

Fourth quarter 2023 Preliminary annual accounts

8 February 2024

Jan-Frode Janson
Group CEO

Trond Søråas
CFO



Q4 2023

Profitable and solid

- **Return on equity of 18.3% in Q4 and 14.4% in 2023**

Good profitability across business lines.
Gain from SpareBank 1 Markets transaction in the quarter.

- **SMN strengthens position as leading finance centre**

Growth strategy achieved across geographical locations and customer segments.
Increased market shares in banking, accounting and estate agency.

- **High cost growth in 2023**

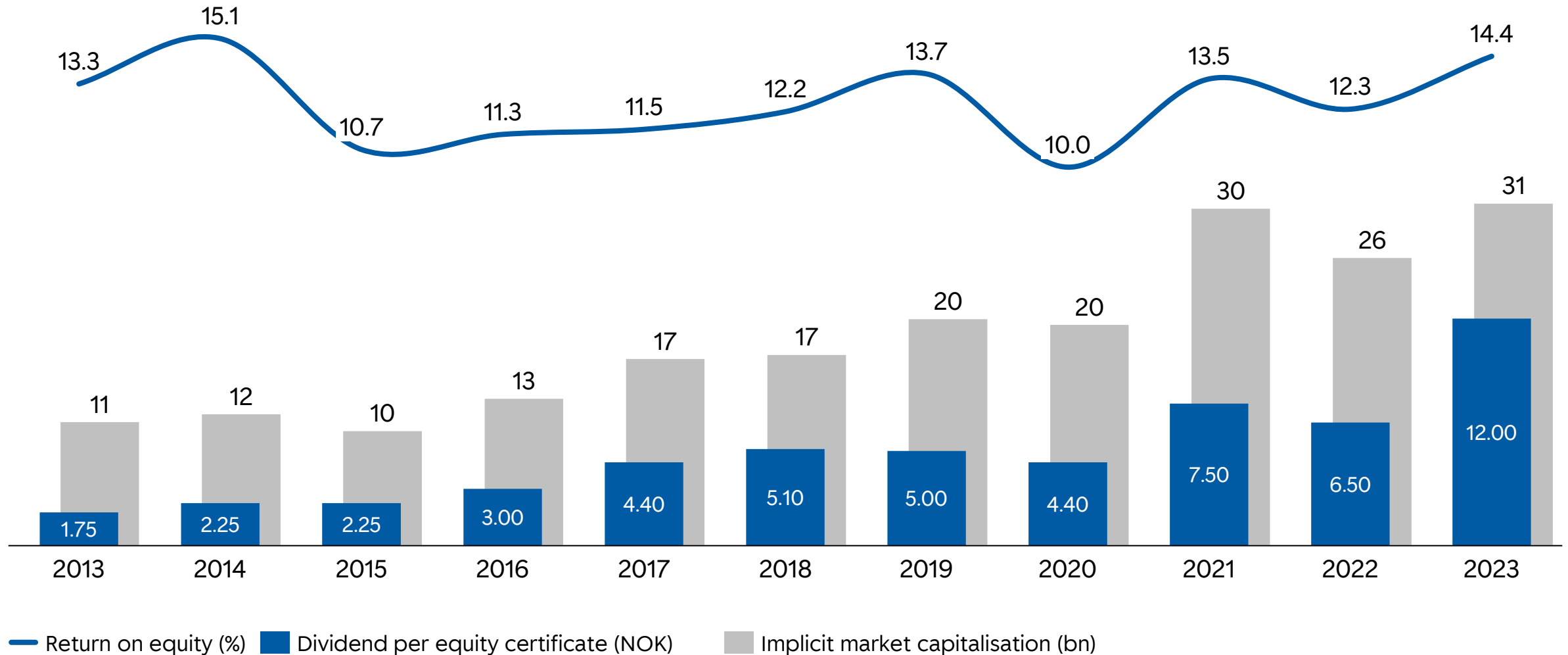
This cost picture is related to new ventures, merger, fraud and the bank's anniversary. The cost level is expected to normalise in 2024.

- **Strong profitability and solidity make for record dividend payout**

A cash dividend of NOK 12.00 per equity certificate for 2023.
NOK 860m allocated to community dividend.



High value creation over time



An eventful 2023

Collaboration as a competitive advantage

SB1 Markets strengthened with SB1 SR-Bank and SB1 Nord-Norge on the team

Fremtind Forsikring and Eika Forsikring amalgamate

SB1 1 Kreditt and Eika Kredittbank pool their activities

SB1 Finans Midt-Norge takes over distribution for Sparebanken Møre

August

Team brought in from **Danske Bank**

June

Såkorn 1 Midt established



May - September

**SMN celebrates
200th anniversary**
with events across all
Mid-Norway

1

May

Merger with **SpareBank 1 Søre Sunnmøre**



January

Gross embezzlement at SMN

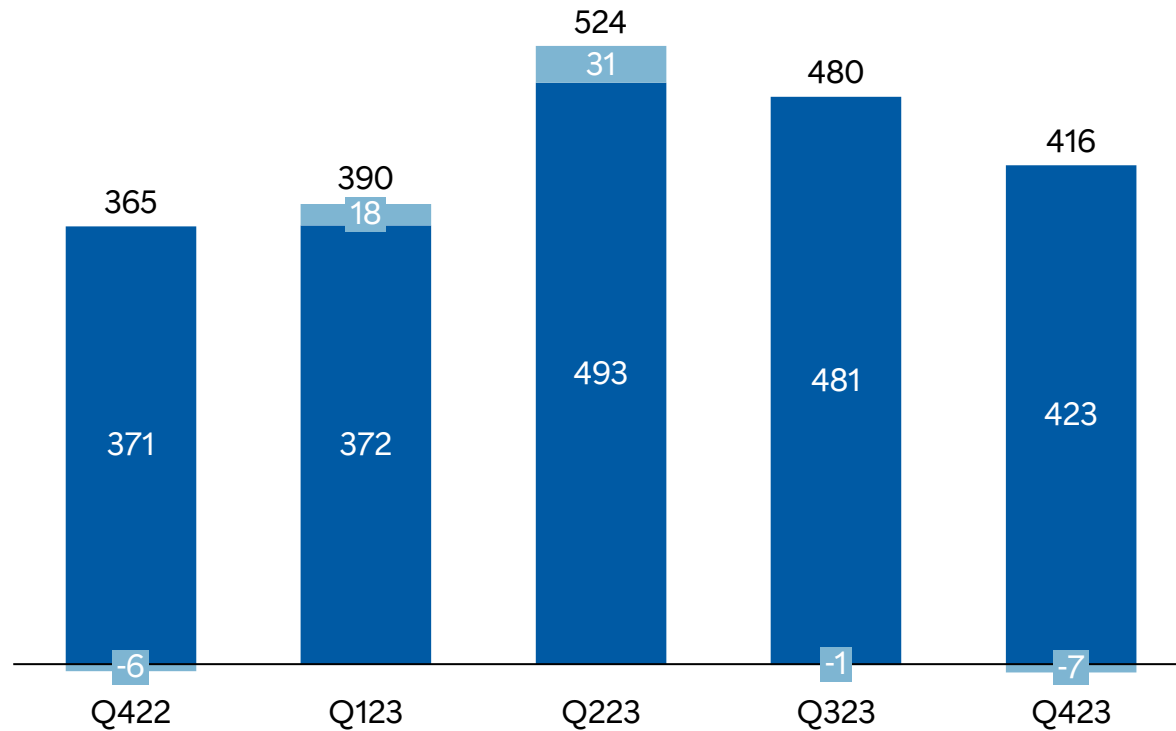
SpareBank
SMN **1**

Bank
Eiendom
Regnskap

Personal market

Pre-tax profit (NOKm)

■ EiendomsMegler 1 Midt-Norge
■ Retail Banking

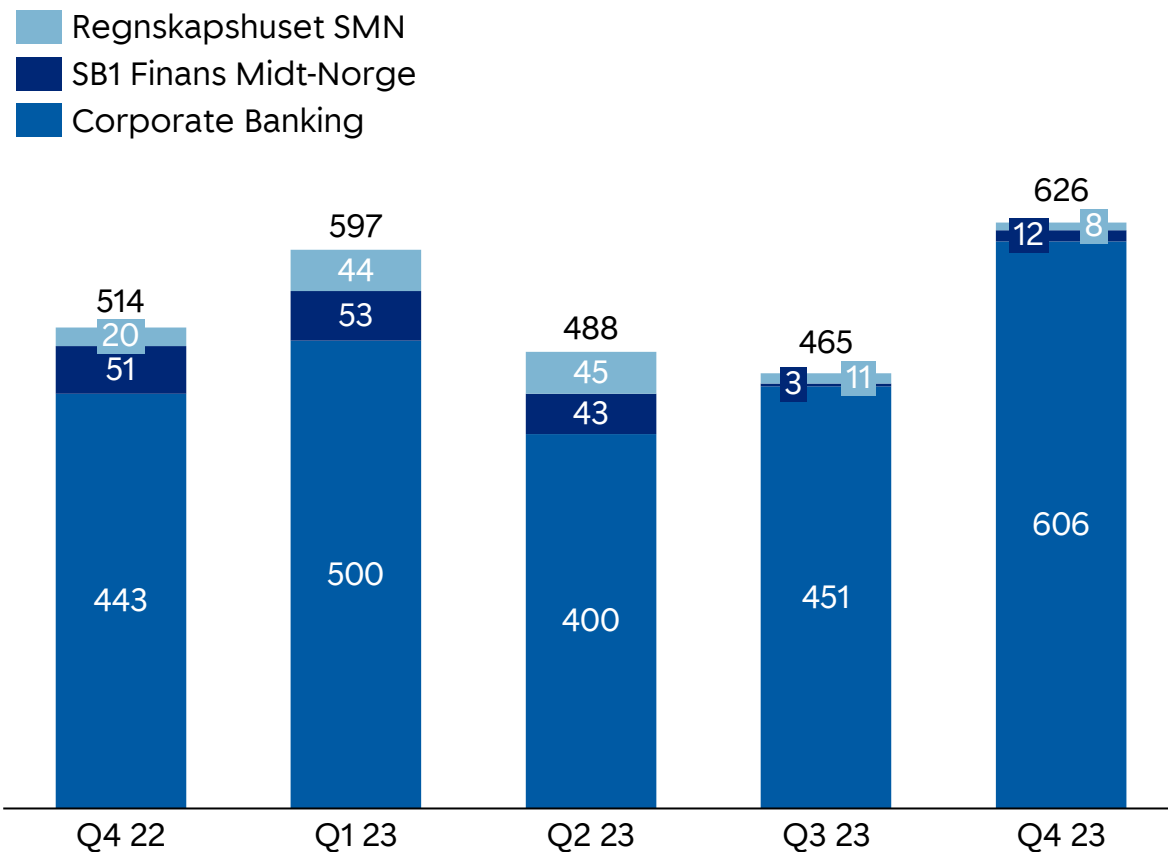


Another piece in place at SMN's finance centres

- Overall concept featuring products and solutions for private banking and wealth management
- Specialist advisers to help with complex finances
- Good geographical coverage - Oslo, Trondheim and Sunnmøre
- **NOK 1bn of new AUM** since start-up

Corporate market

Pre-tax profit (NOKm)



Growth resulting from strategic initiatives in 2023

25% Increased revenues from advisory services
75% increase from 2020

1,000 Regnskapshuset attracts new customers
All time high customer influx

1.0% Increased market share for the bank since 2021
No. of residential collaterals in Trøndelag, Møre and Romsdal
SMN shows the largest increase in the region



Interdisciplinary team in place in Oslo
First corporate loan disbursed

Group strategy 'One SMN' stands firm



Create One SMN



Increase digitalisation
and use of insights



Head up the development
of Norway's savings banks



Integrate sustainability
into the business



Exploit the power in our
ownership model

Strategic priorities for 2024

No. 1 ambition

To strengthen market position through organic growth, increased advisory capability and efficient and effective operations

- Achieve added growth
- One SMN version 2.0
- Efficient operations and capital use

