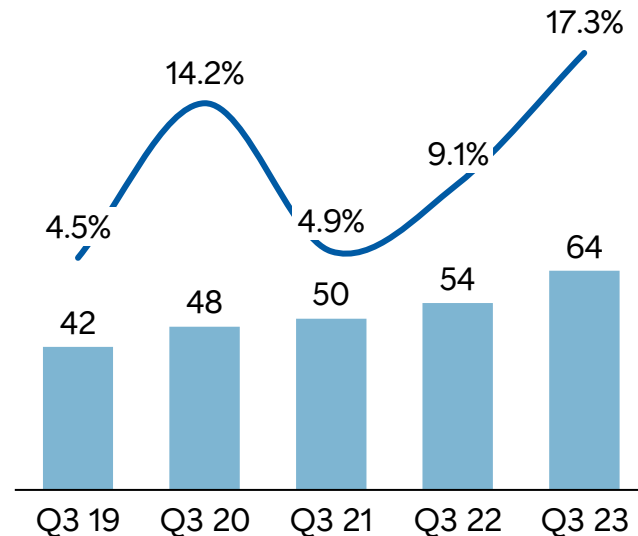
Lending volume (NOKbn)

12-month growth ex. merger: 5.3 %



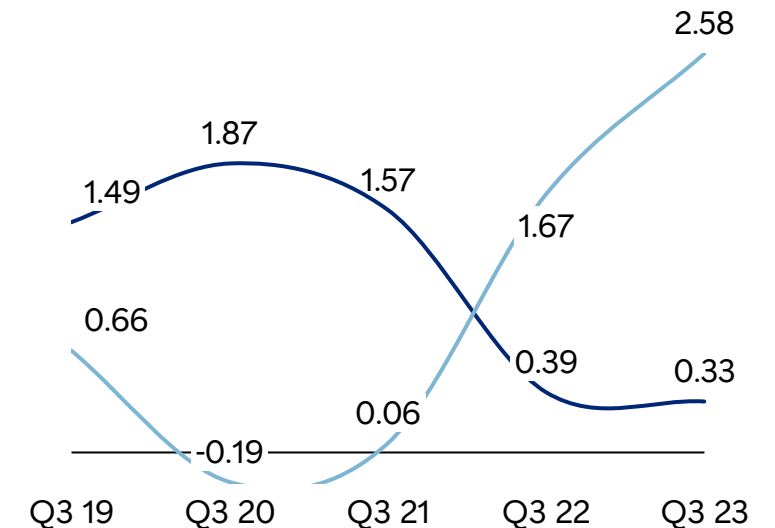
Deposit volume (NOKbn)

12-month growth ex. merger: 6.5 %



Margins vs NIBOR3M

— Lending margin — Deposit margin

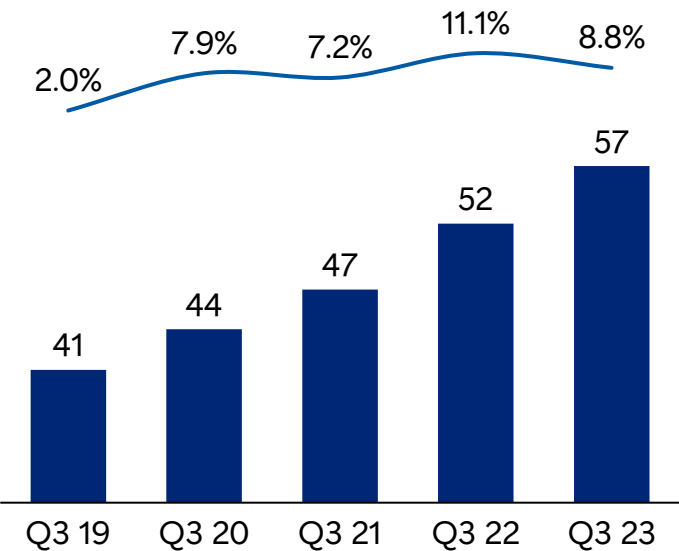


Growth and margins in Corporate Banking - Yearly

Lending volume (NOKbn)

