

# Second quarter 2024

August 8<sup>th</sup>, 2024



# Q2 2024

## Profitable and solid

- **Return on equity 15.4% in Q2 and 15.6% first half 2024**  
Strong net interest income, increased commission income and solid results from ownership interests. Stable cost development and moderate loan losses
- **Strong results across the group**  
Satisfactory profitability in all business areas. Increased results from real estate brokerage and accountancy subsidiaries
- **Comfortable head room to capital requirements**  
SMN is rigged for growth with good capacity for dividends
- **SMN strengthens its position as a leading finance group**  
Growth strategy achieved across selected geographies and customer segments. Increased market share in banking, accounting and estate agency
- **High activity in the SpareBank 1 Alliance**  
Merger between Fremtind Forsikring and Eika Forsikring approved  
Increased ownership in Kredinor and bankruptcy in Fleks AS  
Deal between EU and Apple enables contactless payment with Vipps



# SpareBank 1 SMN is well equipped to handle volatile markets

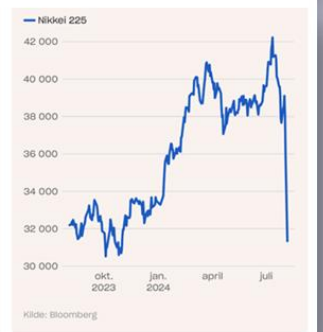
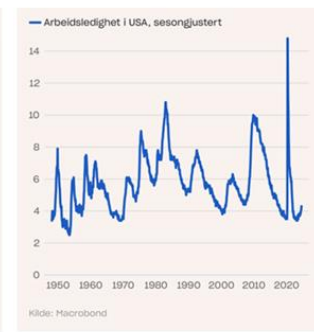
- **Robust and diversified lending book**
- High share of mortgages
- Relatively high share of government employees in the region
- Conservative loan loss provisions
  
- **Strong liquidity and good access to funding**
- Diversified deposit portfolio with a high share covered by the deposit guarantee scheme
- Good access to market funding in NOK and forex
- Low risk maturity profile
- Strong liquidity; LCR at 188 per cent and NSFR at 132 per cent
  
- **Strong solidity**
- CET1-ratio 18.5 per cent
- Leverage ratio 7.1 per cent
  
- **Experience in navigating uncertainty**
- 200-year-old tradition of handling change, with a cool head
- Local presence and sector knowledge

## Bråeste børsfall siden pandemien.

Oslo Børs er ned over seks prosent på tre dager.



Et fall på syv prosent er egentlig ikke all verdens, men det er sjeldent Oslo Børs faller så brått. (Illustrasjon: Petter Winther)



Faksimile: Dagens Næringsliv 05.08.2024

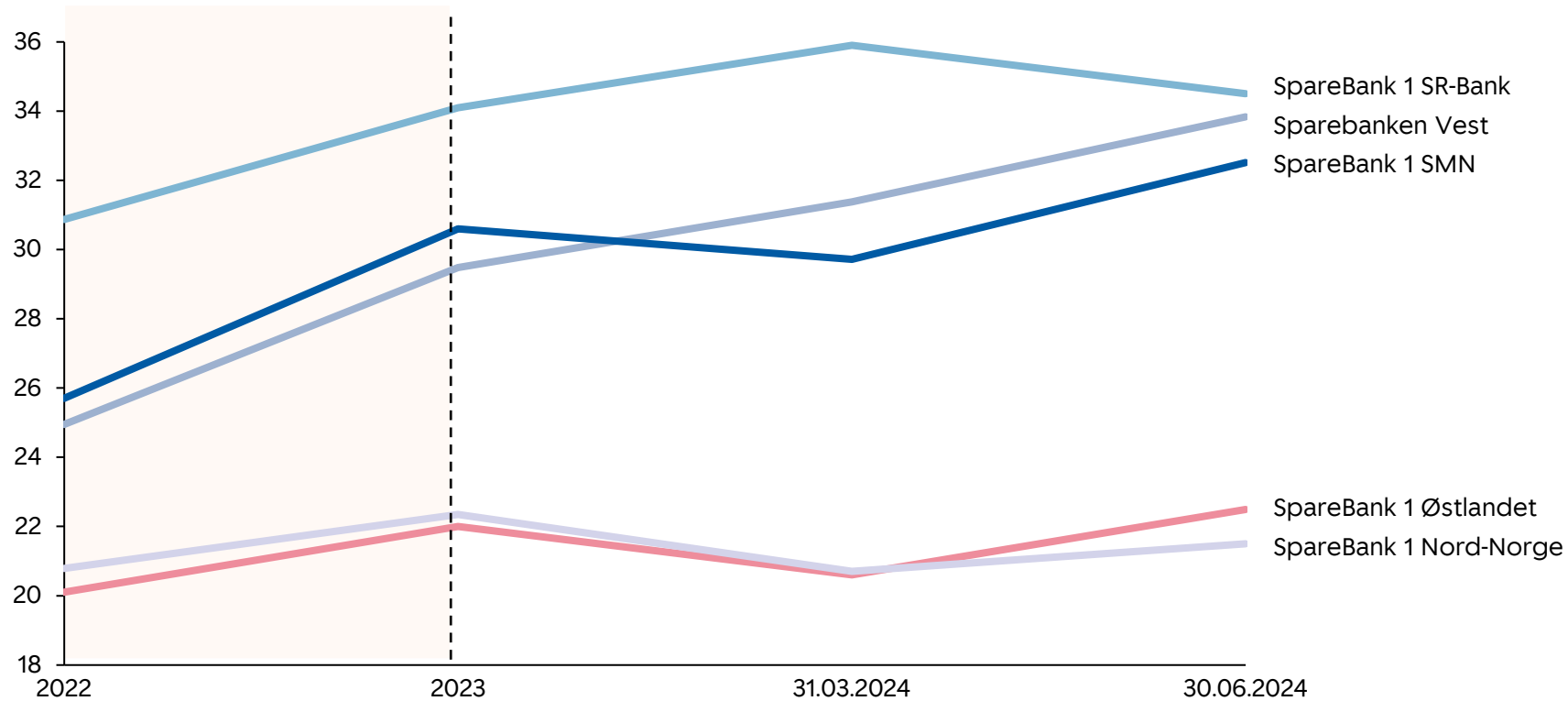
SpareBank  
SMN **1**

Bank  
Eiendom  
Regnskap

# Market capitalisation largest savings banks

## Implicit market value

2022 - 30.06.2024 (NOKbn)