Create a bank for the future

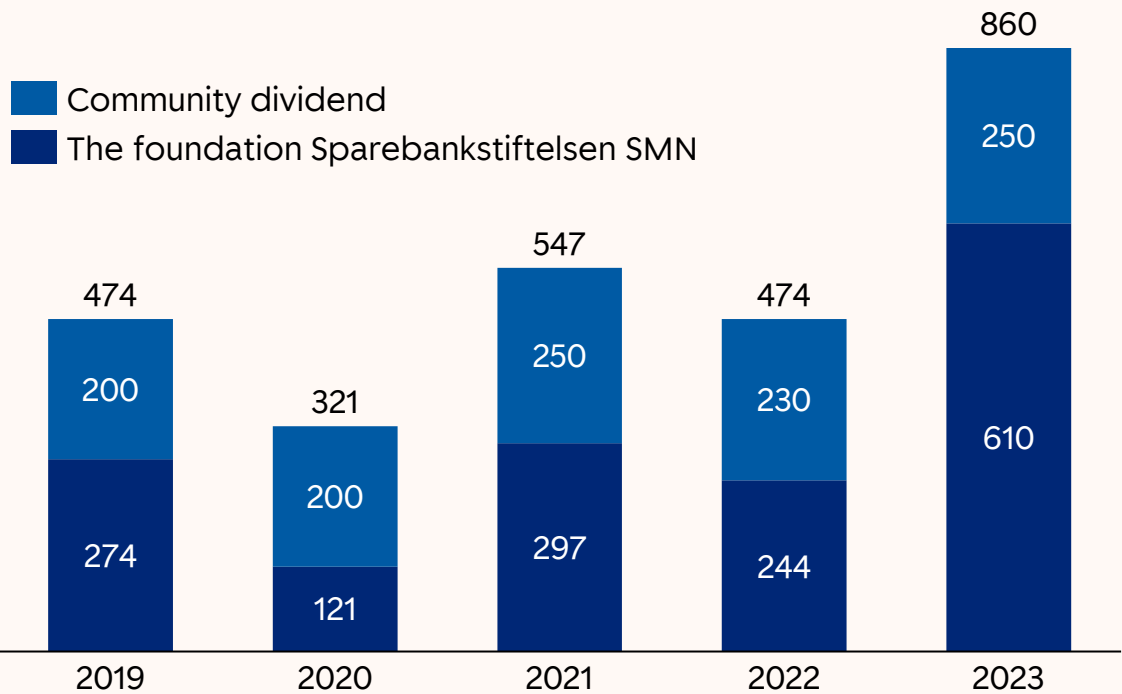
Explore business opportunities, new technology and adapt to framework conditions

- Structure
- Artificial intelligence
- Sustainability in the business

Teaming up with Mid-Norway

More than NOK 2.6bn to community dividend in the last five years

Non-profit causes



Financial information



Q4 2023

2023

18.3%
Return on equity

14.4%
Return on equity

Lending growth	11.9%
Retail Banking	13.1%
Corporate Banking	10.4%

1,247 NOKm
Net profit

3,688 NOKm
Net profit

Deposit growth	8.9%
Retail Banking	17.6%
Corporate Banking	0.1%

18.8%
CET1 ratio

14 NOKm
Loan losses

Profit margin subsidiaries	
Regnskapshuset SMN	15.2%
Eiendomsmegler 1 Midt-Norge	9.3%
SB1 Finans Midt-Norge	3.8% (ROE)

Financial targets

Profitable



13%

Return on equity

Solid



16.3 %

CET1 ratio

~ 50 %

Payout ratio

Efficient



< 40 %

Cost/income in parent bank ex. finance

< 85 %

Cost/income in subsidiaries

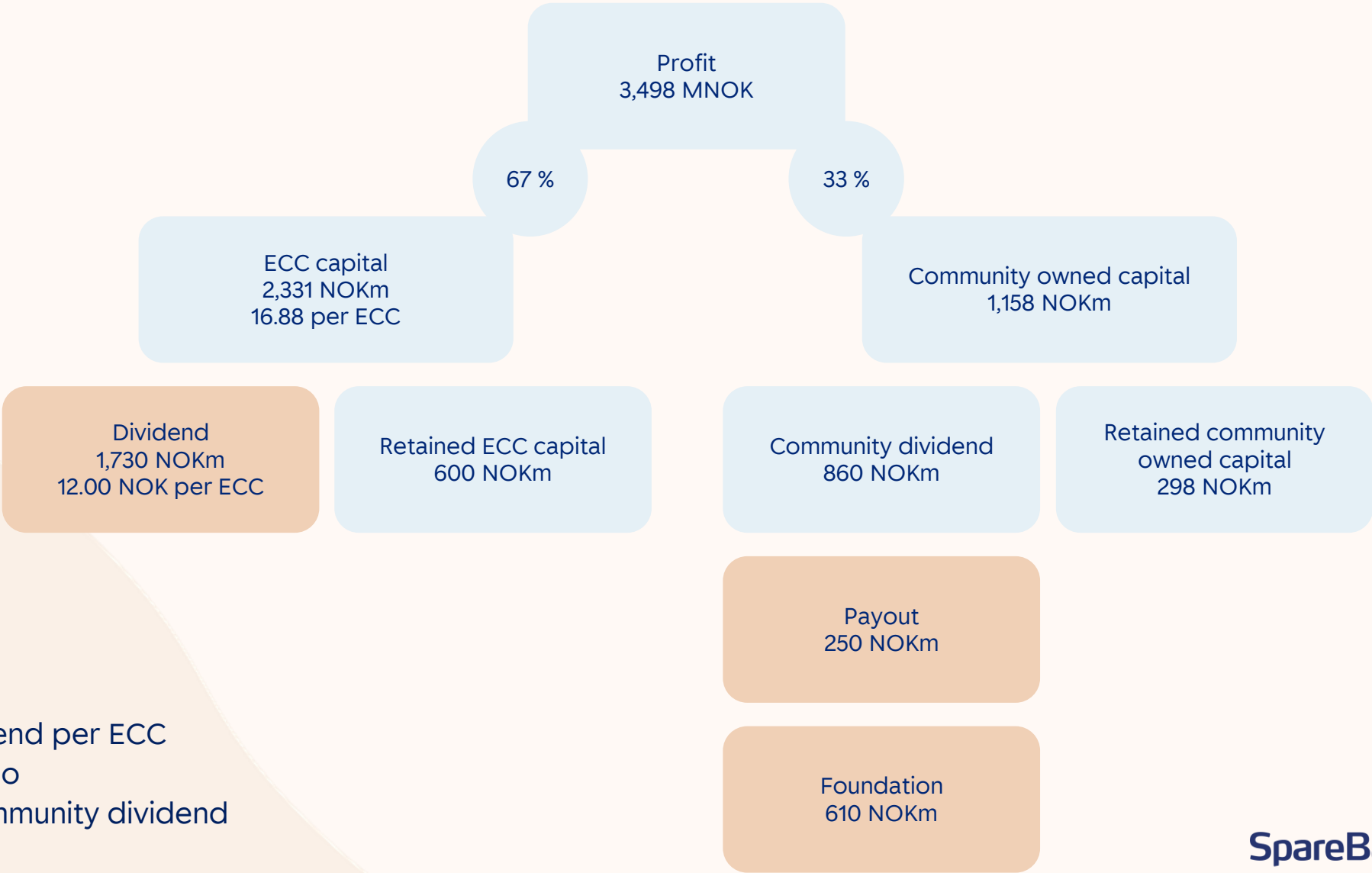
Responsible



Net zero

Climate footprint by 2050

Record high dividend for 2023



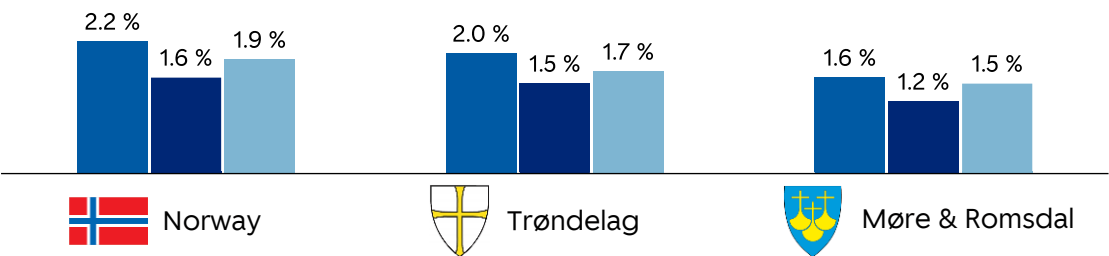
12.00 NOK dividend per ECC
74% payout ratio
860 NOKm community dividend