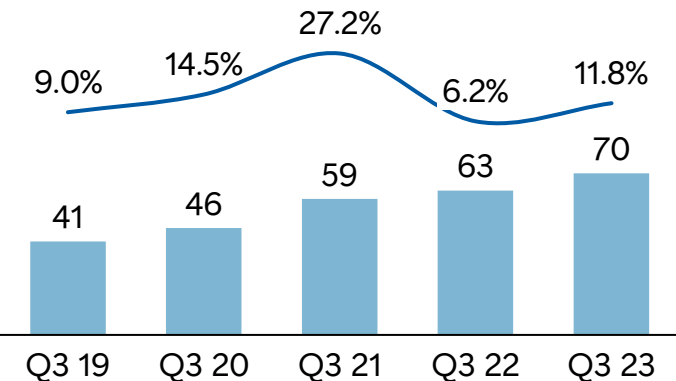
12-month growth ex. merger: 5.2 %

■ Lending — Merger



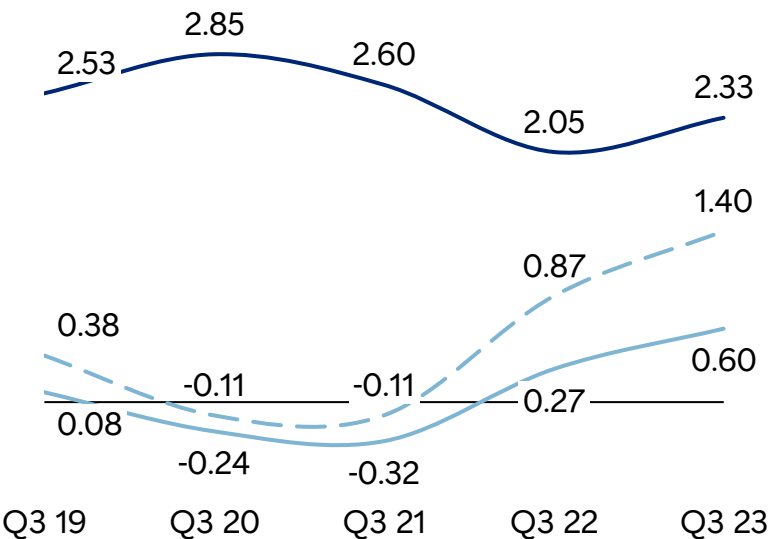
Deposit volume

12-month growth ex. merger: 4.8 %



Margins vs NIBOR3M

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



Product companies

Mill kr (SMNs eierandel i parentes)	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Change from Q2 23	Change from Q3 22
SpareBank 1 Gruppen (19.5 %)	-13	-5	34	128	17	-8	-30
SpareBank 1 Boligkreditt (24.1 %)	5	29	33	-1	10	-24	-5
SpareBank 1 Næringskreditt (17.8 %)	4	3	2	2	0	1	4
BN Bank (35.0 %)	64	58	62	54	53	7	12
SpareBank 1 Kreditt (19.2 %)	-3	-2	-4	-0	3	-1	-6
SpareBank 1 Betaling (21.9 %)	-10	-11	-8	22	-3	1	-7
SpareBank 1 Forvaltning (20.9 %)	6	8	8	5	10	-2	-3
Other companies	-55	5	-3	-15	18	-60	-73
Sum accosiated companies	-2	85	125	195	108	-86	-110