Market value as at 30.06.2024

SpareBank 1 SR-Bank 34.5 NOKbn

Sparebanken Vest 33.8 NOKbn

SpareBank 1 SMN 32.5 NOKbn

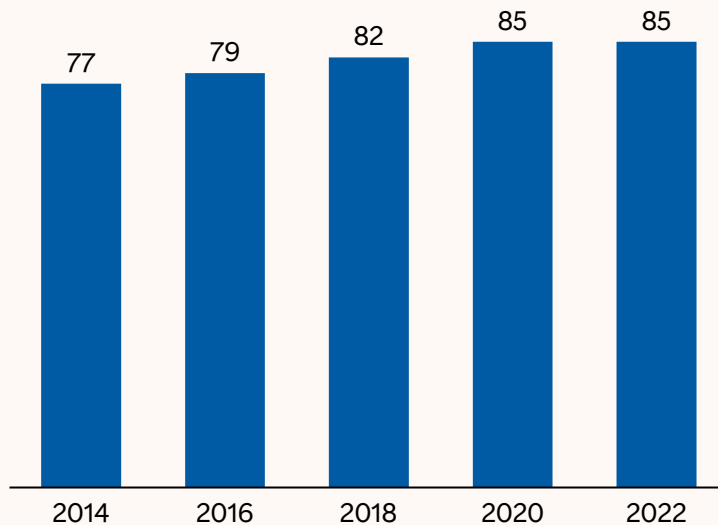
SpareBank 1 Østlandet 22.5 NOKbn

SpareBank 1 Nord-Norge 21.5 NOKbn

# Collaboration in the SB1-Alliance and associated companies

## SpareBank 1 has leading digital solutions and the online bank has high customer satisfaction

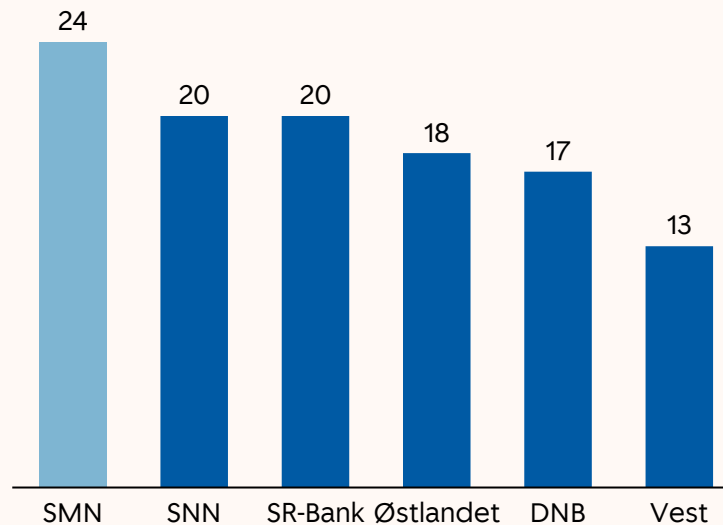
Share of satisfied customers (per cent)



Sources: SB1 TRIM survey 2022, SB1 Alliance

## Broad and profitable product range

Share of net commission and other income Q124 (per cent)