The Mid-Norwegian economy

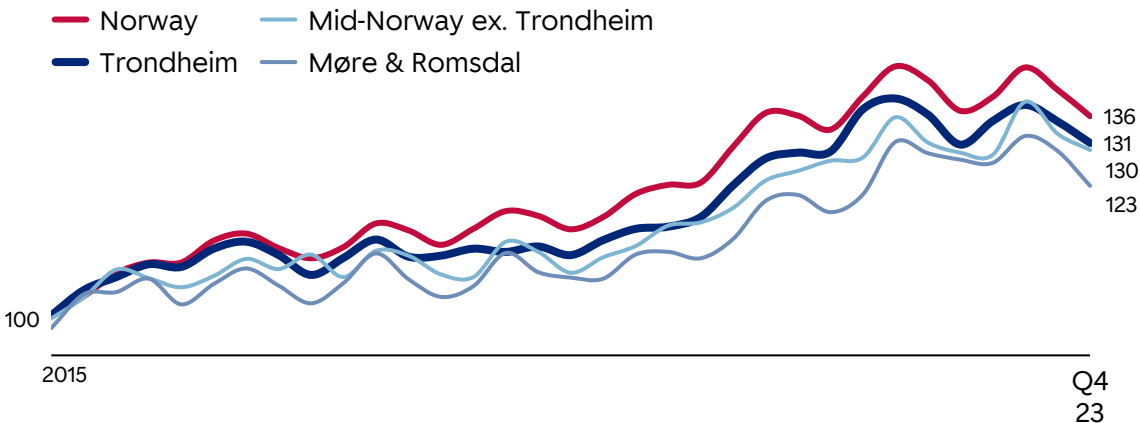
Unemployment

Wholly unemployed as a percentage of the labour force

Dec 21 Dec 22 Dec 23



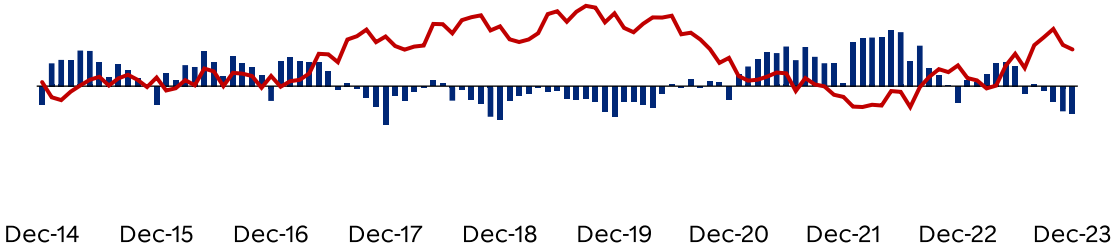
Housing prices



Sources: NAV, SSB, Eiendomsverdi and Brønnøysundregisteret

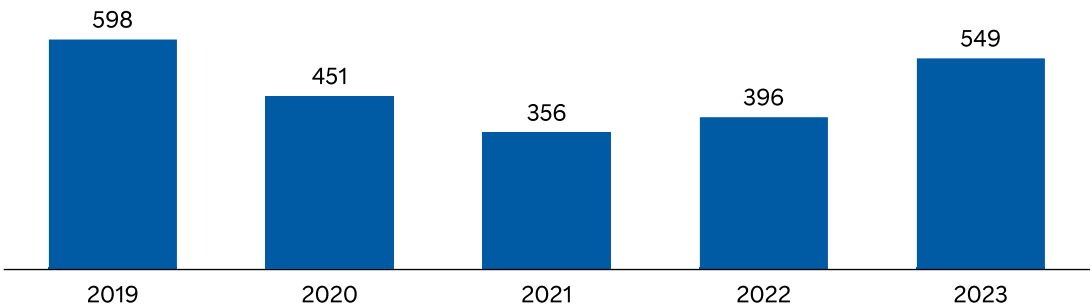
From sellers to buyers' market

Percentage difference in listing/selling price Unsold properties in Mid-Norway



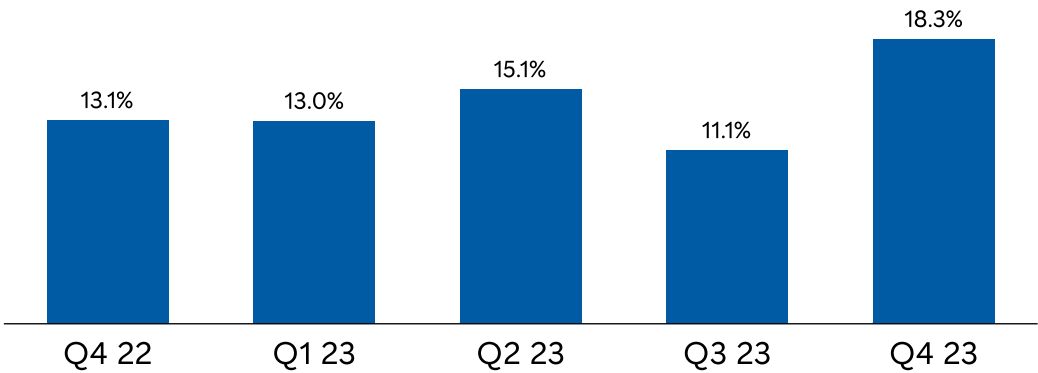
Bankruptcies

Number of bankruptcies in Trøndelag and Møre & Romsdal

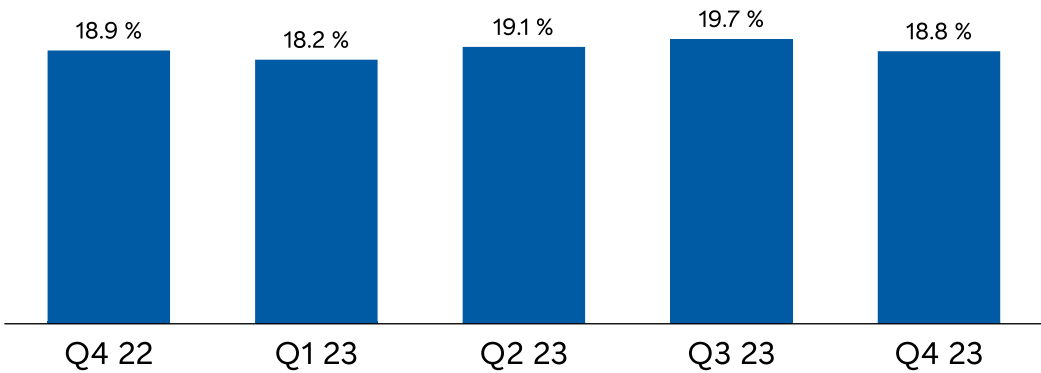


Profitable and solid

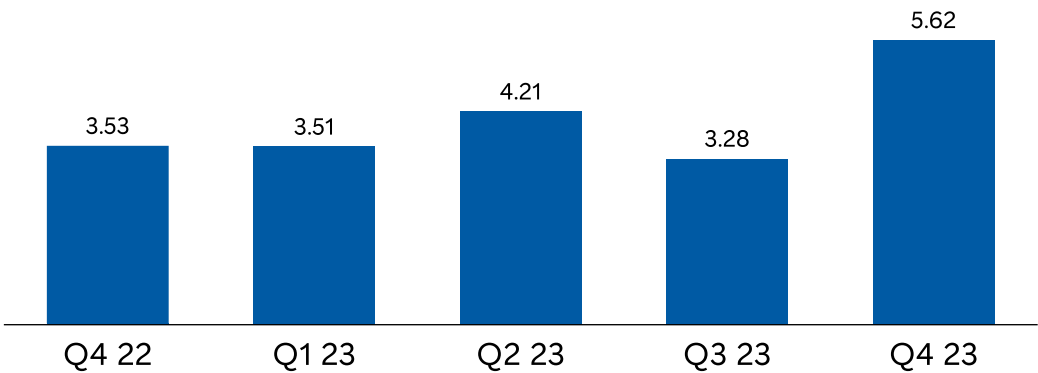
Return on equity



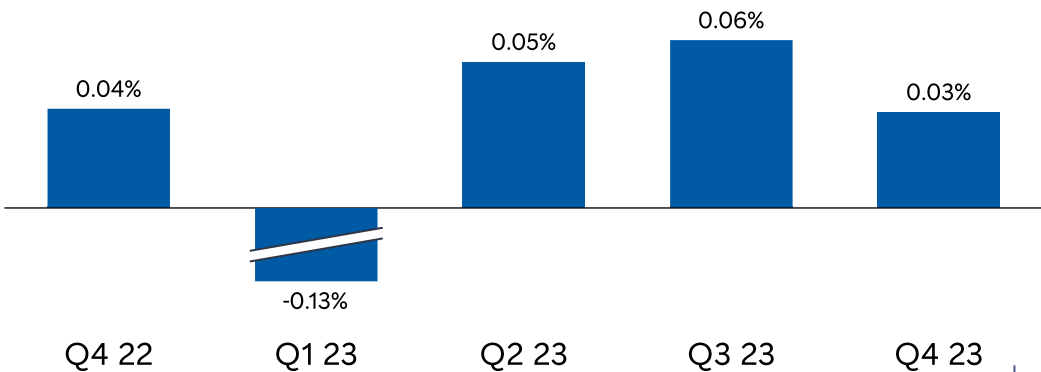
CET1 ratio



Earnings per equity certificate

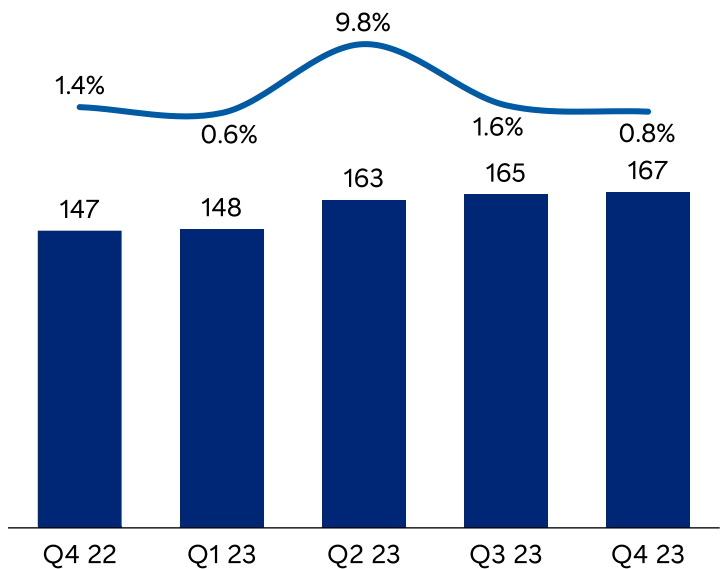


Loan losses in per cent of total lending

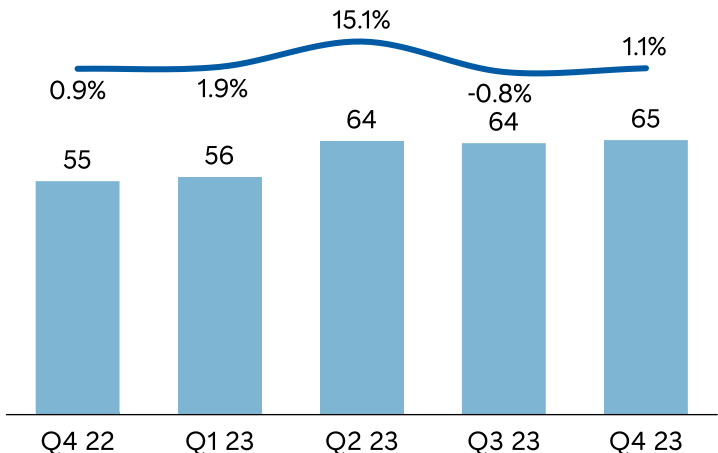


Growth and margins in Retail Banking - quarterly

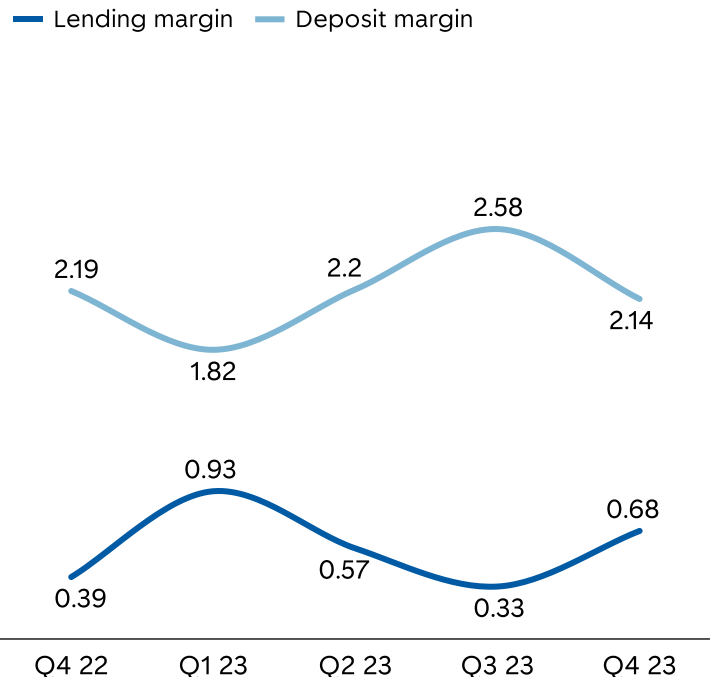
Lending volume (NOKbn)



Deposit volume (NOKbn)

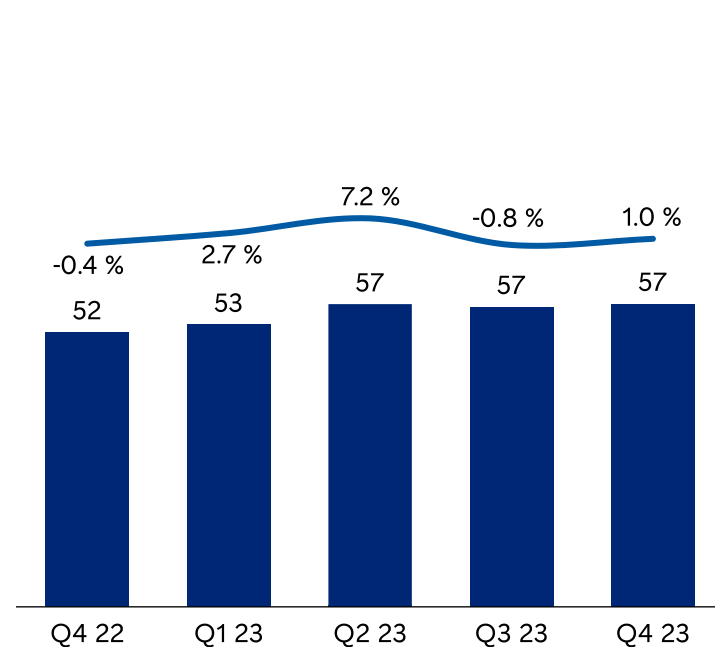


Margins vs NIBOR3M

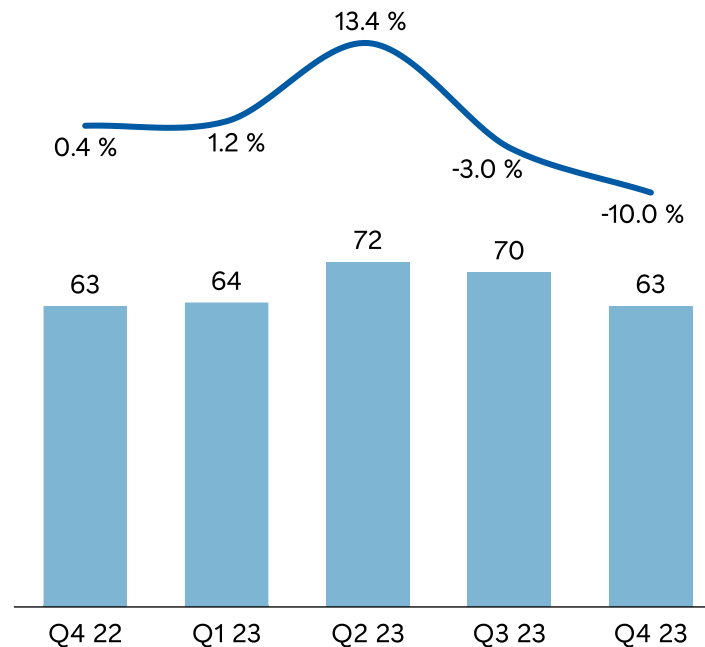


Growth and margins in Corporate Banking - quarterly

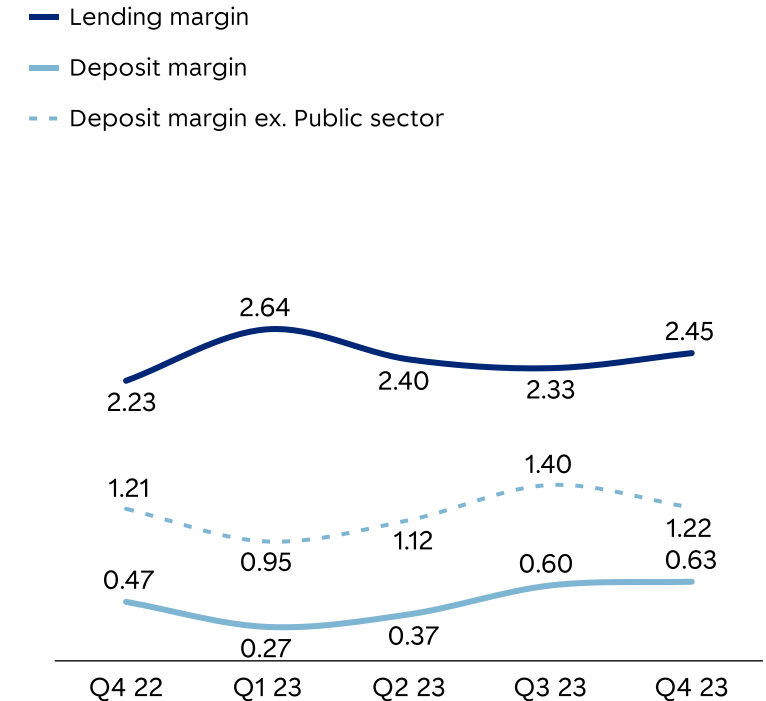
Lending volume (NOKbn)