Subsidiaries

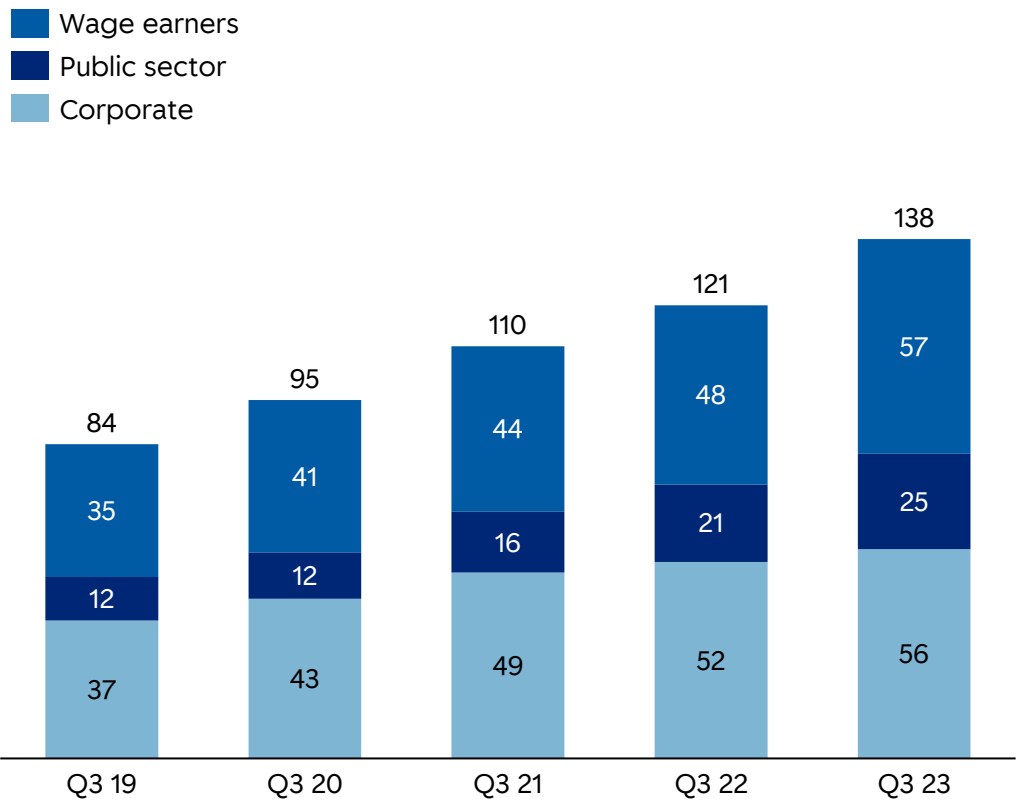
NOKm	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Change from Q2 23	Change from Q3 22
EiendomsMegler 1 Midt-Norge (92.4 %)	-1	31	18	-6	12	-32	-14
SpareBank 1 Regnskapshuset SMN (93.3 %)	11	45	44	20	22	-33	-11
SpareBank 1 Finans Midt-Norge (58.0 %)	3	43	53	51	44	-39	-40
SpareBank 1 SMN Invest (100 %)	37	-4	-31	-21	-30	40	67
Other companies	3	4	4	3	3	-1	0
Sum subsidiaries	53	118	88	47	50	-65	3

Return on financial investments

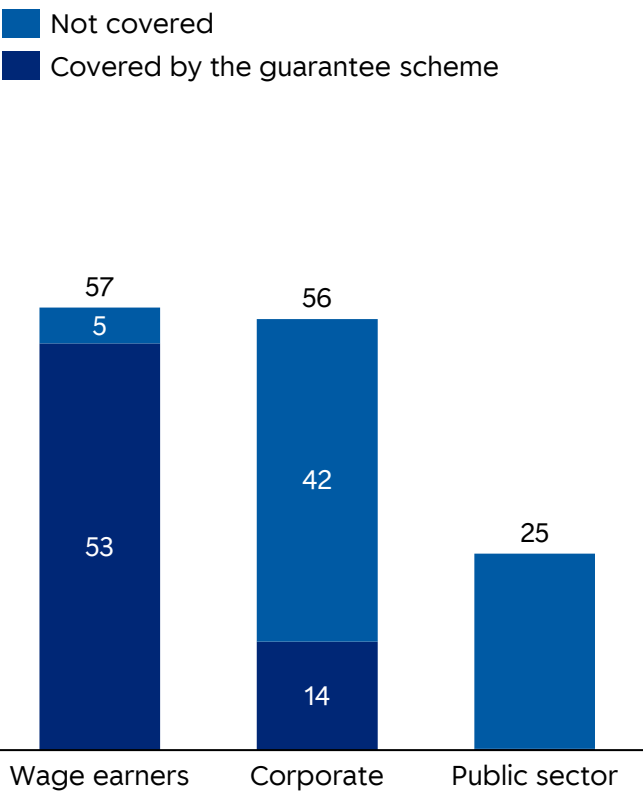
NOKm	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Change from Q2 23	Change from Q3 22
Net gain/(loss) on stocks	17	-7	-17	-23	-67	24	83
Net gain/(loss) on financial instruments	47	-30	-105	-55	6	76	41
Net gain/(loss) in forex	20	38	23	25	30	-18	-10
Net return on financial instruments	83	1	-99	-52	-30	83	114