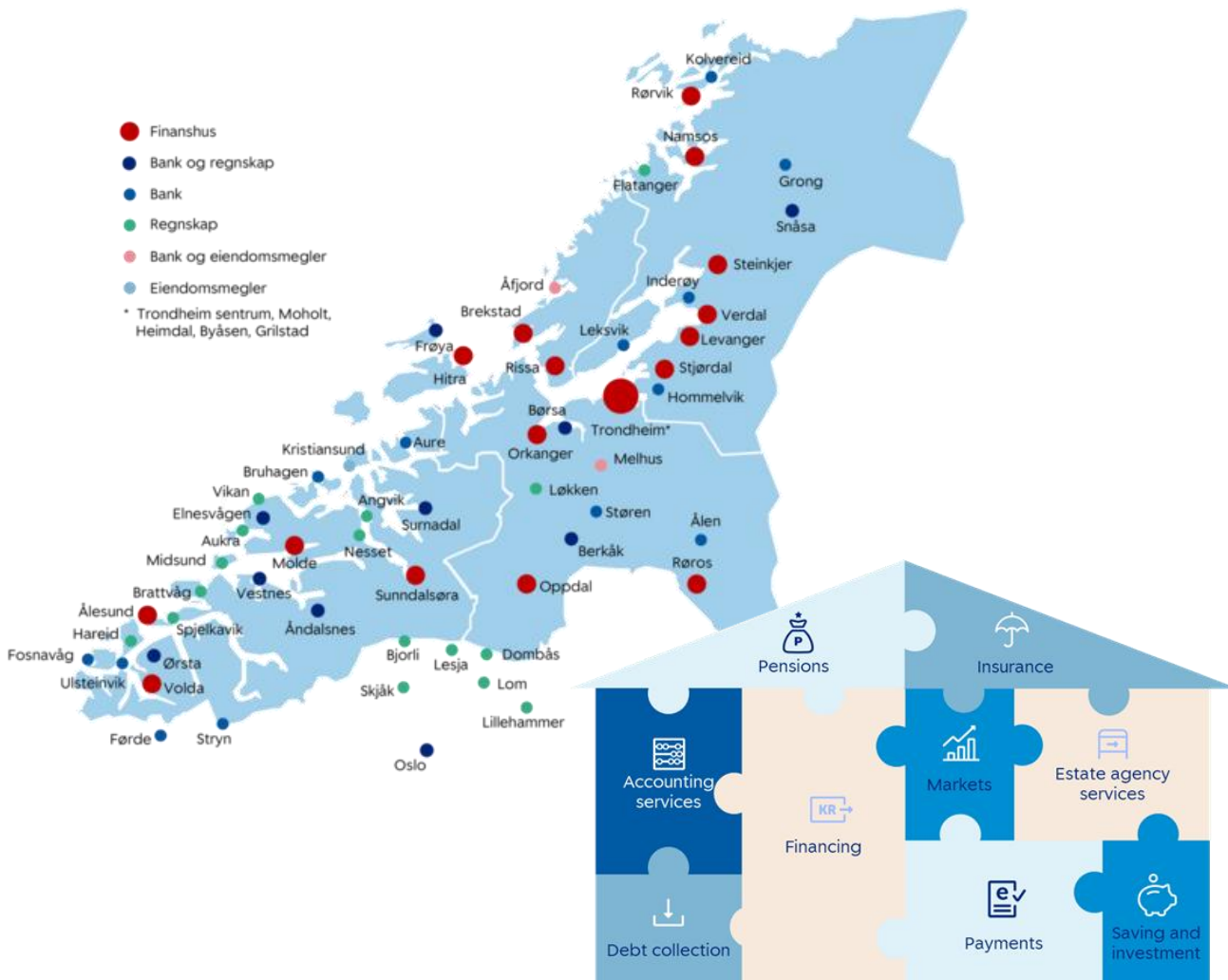


## Associated companies that succeed against international competition



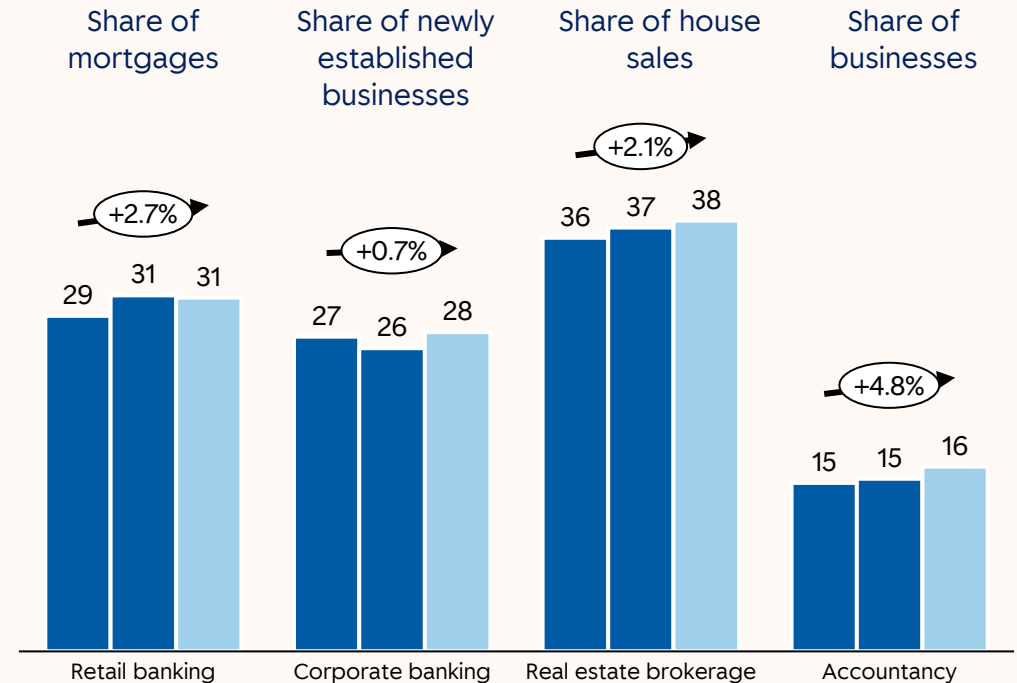
# Norway's most complete finance centre

Local presence, digital solutions and regional knowledge



## Market share per business area\*

30.06.22 30.06.23 30.06.24



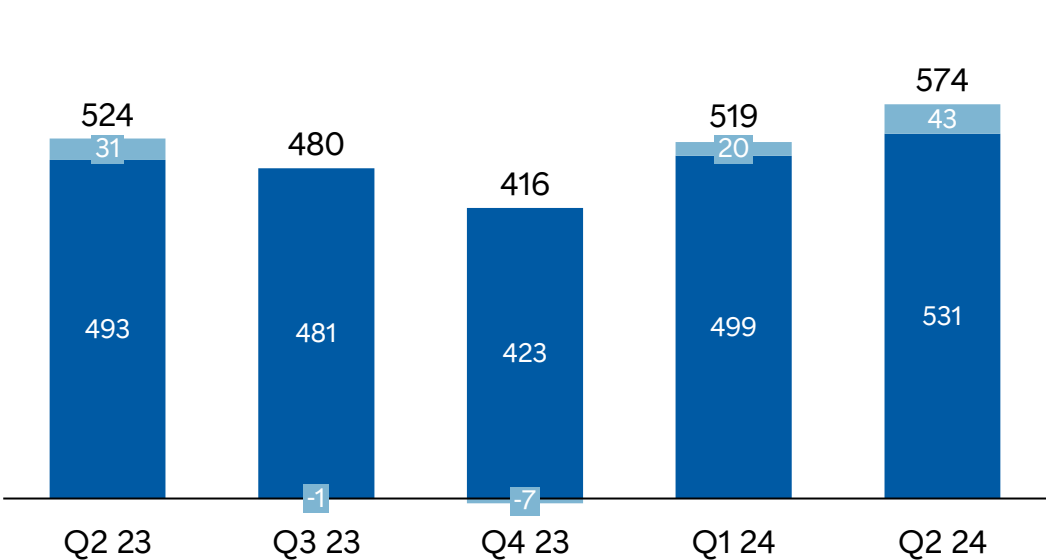
\* Market share in per cent in Trøndelag and Møre & Romsdal. Sources: SpareBank 1 SMN, Eiendomsverdi, Brønnøysundregistrene

# Strong results across the group

## Personal market

Profit before tax (NOKm)

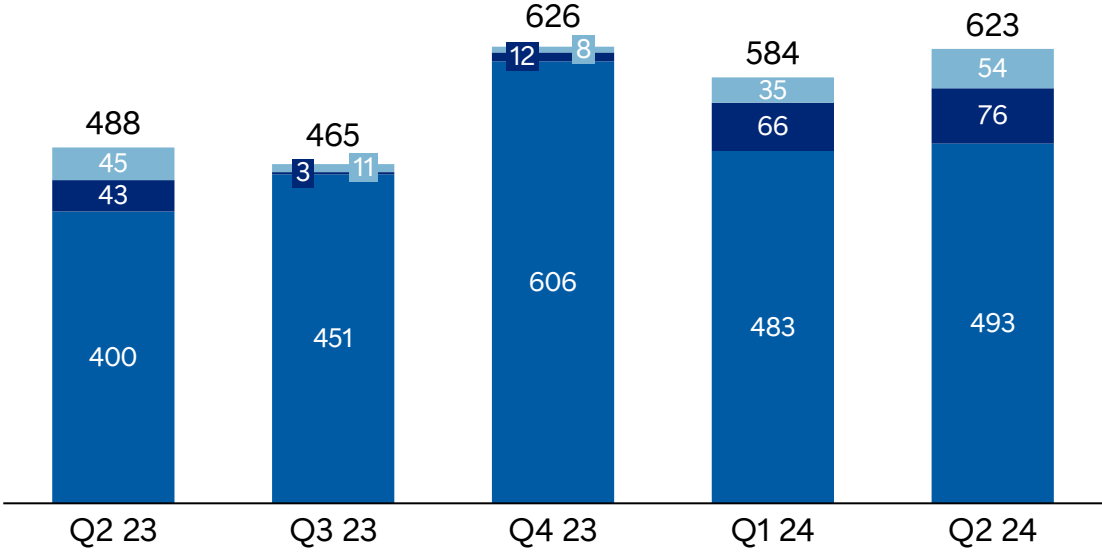
- Real Estate agency
- Retail Banking



## Corporate market

Profit before tax (NOKm)

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



# Historical AI co-operation



CEO Jan-Frode Janson, CTO Astrid Undheim and rector at NTNU Tor Grande



Chief Communications Officer Rolf Jarle Brøske and Inga Strømke, researcher at NTNU

- SMN and NTNU have entered collaboration to strengthen the University's work with AI, where SMN will be a partner in the AI-lab
- **40 NOKm of the community dividend will go to AI research over the next five years**
- The collaboration will create value for Mid-Norway, increase innovation and AI competencies through education, research and public communication

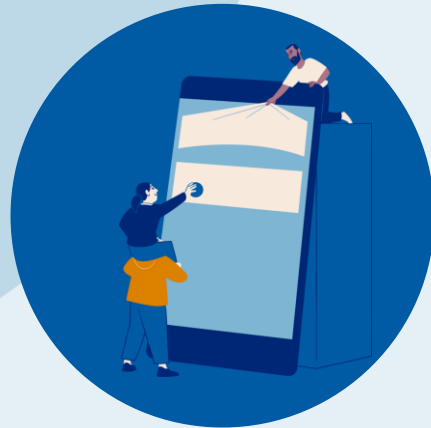
- I moved back to Trondheim due to Campus Gløshaugen. I'm staying because of the skilled masters- and PhD students, says Inga.



# Group strategy 'One SMN' stands firm



Create One SMN



Increase digitalisation and use of insights



Head up development of Norway's savings banks



Integrate sustainability into the business



Exploit the power in our ownership model

# Financial Information

Second quarter 2024

Trond Søråas, CFO



# Q2 2024

**15.4 %**  
Return on Equity

**1,015 NOKm**  
Profit after tax

**18.5 %**  
CET1-ratio

**Lending growth** **1.5 %**  
Retail banking 1.6 %  
Corporate banking 1.6 %

**Deposit growth** **3.9 %**  
Retail banking 5.4 %  
Corporate banking 6.3 %

**Operating margin subsidiaries**  
Regnskapshuset SMN 21.6 %  
Eiendomsmegler 1 Midt-Norge 28.2 %  
SB1 Finans Midt-Norge 13.1 % (ROE)