Deposit volume (NOKbn)



Margins vs NIBOR3M



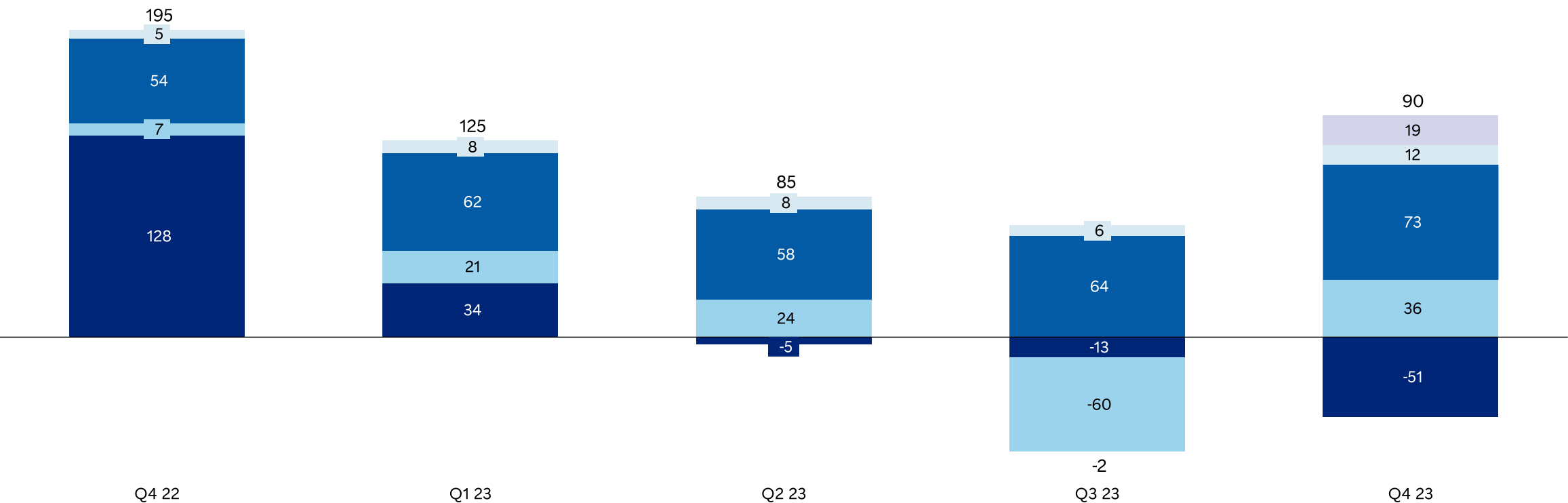
Lending margin for Q4 23 is adjusted for the NOK 59m of previously unrecognised interest due to redemption of an exposure previously acquired at a discount

Broad product range and diversified income platform

Ownership interests

Profit after tax (NOKm)

SpareBank 1 Gruppen Other associated companies BN Bank SpareBank 1 Forvaltning SpareBank 1 Markets

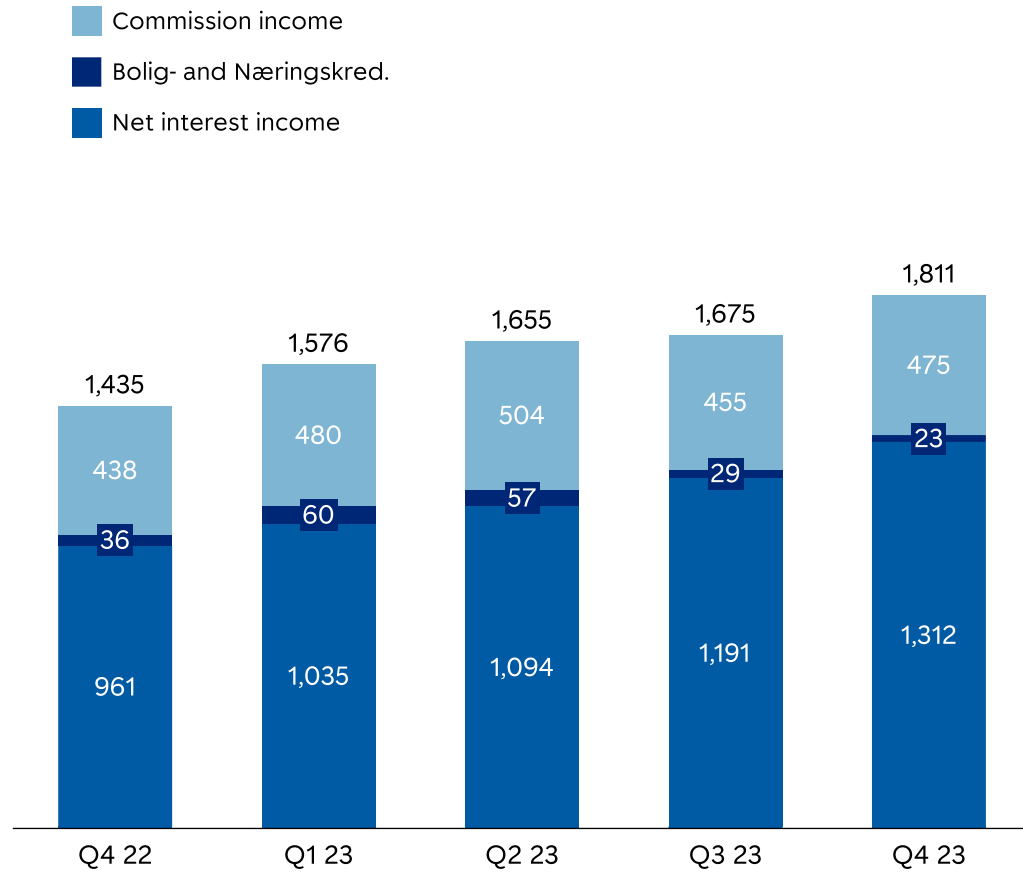


Results

NOK mill	2023	2022	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22
Net interest income	4 632	3 339	1 312	1 191	1 094	1 035	961
Commission income and other income	2 084	2 042	498	484	561	541	473
Operating Income	6 716	5 380	1 811	1 675	1 655	1 576	1 435
Total operating expenses	3 017	2 443	866	741	683	728	646
Pre-loss result of core business	3 699	2 937	945	934	972	847	789
Losses on loans and guarantees	14	-7	20	35	29	-71	19
Post-loss result of core business	3 685	2 944	925	899	943	918	770
Related companies	297	442	90	-2	85	125	195
Securities, foreign currency and derivatives	502	-61	481	99	18	-97	-33
Result before tax	4 484	3 324	1 496	996	1 045	946	932
Tax	904	718	262	278	159	206	210
Result investment held for sale	108	179	12	22	37	38	46
Net profit	3 688	2 785	1 247	740	923	778	768
Return on equity	14,4 %	12,3 %	18,3 %	11,1 %	15,1 %	13,0 %	13,1 %

Revenue

Net interest income and other income

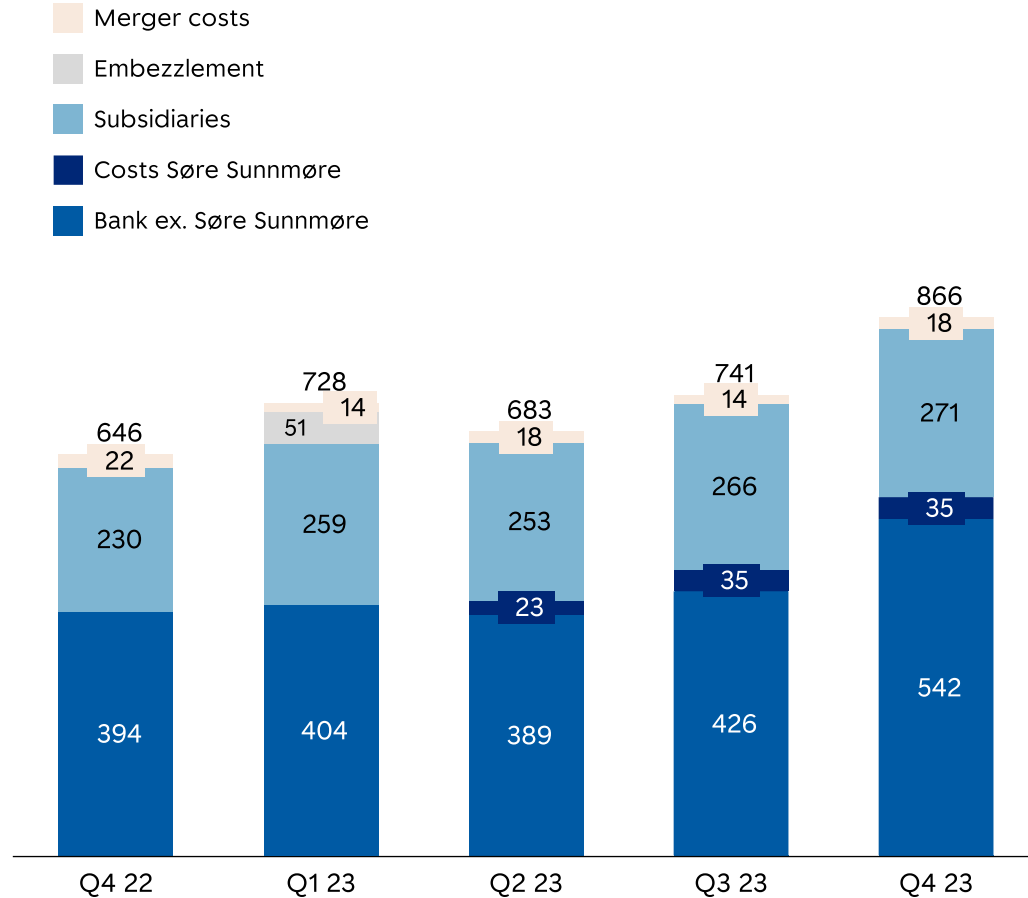


Commission income

NOK mill	2023	2022	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22
Payment transmission income	330	329	101	79	77	72	91
Credit cards	61	61	14	16	15	17	15
Commissions savings and asset mgmt	43	40	11	10	12	10	11
Commissions insurance	253	236	61	67	65	61	60
Guarantee commissions	60	70	16	15	13	16	25
Estate agency	432	418	98	110	119	105	94
Accountancy services	661	564	152	138	182	188	127
Other commissions	76	51	23	20	22	11	14
Commissions ex. Bolig/Næringskreditt	1 915	1 770	475	455	504	480	438
Commissions Boligkreditt (cov. bonds)	155	256	19	25	53	57	32
Commissions Næringskred. (cov. bonds)	15	16	4	4	4	3	4
Total commission income	2 084	2 042	498	484	561	541	473

Costs

Total operating expenses per quarter (NOKm)