Diversified deposit portfolio

Deposits by sector (NOKbn)



Deposits covered by the deposit guarantee scheme (NOKbn)



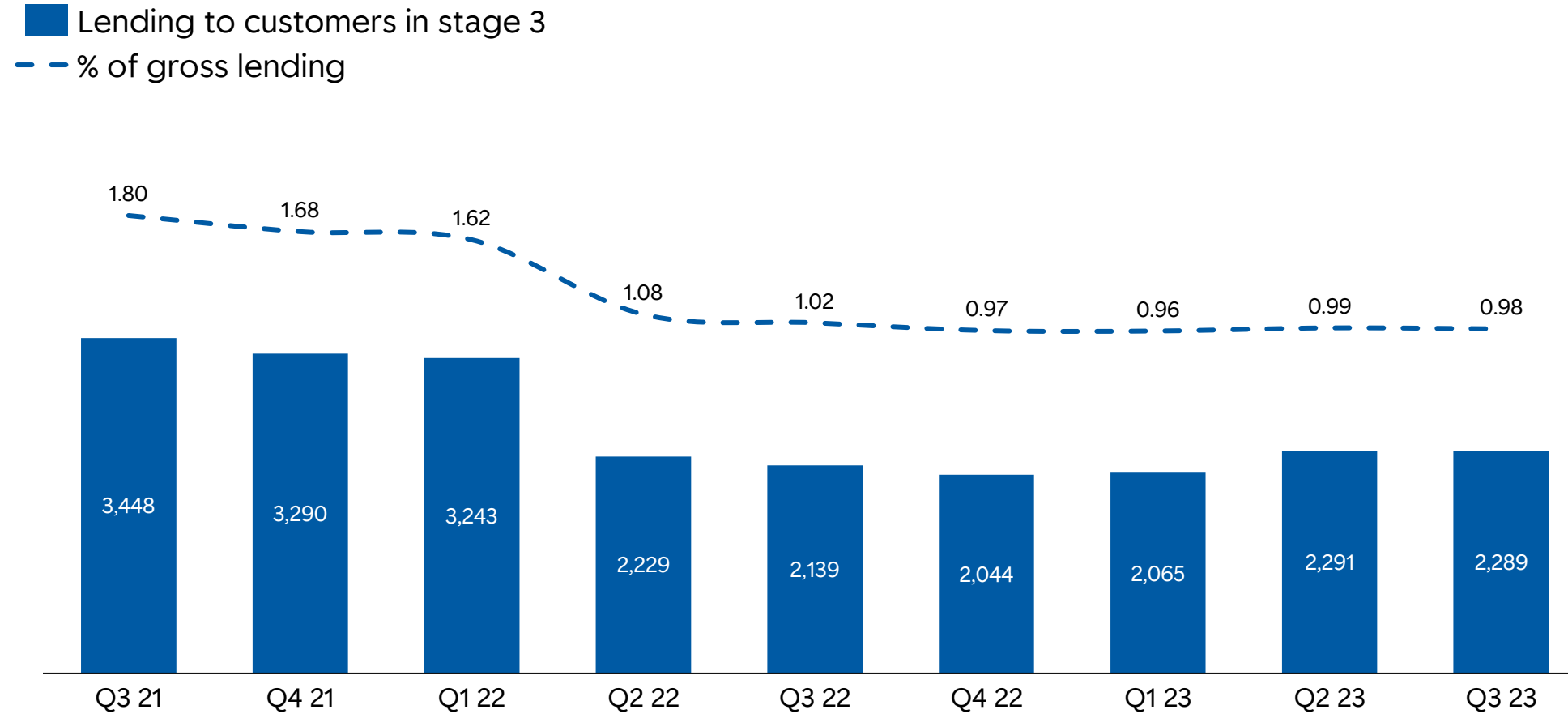
Public deposits are not covered by the guarantee scheme, but are mostly bound by contractual obligations