# First half 2024

**15.6 %**  
Egenkapitalavkastning

**2,098 NOKm**  
Profit after tax

**70 NOKm**  
Loan losses

# Financial targets

## Profitable



**13 %**  
ROE

## Solid



**16.3 %**  
CET1 ratio

**~ 50 %**  
Payout ratio

## Efficient



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

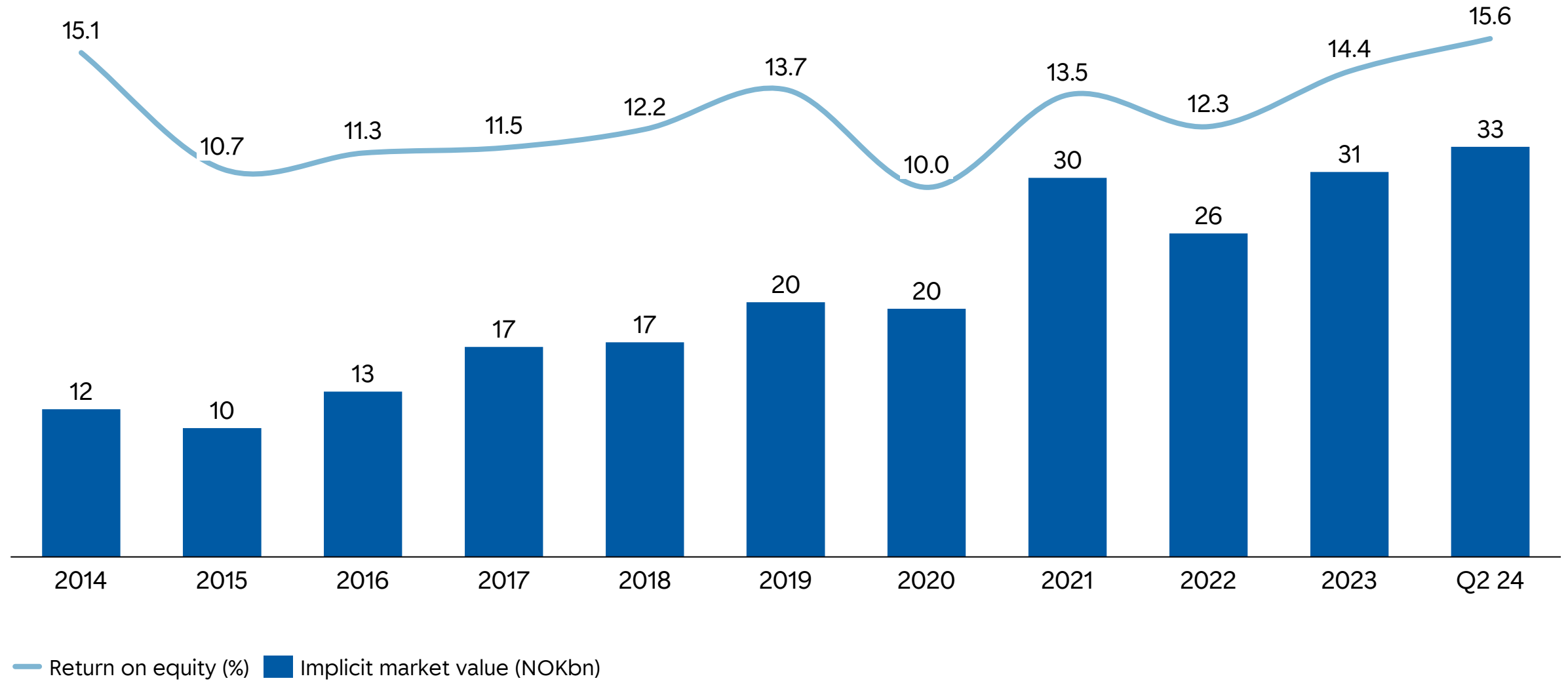
**< 85 %**  
Cost/income subsidiaries

## Responsible



**Net zero**  
Climate footprint by 2050

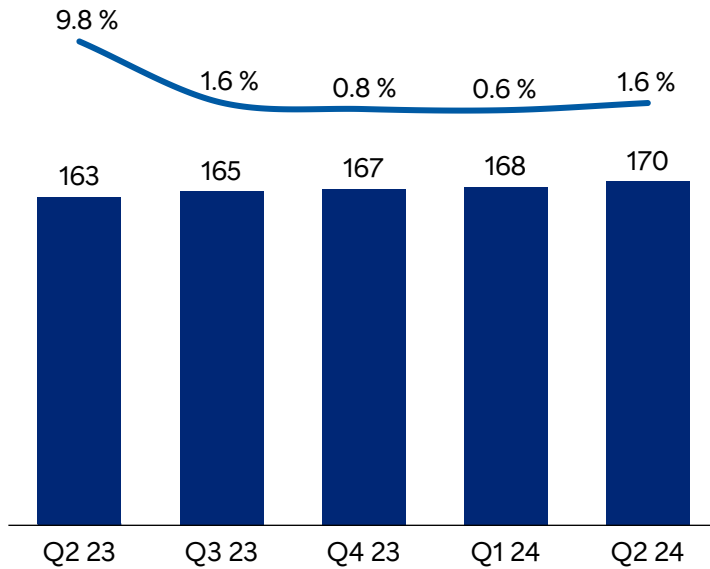
# High value creation over time



# Growth and margins in Retail Banking - quarterly

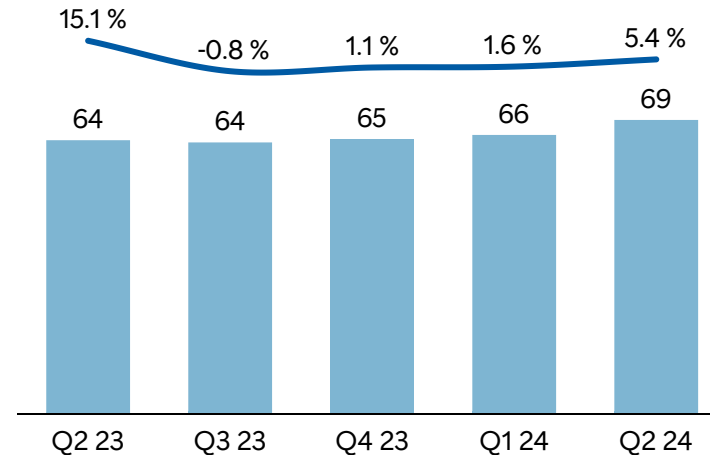
## Lending volume (NOKbn)

■ Lending volume (NOKbn)  
— Quarterly growth



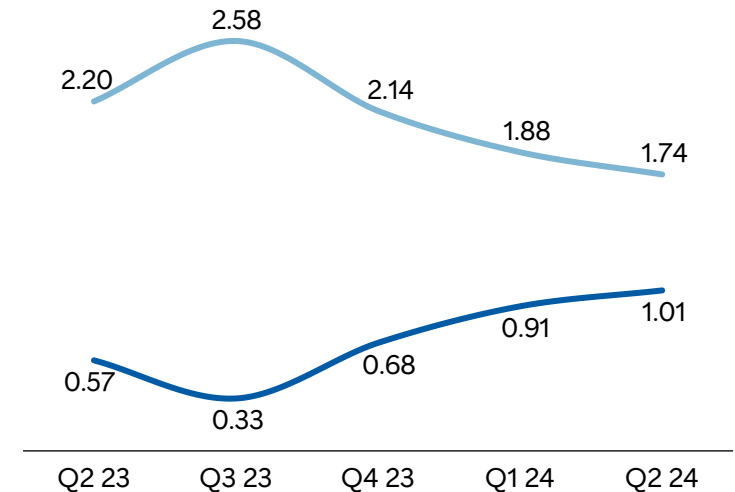
## Deposit volume (NOKbn)