Costs per category

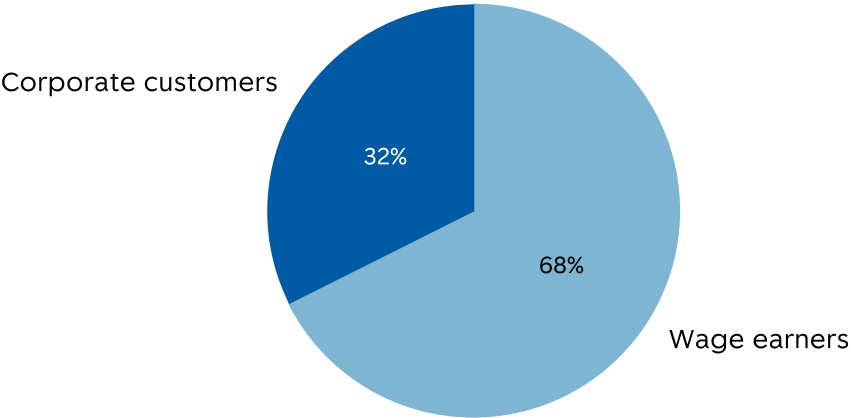
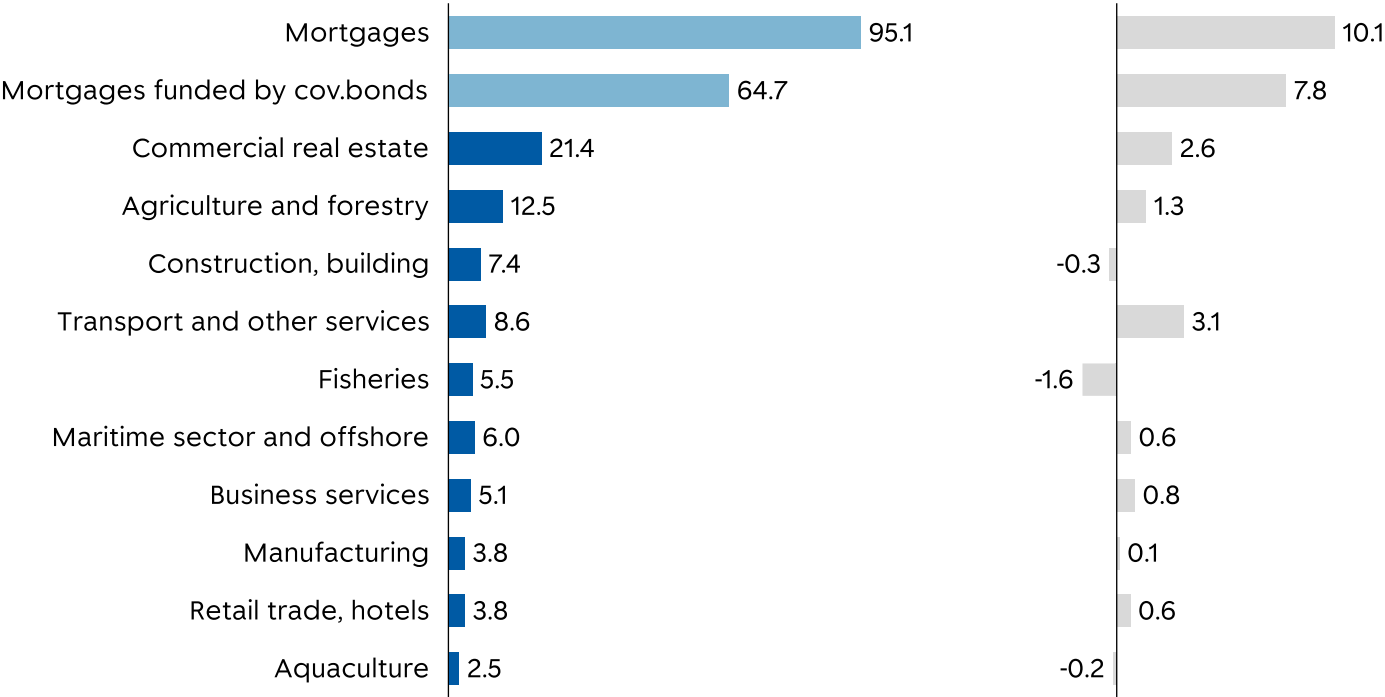
- Merger costs and growth initiatives have increased costs in 2023
- In addition, costs related to anniversary celebration, backpay of local wage settlements, wealth tax and increased number of employees
- Acquisitions in SpareBank 1 Regnskapshuset and wage growth affect the costs of subsidiaries
- Expect normalisation of the cost level in 2024

Mill kr	2023	2022	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22
Staff costs	1 691	1 406	476	435	383	398	333
IT costs	413	355	132	93	92	95	100
Marketing	93	86	21	24	25	23	24
Ordinary depreciation	153	117	47	43	35	29	33
Op.ex., real estate properties	57	55	11	15	14	16	9
Purchased services	238	195	71	62	57	49	53
Merger expenses	64	22	18	14	18	14	22
Other operating expense	309	208	90	56	59	104	73
Total operating expenses	3 017	2 443	866	741	683	728	646

Diversified lending portfolio dominated by mortgages

Loans per sector

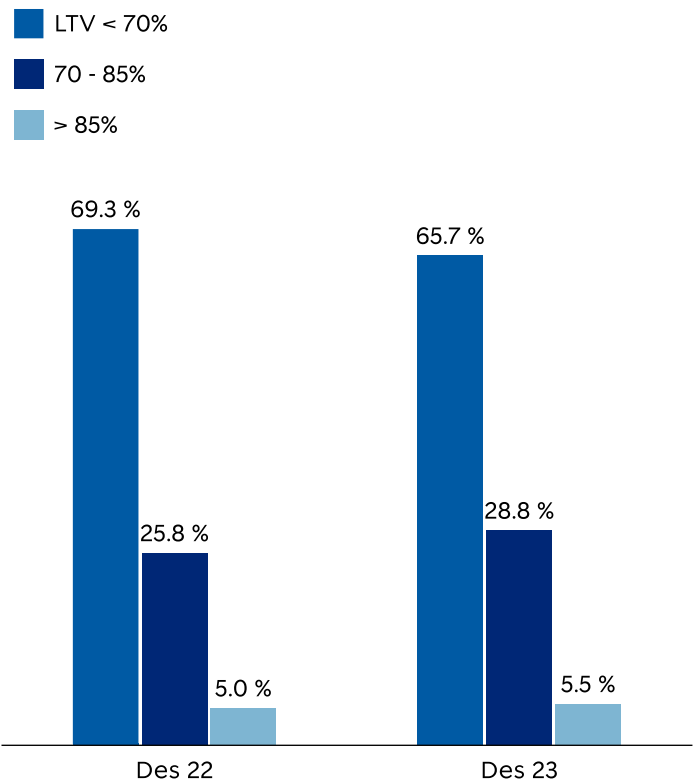
As at 31. of December 2023 and change last 12 months (NOKbn)



Robust mortgage portfolio

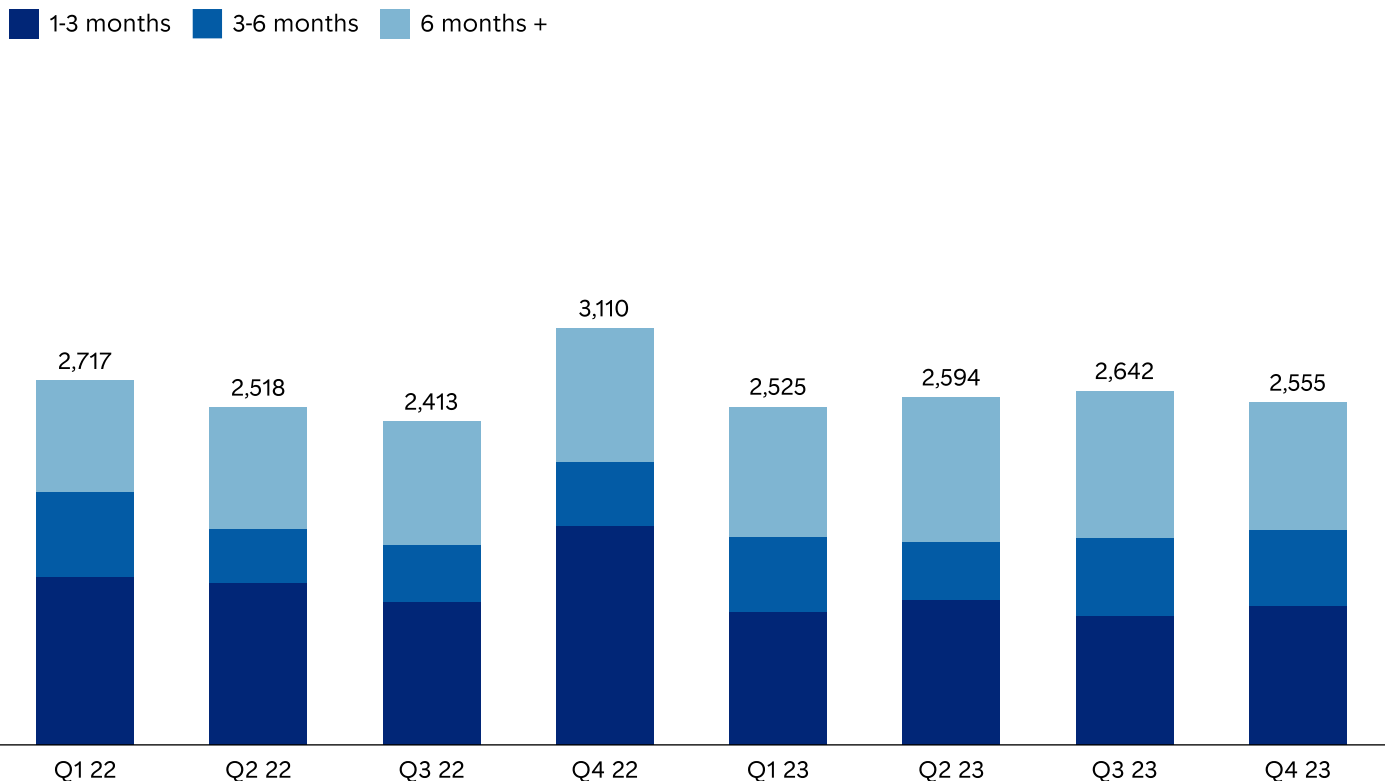
Loan-to-value in the mortgage portfolio

Share of mortgages by LTV



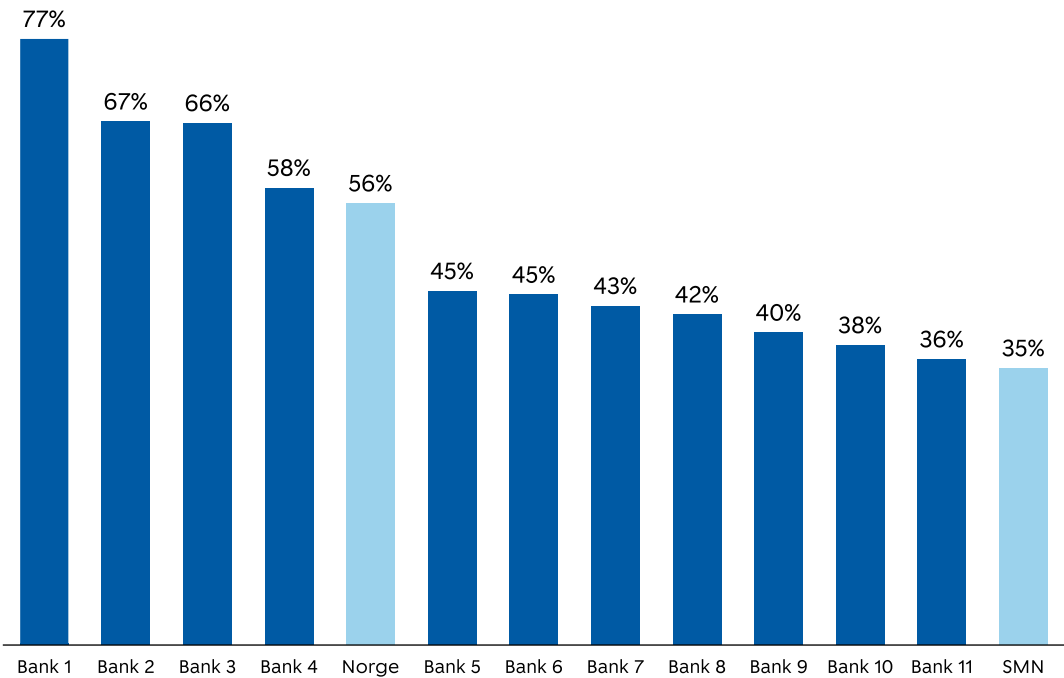
Granted interest only-periods

Number of loans granted interest only-periods in the Retail Banking portfolio



Commercial property, construction, building

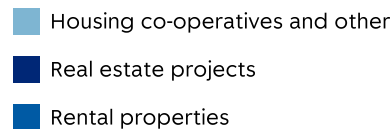
Share of commercial real estate exposure in the corporate lending book*



* Gross lending to commercial real estate as a share of corporate lending. National data from SSB. Data for individual banks are based on reported numbers as at Q3 2023.