LCR as at 30.09.23 (per cent)



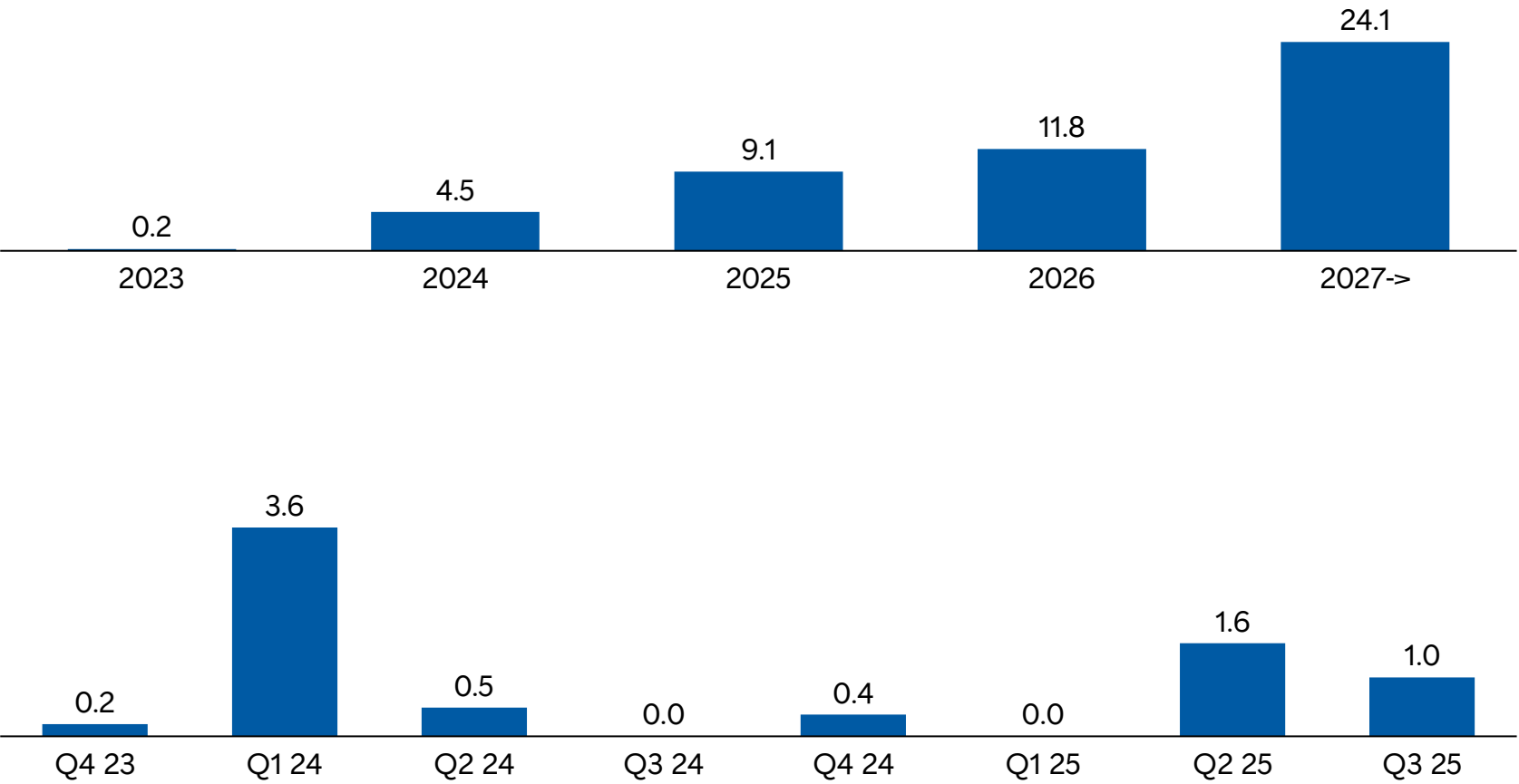
LCR: Liquidity Coverage Ratio

Problem loans



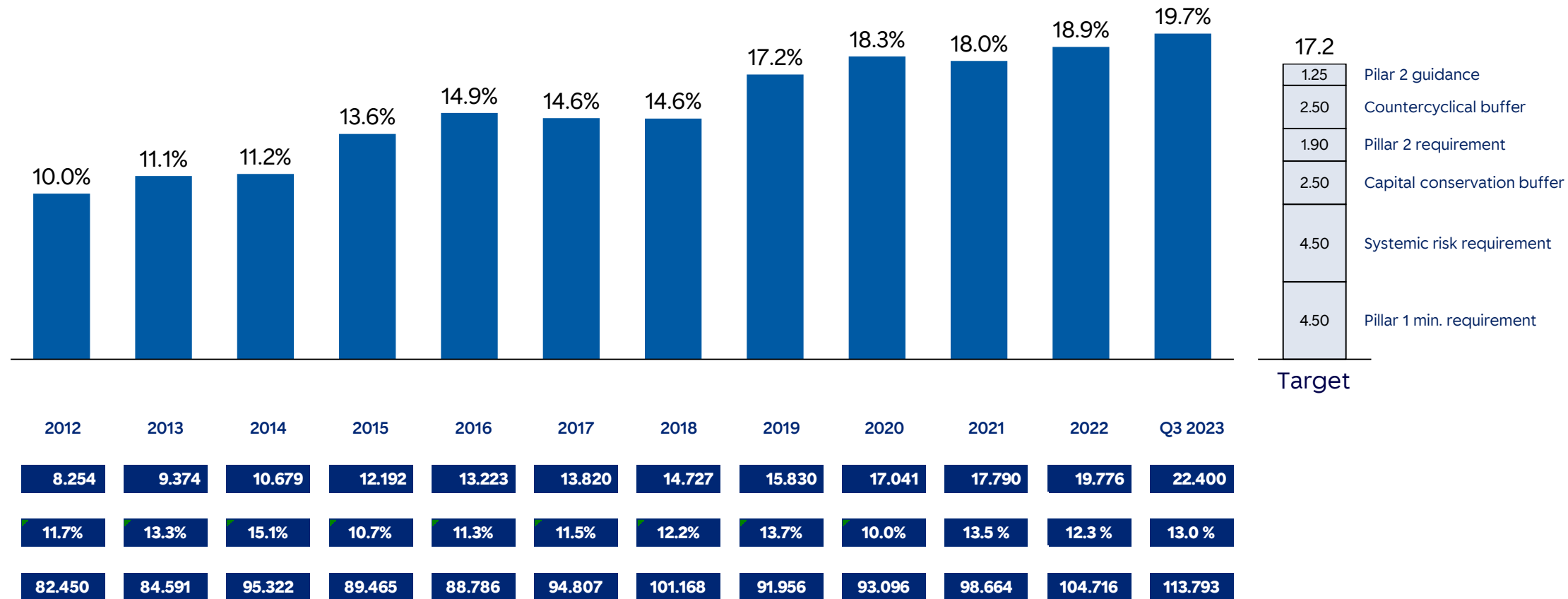
Maturity structure

NOKbn



Development in CET1 capital and capital adequacy

CET1 ratio in per cent



Equity certificate, key figures

Key figures	30.09.2023	30.09.2022	2022	2021	2020	2019
ECC ratio	66.8 %	64.0 %	64.0 %	64.0 %	64.0 %	64.0 %
Total issued ECCs (mill)	143.82	129.29	129.29	129.39	129.39	129.30
ECC price	137.2	111.4	127.4	149.0	97.6	100.2
Market value (NOKm)	19,732	14,402	16,471	19,279	12,629	12,956
Booked equity capital per ECC	116.39	107.19	109.86	103.48	94.71	90.75
Post-tax earnings per ECC, in NOK	11.14	9.29	12.82	13.31	8.87	12.14
Dividend per ECC			6.50	7.50	4.40	6.50
P/E	9.24	9.00	9.94	11.19	11.01	8.26
Price / Booked equity capital	1.18	1.04	1.16	1.44	1.03	1.10

Balance

NOKbn	30.9.23	30.9.22	31.12.22