■ Deposit volume (NOKbn)  
— Quarterly growth



## Margins vs NIBOR3M

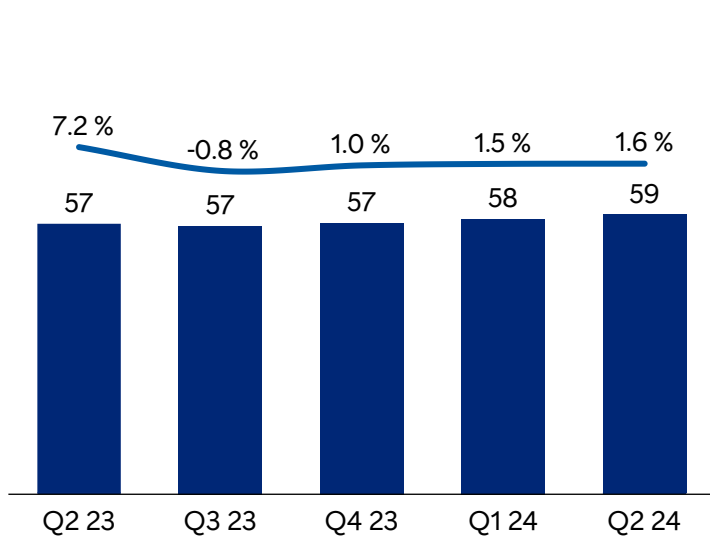
— Lending margin — Deposit margin



# Growth and margins in Corporate Banking - quarterly

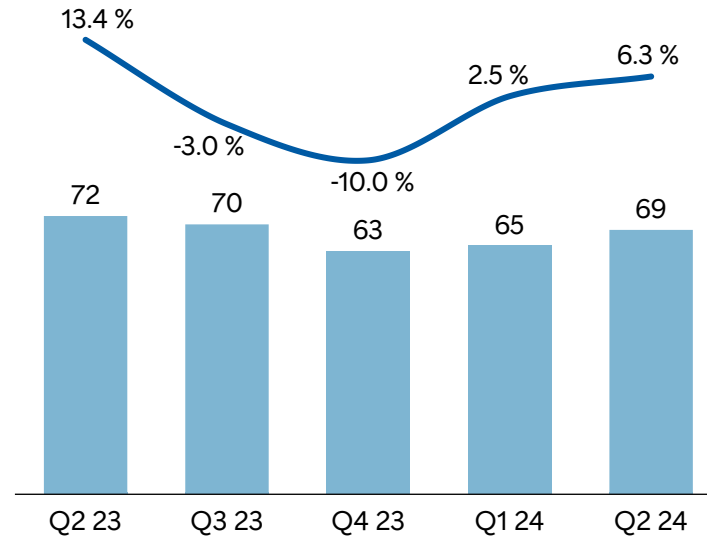
## Lending volume (NOKbn)

- Lending volume (NOKbn)
- Quarterly growth



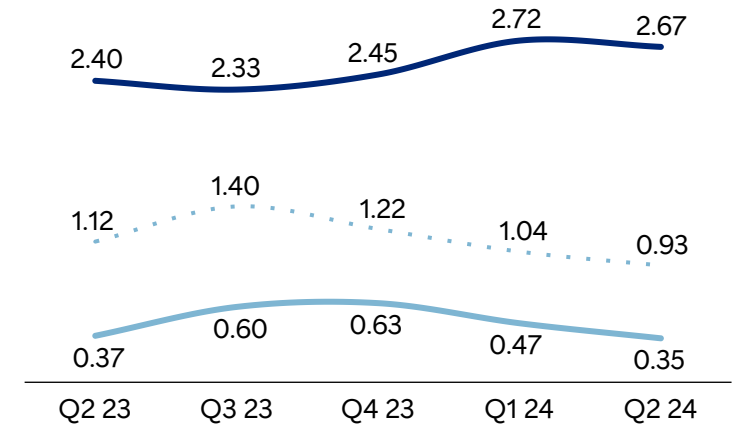
## Deposit volume (NOKbn)

- Deposit volume (NOKbn)
- Quarterly growth



## Margins vs NIBOR3M

- Lending margin\*
- Deposit margin
- - Deposit margin ex. public sector



\* Lending margin for Q4 23 is adjusted for previously unrecognised interest due to redemption of an exposure previously acquired at a discount

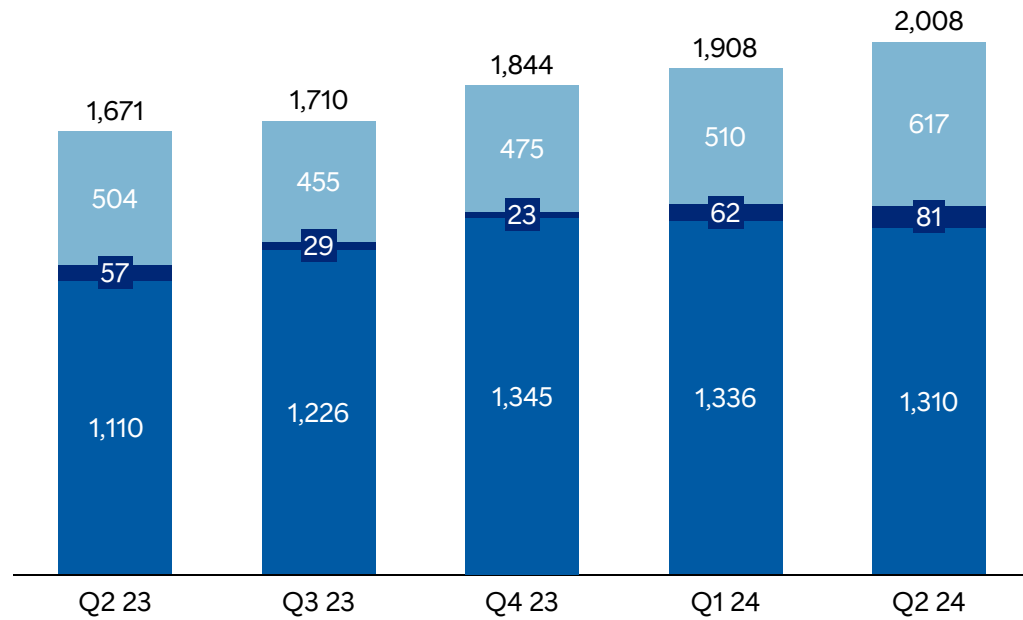
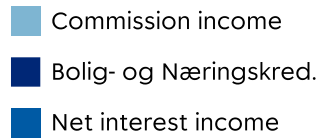
# Results

NOK mill	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Change from Q1 24	Change from Q2 23
Net interest income	1,310	1,336	1,345	1,226	1,110	-26	199
Commission income and other income	698	572	498	484	561	126	138
<b>Operating Income</b>	<b>2,008</b>	<b>1,908</b>	<b>1,844</b>	<b>1,710</b>	<b>1,671</b>	<b>100</b>	<b>337</b>
Total operating expenses	818	782	866	741	683	37	136
<b>Pre-loss result of core business</b>	<b>1,190</b>	<b>1,126</b>	<b>978</b>	<b>969</b>	<b>988</b>	<b>63</b>	<b>201</b>
Losses on loans and guarantees	47	24	20	35	29	23	18
<b>Post-loss result of core business</b>	<b>1,143</b>	<b>1,103</b>	<b>958</b>	<b>934</b>	<b>959</b>	<b>40</b>	<b>184</b>
Related companies	148	194	90	-2	85	-45	64
Securities, foreign currency and derivatives	5	57	448	64	2	-52	3
<b>Result before tax</b>	<b>1,296</b>	<b>1,353</b>	<b>1,496</b>	<b>996</b>	<b>1,045</b>	<b>-57</b>	<b>251</b>
Tax	276	273	262	278	159	4	117
Result investment held for sale	-5	3	12	22	37	-8	-41
<b>Net profit</b>	<b>1,015</b>	<b>1,084</b>	<b>1,247</b>	<b>740</b>	<b>923</b>	<b>-69</b>	<b>92</b>
<b>Return on equity</b>	<b>15.4 %</b>	<b>16.0 %</b>	<b>18.3 %</b>	<b>11.1 %</b>	<b>15.1 %</b>	<b>-0.6 %</b>	<b>0.4 %</b>