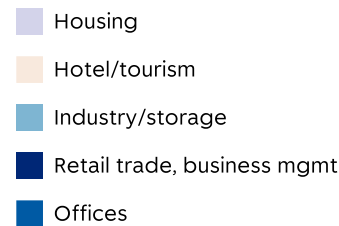
Rental properties make up 72% of the banks CRE exposure, mainly to retail trade, industry/storage and offices

Distribution of property as at Q423



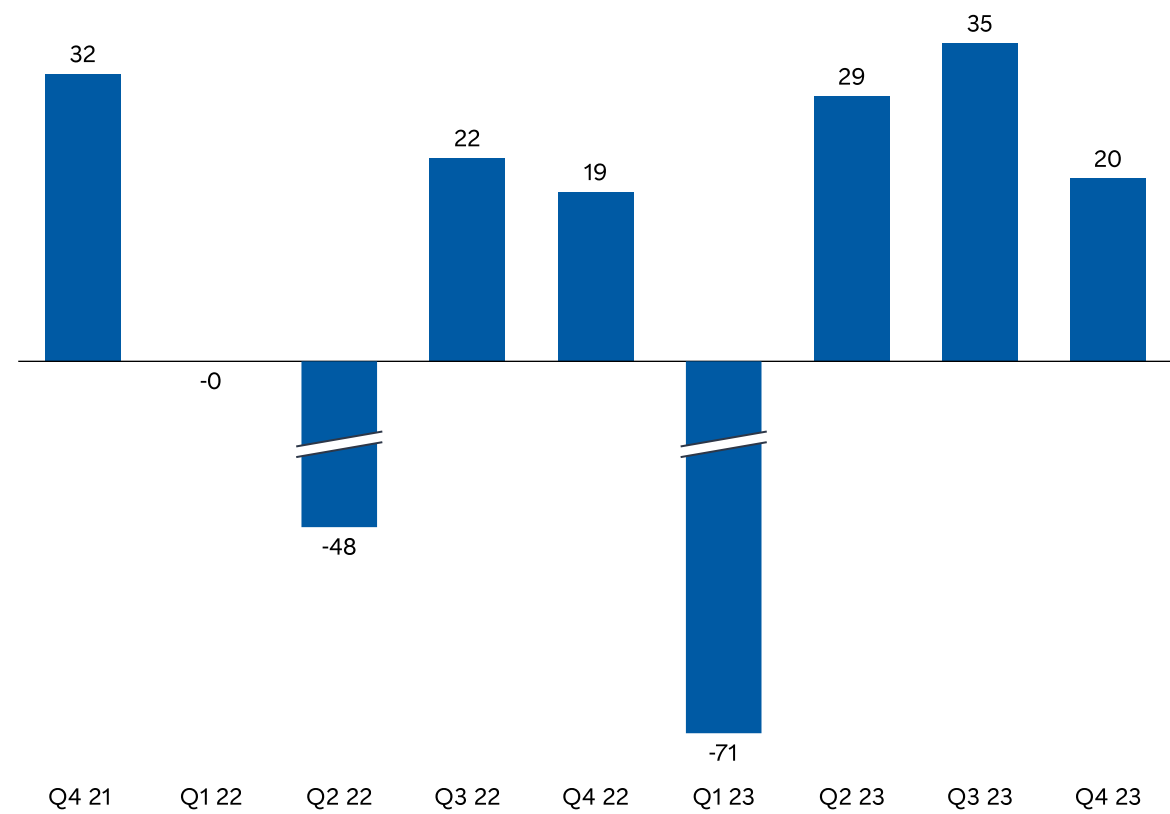
EAD commercial real estate by segment

Distribution of area as at Q423

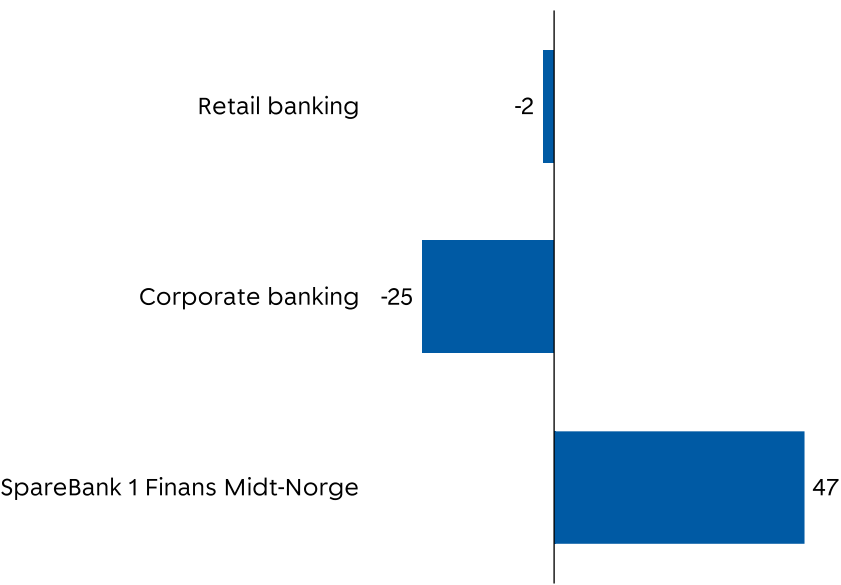


Losses

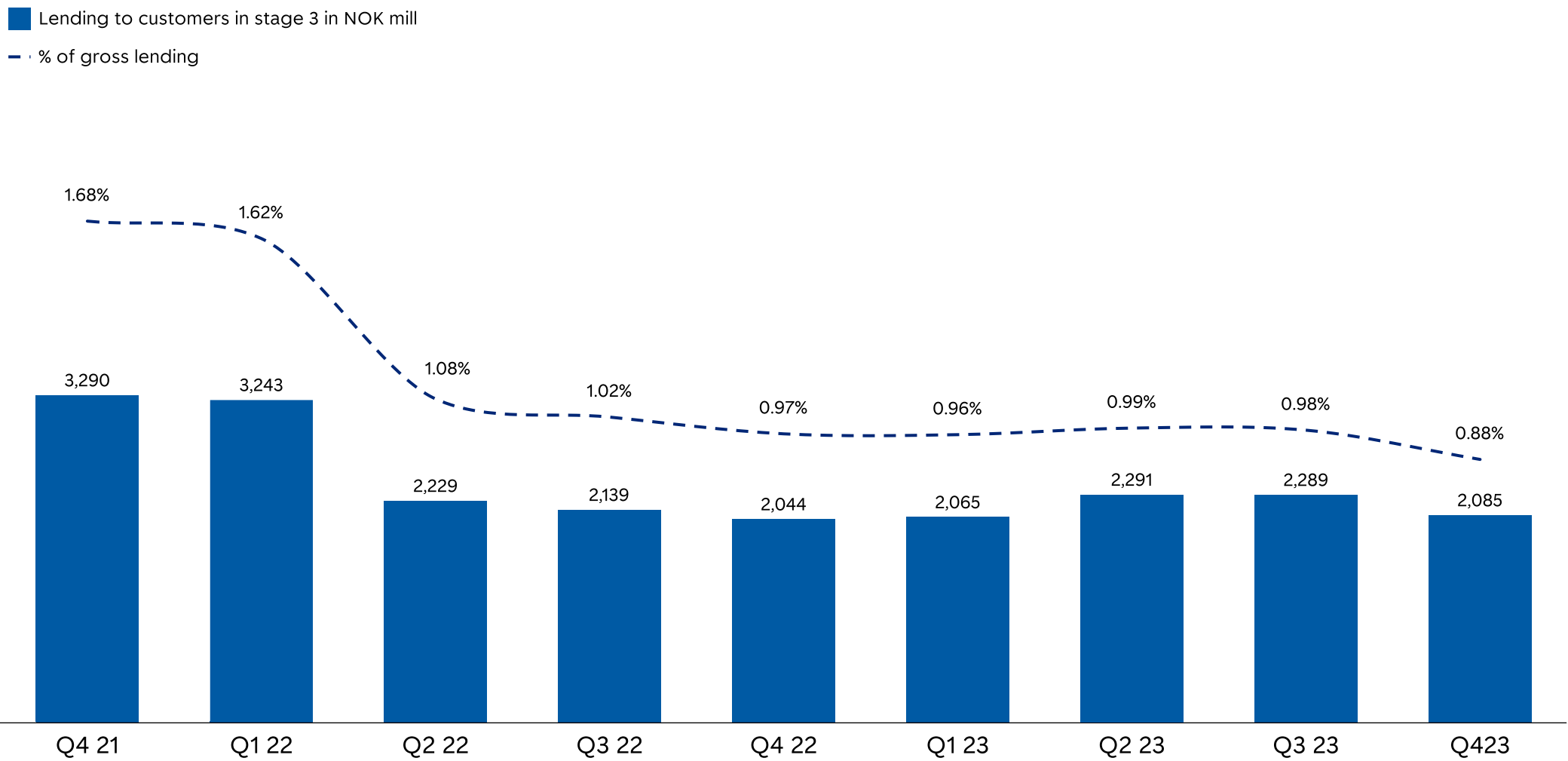
Loan losses (NOKm)



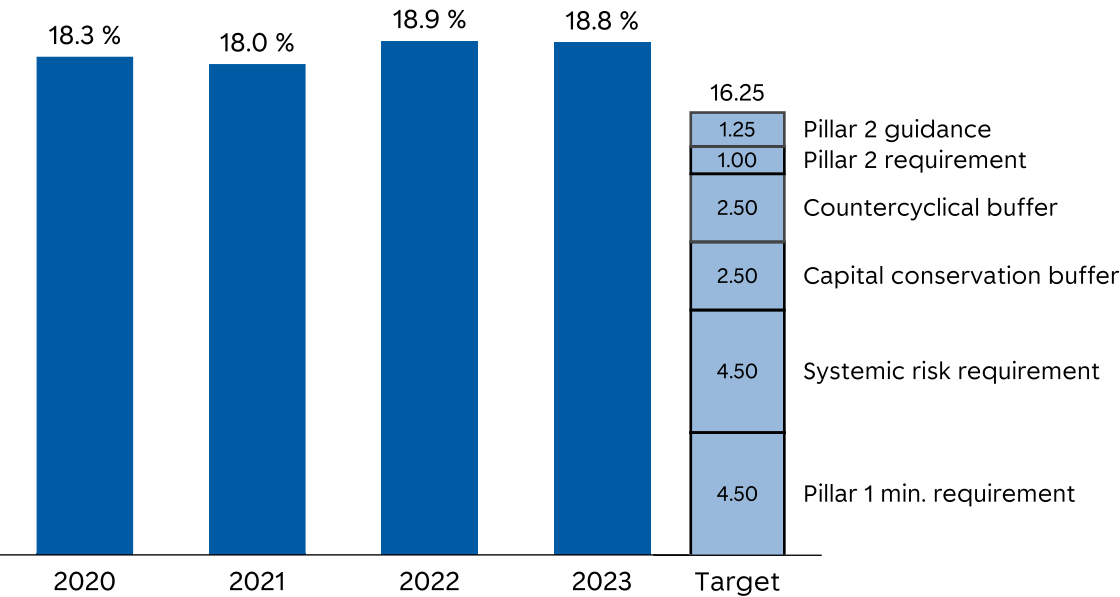
Distribution of losses Q4 (NOKm)



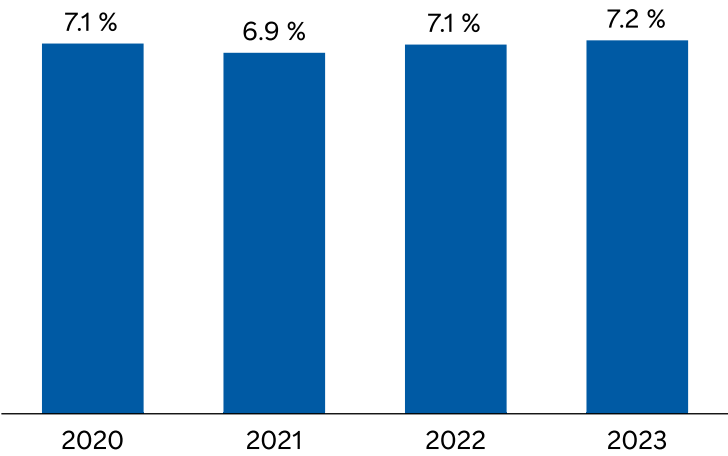
Problem loans



CET 1



Leverage ratio



The groups' pillar 2 requirement is 1,7 percentage points, whereby 1,0 pp. must be covered by CET1-capital. 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 16.95%

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

Disclaimer

This presentation contains certain forward-looking statements relating to the business, financial performance and results of SpareBank 1 SMN and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions.

The forward-looking statements contained in this presentation, including assumptions, opinions and views of SpareBank 1 SMN, or cited from third party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. Important factors that may cause such a difference for SpareBank 1 SMN are but not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

SpareBank 1 SMN do not provide any assurance that the assumptions underlying such forward-looking statements are free from errors and do not accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecasted developments. SpareBank 1 SMN assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to our actual results.