Cash and receivables from central banks	1.2	0.3	1.2
Deposits with and loans to credit institutions	13.0	16.8	11.7
Net loans to and receivables from customers	167.9	149.2	151.5
Fixed-income CDs and bonds	36.6	30.6	38.1
Shares, units and other equity interests	1.0	2.0	0.8
Investment in related companies	8.1	7.7	7.9
Intangible assets	1.1	0.9	0.7
Other assets	14.7	11.6	11.3
Total assets	243.5	218.9	223.1
Deposits from credit institutions	12.9	14.5	14.6
Debt created by issue of securities	46.0	46.2	47.5
Deposits from and debt to customers	138.2	120.6	122.0
Other liabilities	15.0	11.8	11.0
Investment held for sale	1.6	0.0	1.1
Subordinated loan capital	2.4	2.1	2.1
Total equity ex Tier 1 Capital	26.0	22.6	23.0
Additional Tier 1 Capital	1.5	1.2	1.8
Total liabilities and equity	243.5	218.9	223.1
In addition loans sold to Boligkreditt and Næringskreditt	65.4	58.7	58.7

Active instigator for sustainable change

Double materiality analysis



Responsible lending and investments



Advisory and customer offerings



Regional changes in Mid-Norway



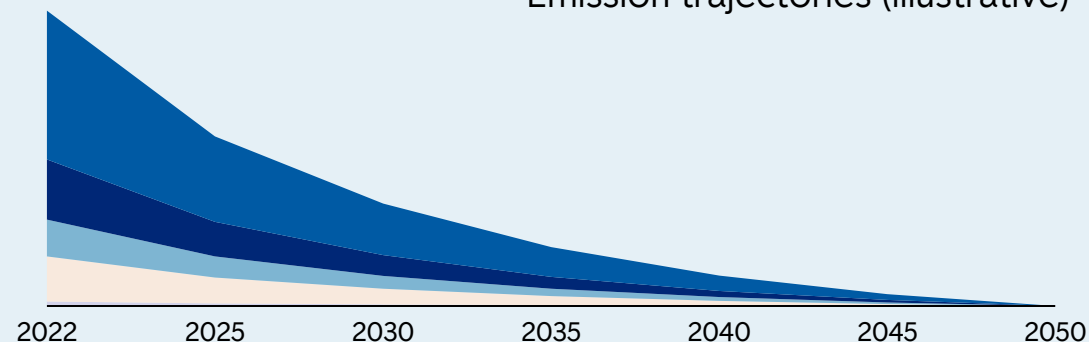
Changes in finance centers

Transition plans shall secure net zero emissions within 2050

Establishing transition plans on sector level



Emission trajectories (illustrative)



- The transition plan sets emission trajectories and actionable measures to realize the ambition for net zero emissions by 2050
- The plan shall contribute to a predictable and organized transition and at the same time reduce our customers vulnerability towards climate change
- SMN has prepared transition plans for agriculture, households, fisheries and commercial property
- SMN has signed Science Based Targets Initiative, a framework for establishing science-based climate targets