# Income

## Net interest income and other income (NOKm)

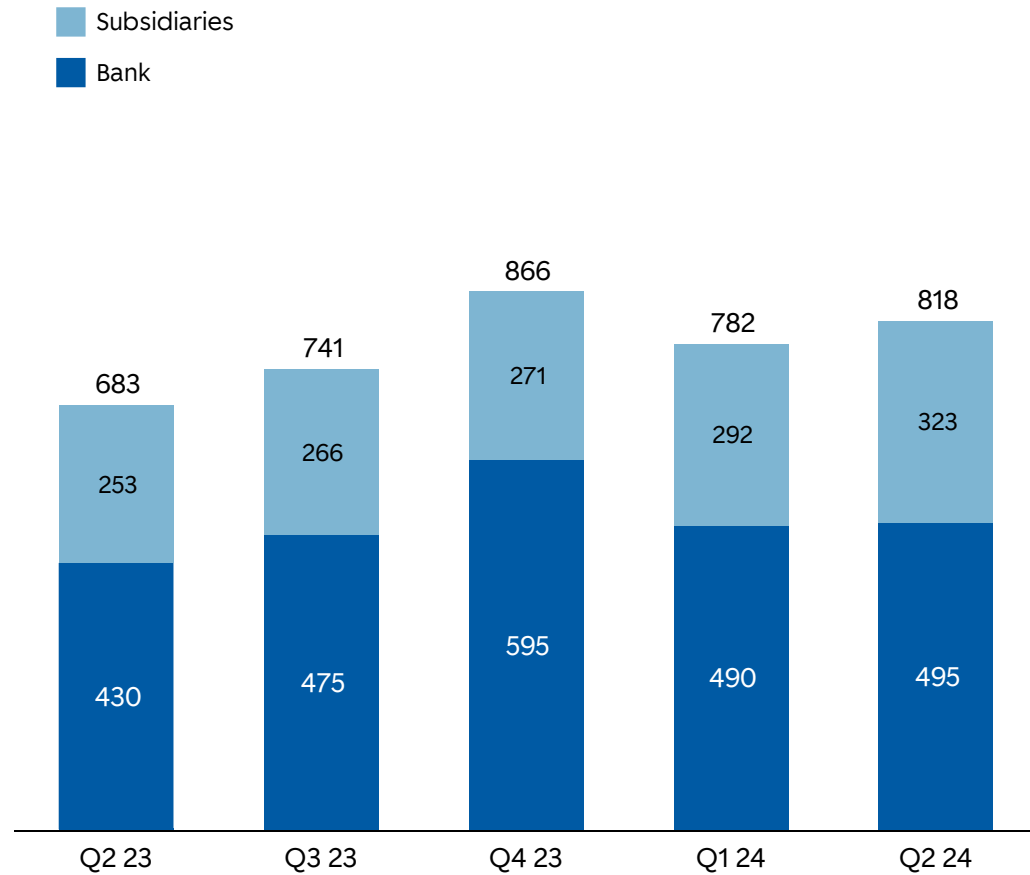


## Commission income

NOK mill	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Change from Q1 24	Change from Q2 23
Payment transmission income	91	77	101	79	77	15	14
Credit cards	17	18	14	16	15	-1	2
Commissions savings and asset mgmt	12	11	11	10	12	1	0
Commissions insurance	65	63	61	67	65	1	0
Guarantee commissions	17	15	16	15	13	2	4
Estate agency	151	115	98	110	119	36	32
Accountancy services	228	200	152	138	182	29	46
Other commissions	37	11	23	20	22	25	15
<b>Commissions ex. Bolig/Næringskreditt</b>	<b>617</b>	<b>510</b>	<b>475</b>	<b>455</b>	<b>504</b>	<b>107</b>	<b>113</b>
Commissions Boligkreditt (cov. bonds)	78	59	19	25	53	19	24
Commissions Næringskred. (cov. bonds)	4	4	4	4	4	0	0
<b>Total commission income</b>	<b>698</b>	<b>572</b>	<b>498</b>	<b>484</b>	<b>561</b>	<b>126</b>	<b>138</b>

# Costs

## Total operating expenses per quarter (NOKm)



## Costs per category

- Staff costs flat from previous quarter in the group. Reduction in the bank and higher in subsidiaries due to high activity levels
- Consolidation of Fleks Green Fleet 01 AS leads to increase in other operating expenses
- First quarter 2024 was affected by insurance settlement

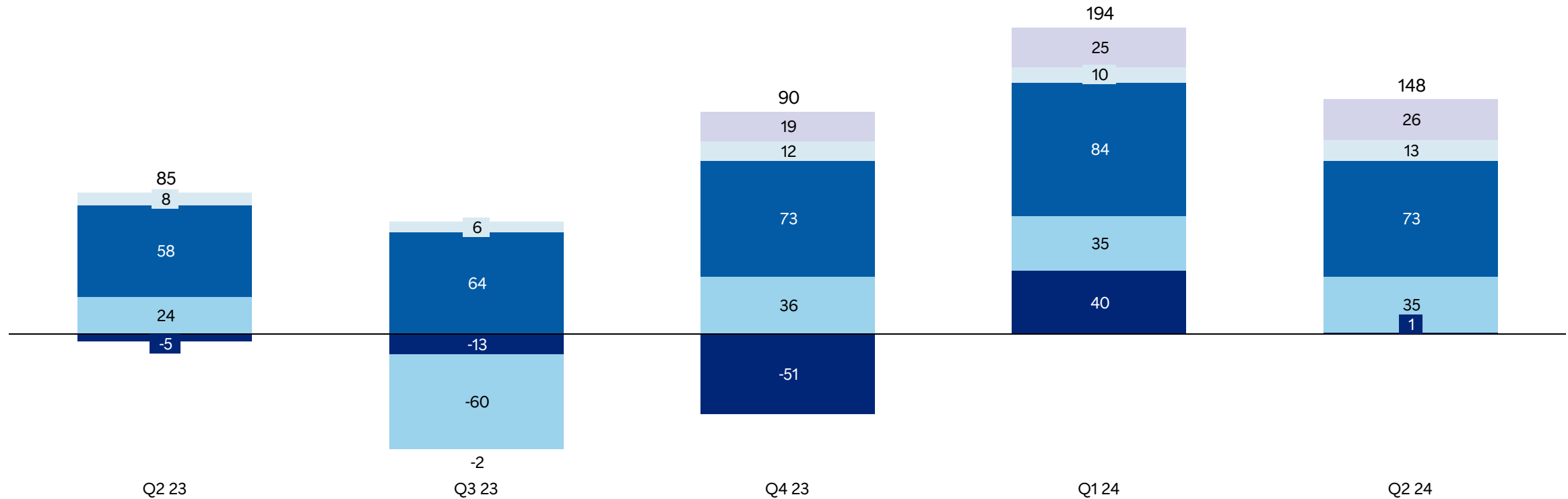
Mill kr	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Change from Q1 24	Change from Q2 23
Staff costs	484	482	476	435	383	2	101
IT costs	109	110	132	93	92	-1	17
Marketing	25	26	21	24	25	-2	0
Ordinary depreciation	44	41	47	43	35	3	9
Op.ex., real estate properties	12	13	11	15	14	-1	-2
Purchased services	66	74	71	62	57	-8	9
Merger expenses	0	0	18	14	18	0	-18
Other operating expense	79	36	90	56	59	43	20
<b>Total operating expenses</b>	<b>818</b>	<b>782</b>	<b>866</b>	<b>741</b>	<b>683</b>	<b>37</b>	<b>135</b>