Appendix



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:

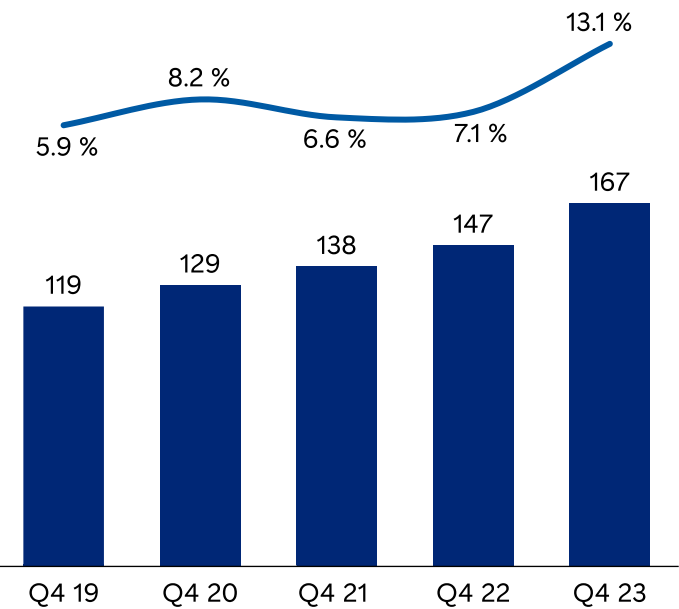
«Moody's Investors Service ("Moody's") has today upgraded SpareBank 1 SMN's (SMN) Baseline CreditAssessment (BCA) and Adjusted BCAto a3 from baa1, long-term (LT) deposit ratings toAa3 fromA1, LT issuer and senior unsecured debt ratings to Aa3 from A1 (...)

The upgrade of theSMN'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.”

Growth and margins in Retail Banking - Yearly

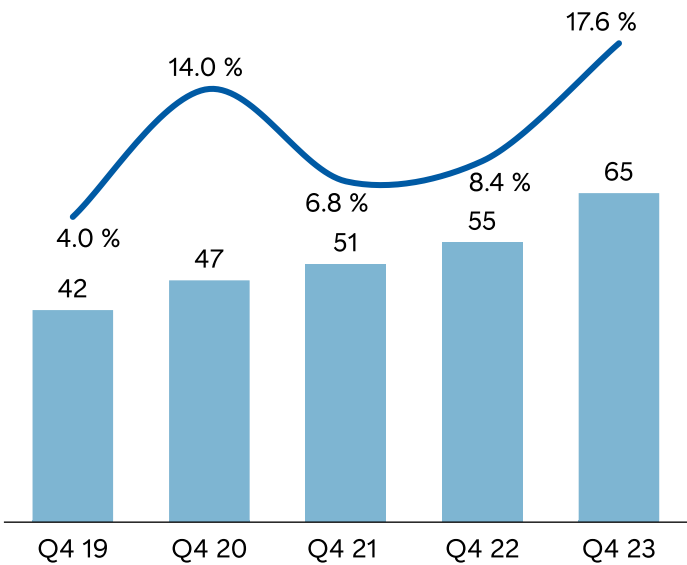
Lending volume (NOKbn)

12-month growth ex. merger: 4.7 %

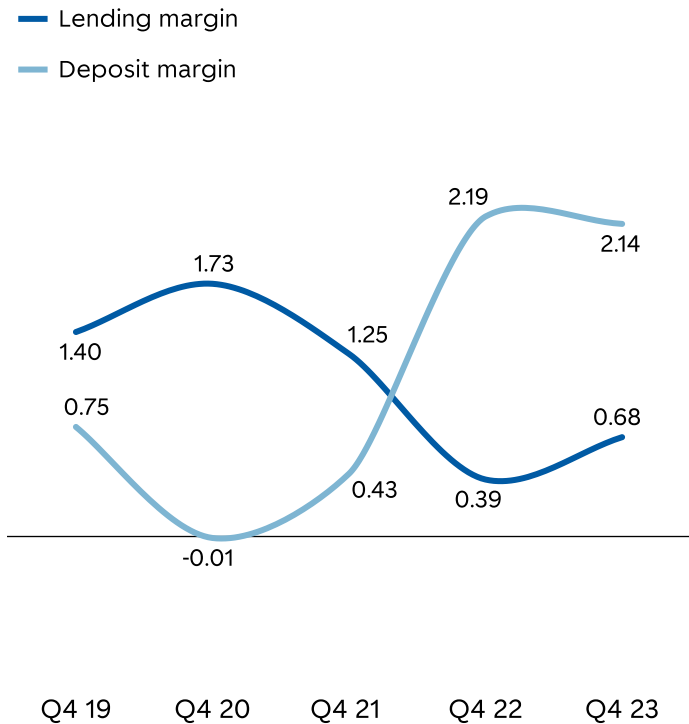


Deposit volume (NOKbn)

12-month growth ex. merger: 6.9 %



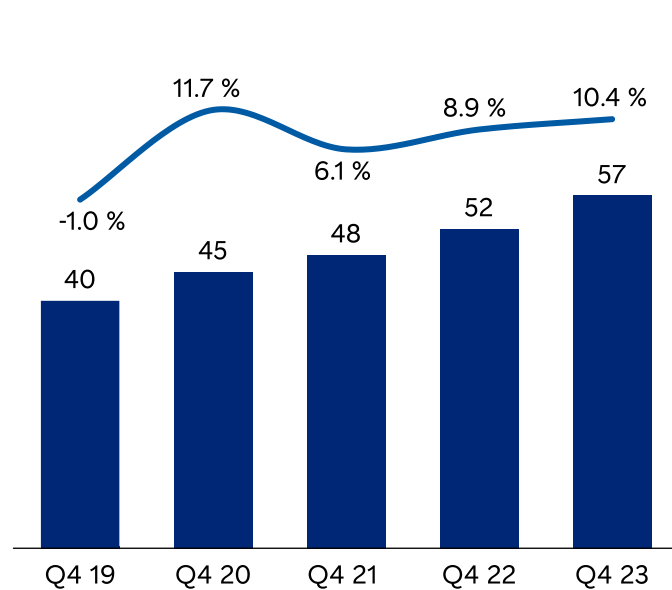
Margins vs NIBOR3M



Growth and margins in Corporate Banking - Yearly

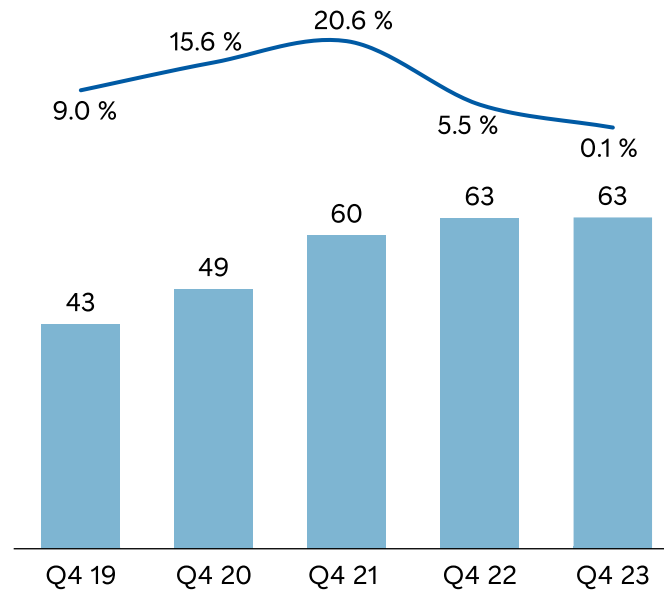
Lending volume (NOKbn)

12-month growth ex. merger: 6.8 %



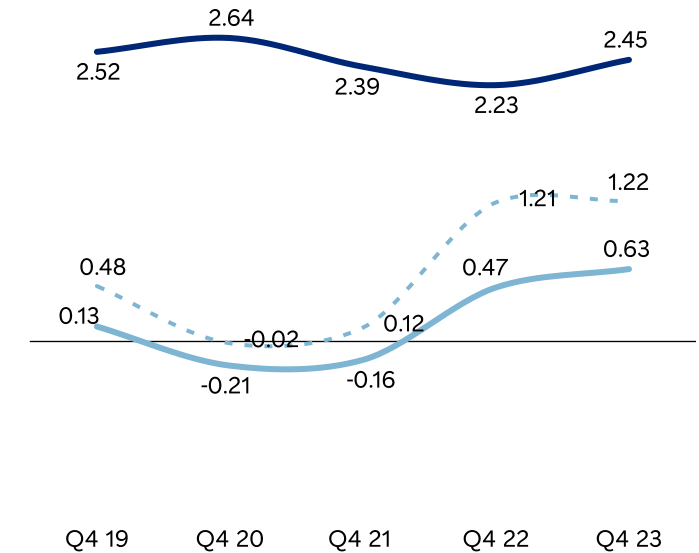
Deposit volume (NOKbn)

12-month growth ex. merger: -6.8 %



Margins vs NIBOR3M

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



* Utlånsmarginen for Q4 23 er korrigert for effekten av tidligere ikke-inntektsførte inntekter i forbindelse med engasjement kjøpt til underkurs.

Product companies

NOK mill, SMN's share in parentheses	2023	2022	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22
SpareBank 1 Gruppen (19.5%)	-34	175	-51	-13	-5	34	128
SpareBank 1 Boligkreditt (23.9%)	98	1	30	5	29	33	-1
SpareBank 1 Næringskreditt (14.8%)	10	3	1	4	3	2	2
BN Bank (35.0%)	257	203	73	64	58	62	54
SpareBank 1 Markets (39.9%)	19	0	19	0	0	0	0
SpareBank 1 Kreditt (19.2%)	-13	9	-3	-3	-2	-4	-0
SpareBank 1 Betaling (21.9%)	-37	13	-8	-10	-11	-8	22
SpareBank 1 Forvaltning (21.5%)	35	33	12	6	8	8	5
Other companies	-36	6	16	-55	5	-3	-15
Sum associated companies	297	443	90	-2	85	125	195

Subsidiaries

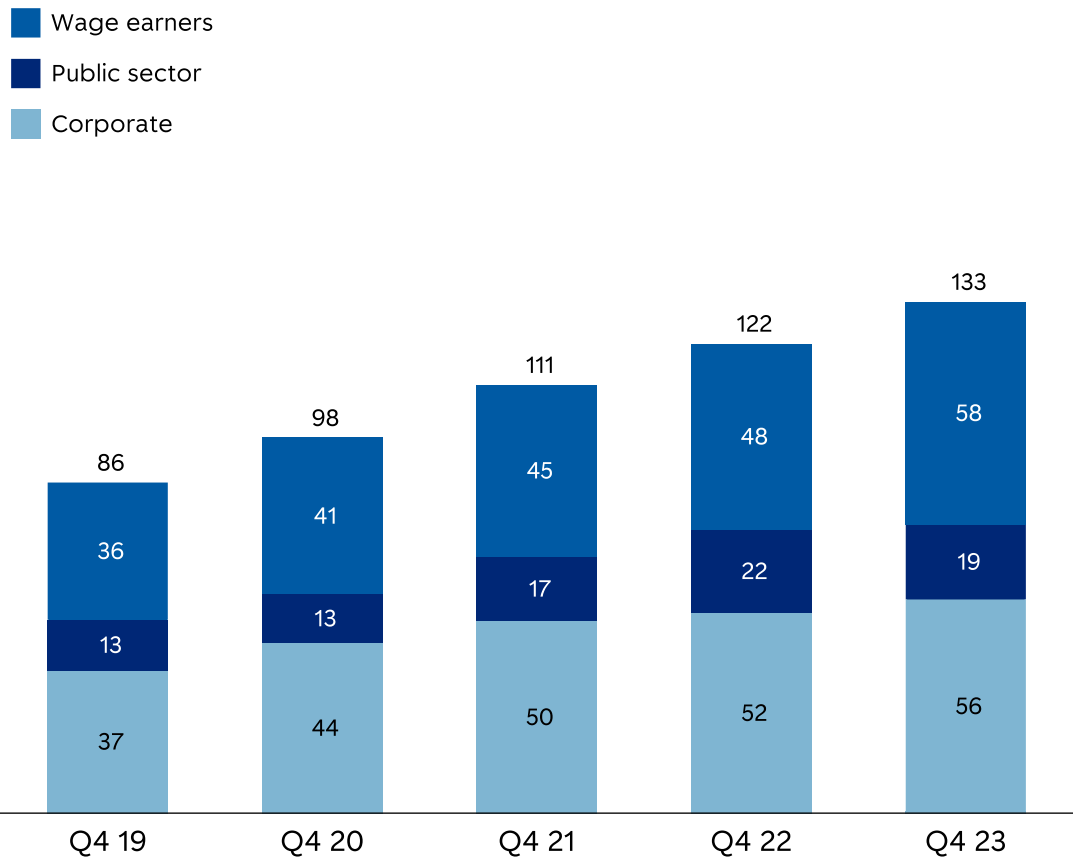
NOK mill, SMN's share in parentheses	2023	2022	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22
EiendomsMegler 1 Midt-Norge (92.4%)	40	58	-7	-1	31	18	-6
SpareBank 1 Regnskapshuset SMN (93.3%)	108	96	8	11	45	44	20
SpareBank 1 Finans Midt-Norge (56.5%)	111	192	12	3	43	53	51
SpareBank 1 SMN Invest (100%)	69	52	66	37	-4	-31	-21
Other companies	14	8	4	3	4	4	3
Sum subsidiaries	342	406	83	53	118	88	47

Return on financial investments

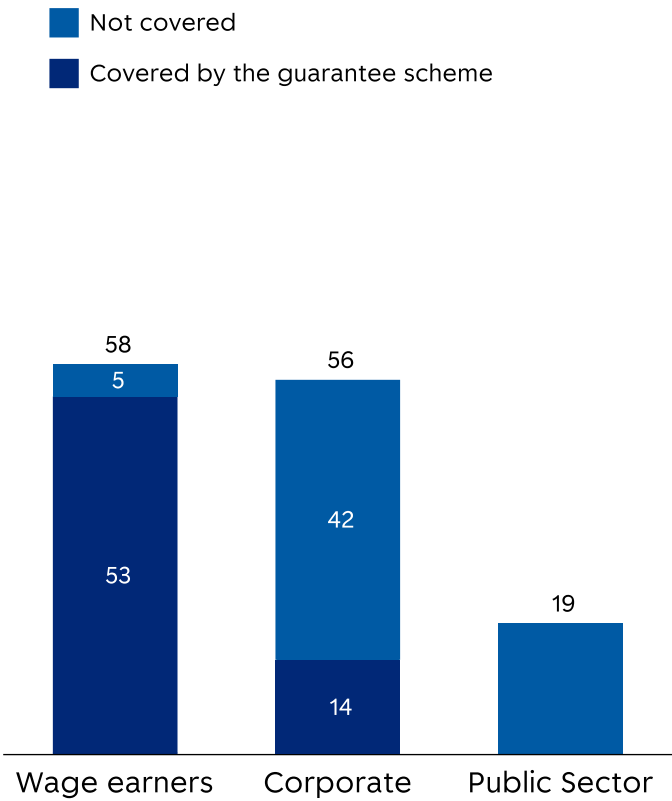
NOK mill	2023	2022	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22
Net gain/(loss) on stocks	464	13	472	17	-7	-17	-23
Net gain/(loss) on financial instruments	-96	-198	-8	47	-30	-105	-55
Net gain/(loss) on forex	108	91	27	20	38	23	25
Net return on financial instruments	476	-94	491	83	1	-99	-52

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

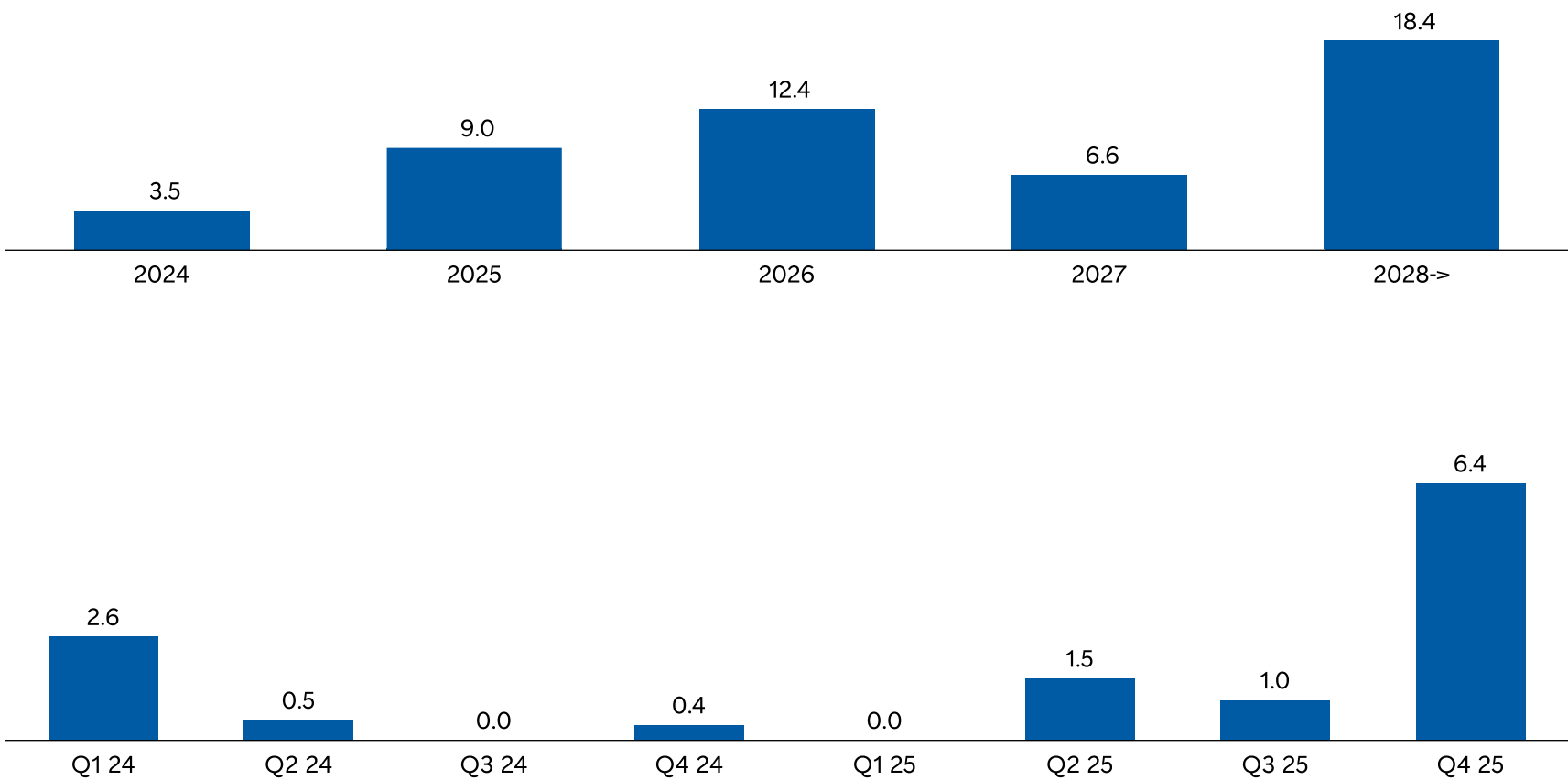
LCR as at 31.12.23 (per cent)



LCR: Liquidity Coverage Ratio

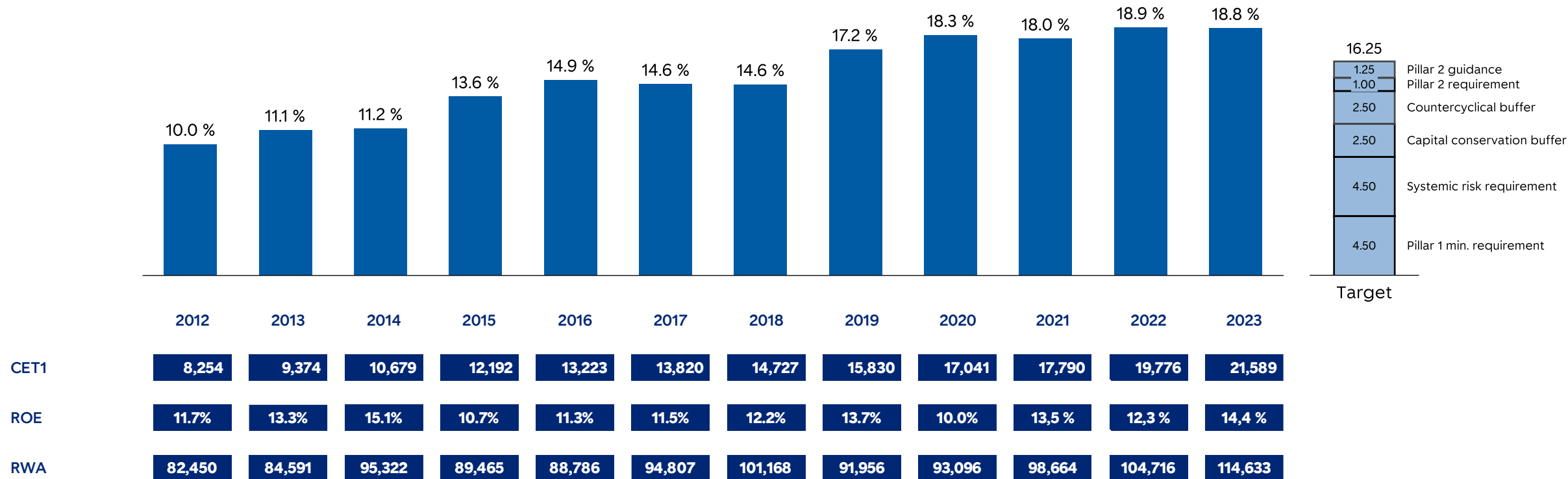
Maturity structure

NOKbn



Development in CET1 capital and capital adequacy

CET1 ratio in per cent



Equity certificate, key figures

Key figures	2023	2022	2021	2020	2019
ECC ratio	66.8 %	64.0 %	64.0 %	64.0 %	64.0 %
Total issued ECCs (mill)	144.20	129.29	129.39	129.39	129.30
ECC price	141.8	127.4	149.0	97.6	100.2
Market value (NOKm)	20,448	16,471	19,279	12,629	12,956
Booked equity capital per ECC	120.48	109.86	103.48	94.71	90.75
Post-tax earnings per ECC, in NOK	16.88	12.82	13.31	8.87	12.14
Dividend per ECC	12.00	6.50	7.50	4.40	6.50
P/E	8.40	9.94	11.19	11.01	8.26
Price / Booked equity capital	1.18	1.16	1.44	1.03	1.10

Balance sheet

NOKbn	31.12.23	31.12.22
Cash and receivables from central banks	1.2	1.2
Deposits with and loans to credit institutions	8.7	11.7
Net loans to and receivables from customers	169.0	151.5
Fixed-income CDs and bonds	34.2	38.1
Shares, units and other equity interests	1.1	0.8
Investment in related companies	8.7	8.1
Intangible assets	1.2	0.7
Other assets	8.6	11.3
Total assets	232.7	223.3
Deposits from credit institutions	13.2	14.6
Debt created by issue of securities	45.8	47.5
Deposits from and debt to customers	132.9	122.0
Other liabilities	10.0	11.0
Investment held for sale	0.0	1.1
Subordinated loan capital	2.2	2.1
Total equity ex Tier 1 Capital	26.7	23.2
Additional Tier 1 Capital	1.9	1.8
Total liabilities and equity	232.7	223.3
In addition loans sold to Boligkreditt and Næringskreditt	66.5	58.6

Active instigator for sustainable change

Double materiality analysis



Responsible lending and investments



Advisory and customer offerings



Regional changes in Mid-Norway



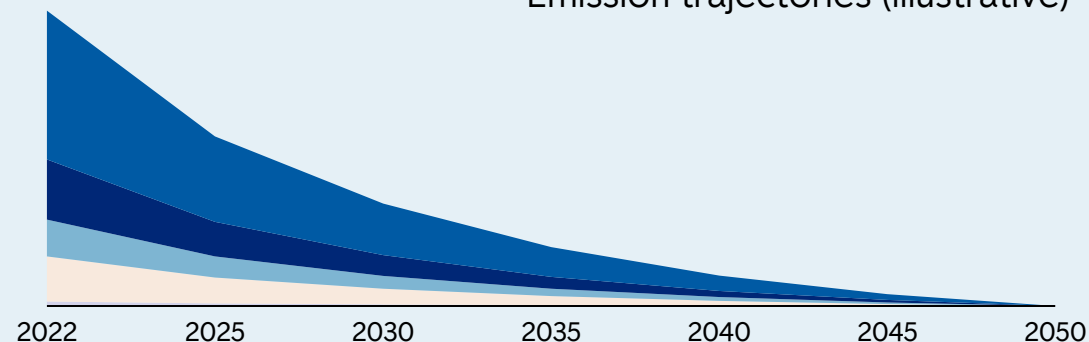
Changes in finance centers

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