# Broad product range and diversified income platform

## Ownership interests

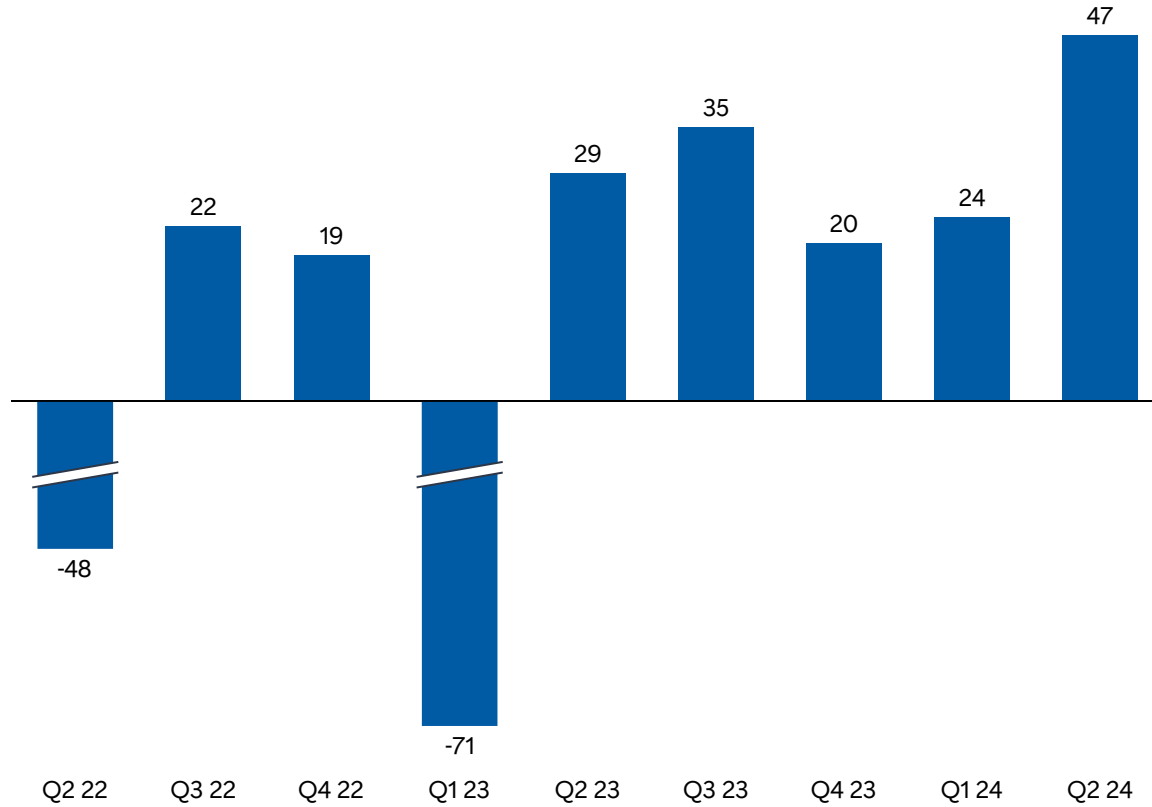
Profit after tax (NOKm)

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



# Losses

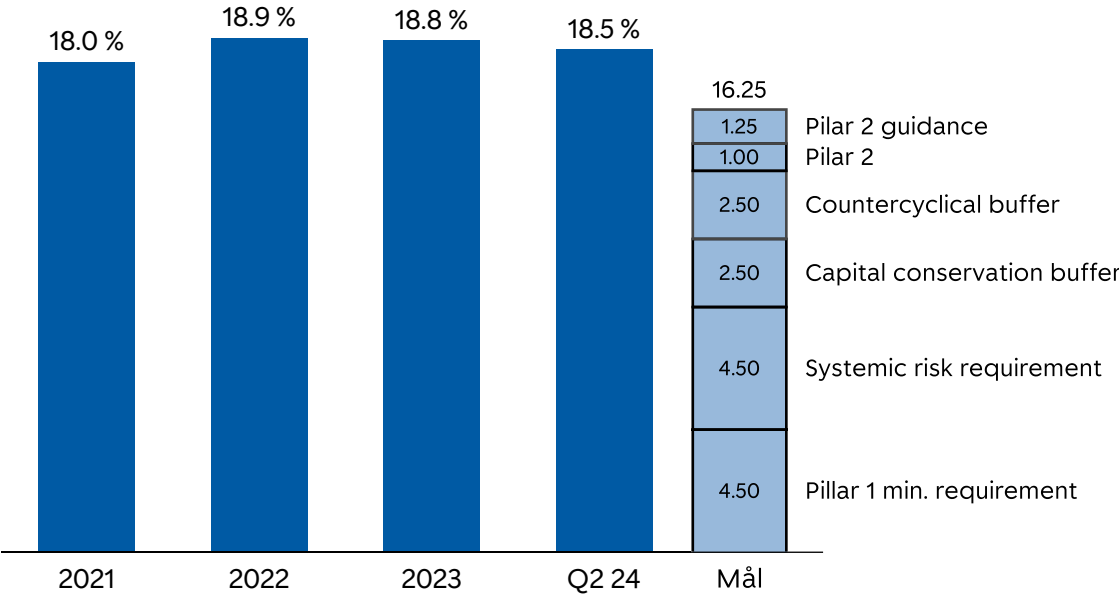
## Loan losses (NOKm)



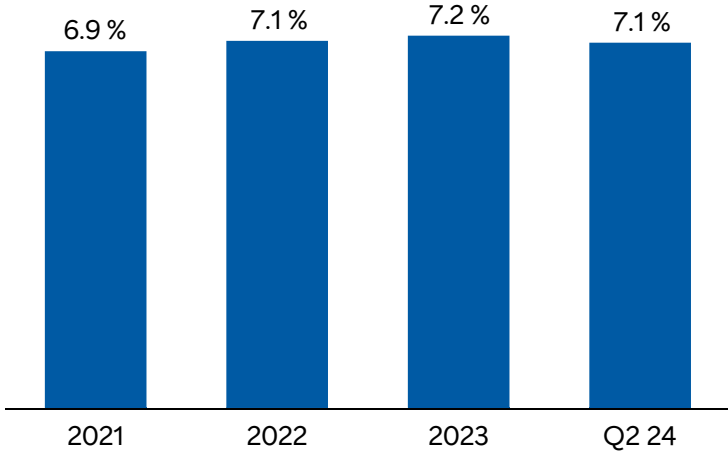
## Distribution of losses Q2 (NOKm)



### 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

## **Focus on long-term profitability**

efficient operations with synergies in the group, solidly capitalized and shareholder-friendly dividend policy

2

## **Leading finance centre in Mid-Norway**

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

3

## **Strong brand with development potential**

ownership model and local presence gives customer loyalty

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 and through the SpareBank 1 Alliance

# 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



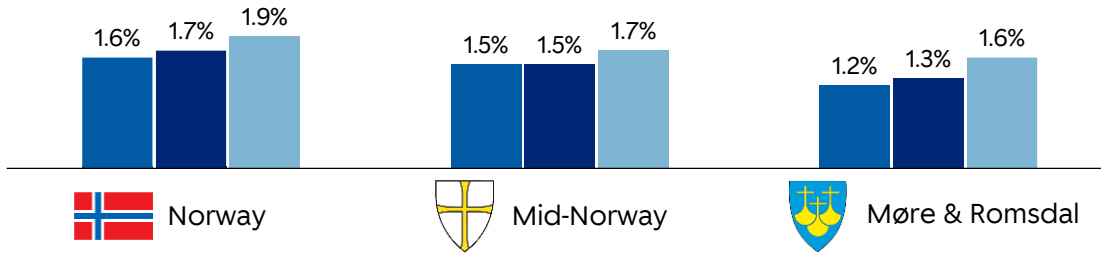


# Macro in Mid-Norway

## Unemployment

Wholly unemployed as a percentage of the labor force

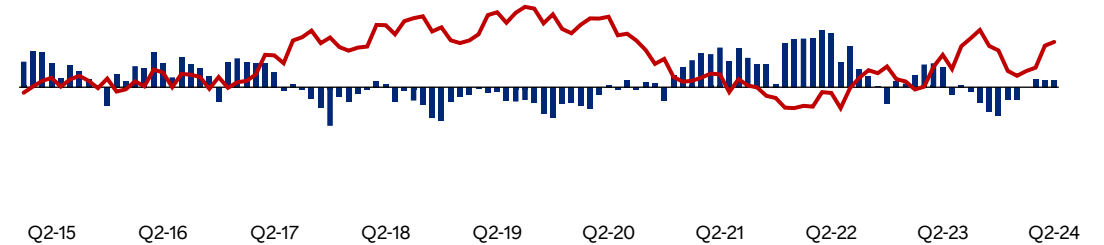
■ Jun 22 ■ Jun 23 ■ Jun 24



## Housing market dynamics

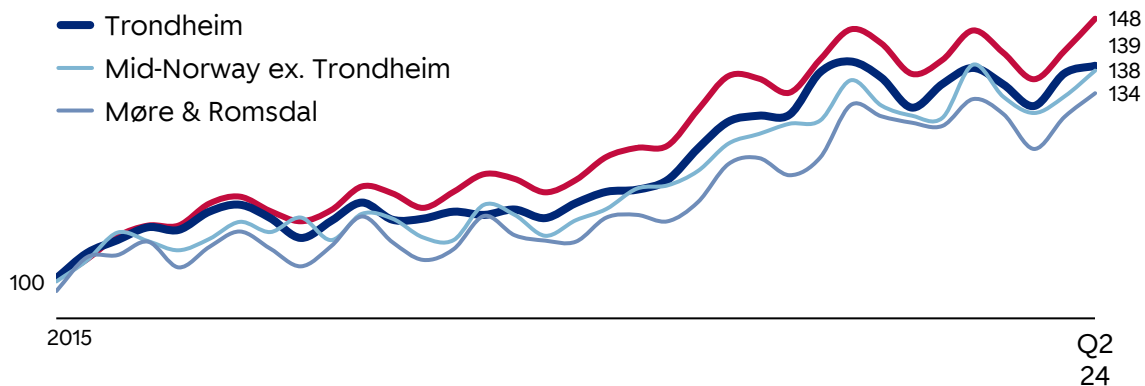
■ Percentage difference in listing/selling price

— Unsold properties in Mid-Norway

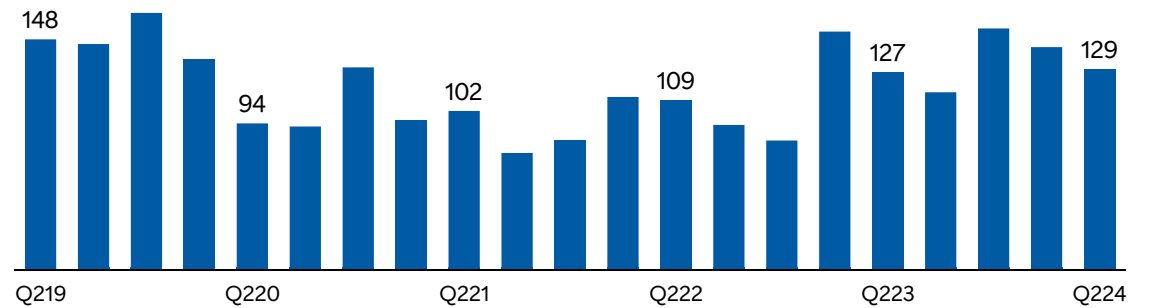


## Development in housing prices

— Norway  
— Trondheim  
— Mid-Norway ex. Trondheim  
— Møre & Romsdal



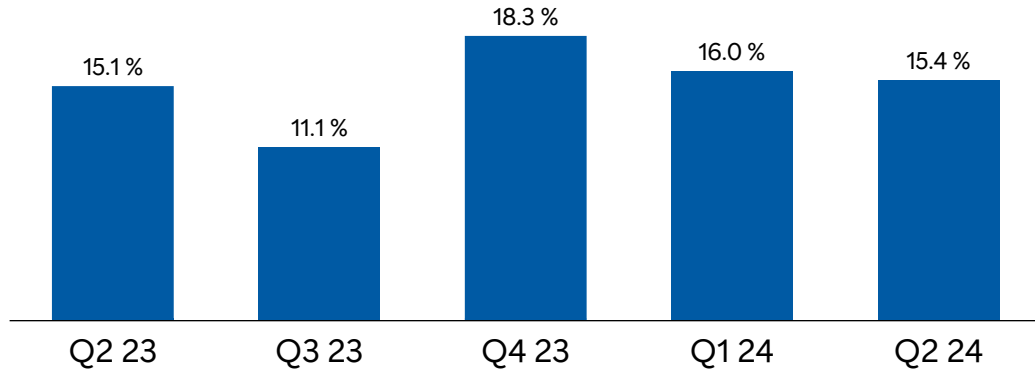
## Number of bankruptcies in Trøndelag, Møre & Romsdal



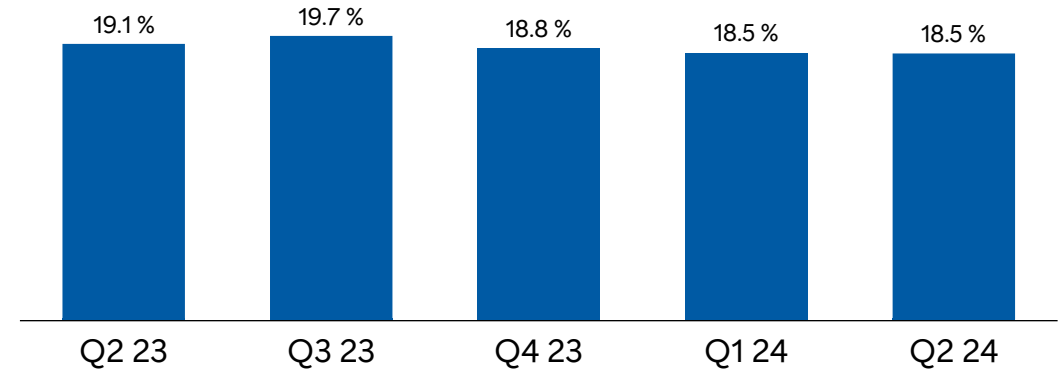
Source: NAV, SSB, Brønnøysundregisteret and Eiendomsverdi

# Profitable and solid

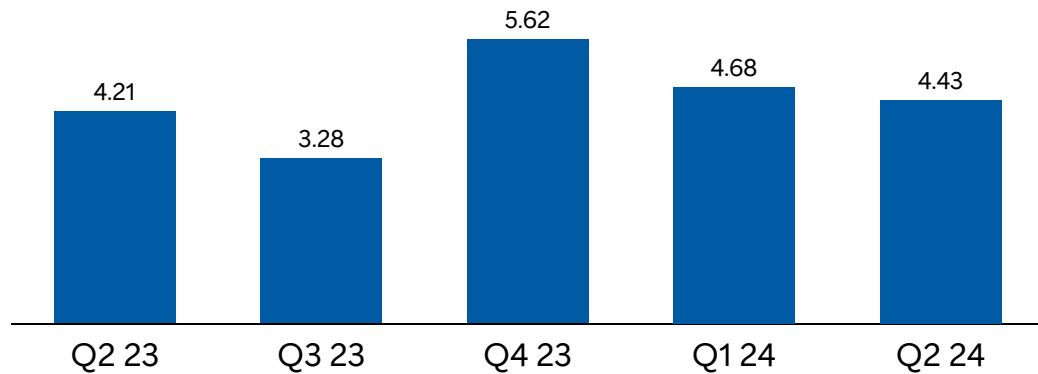
## Return on equity



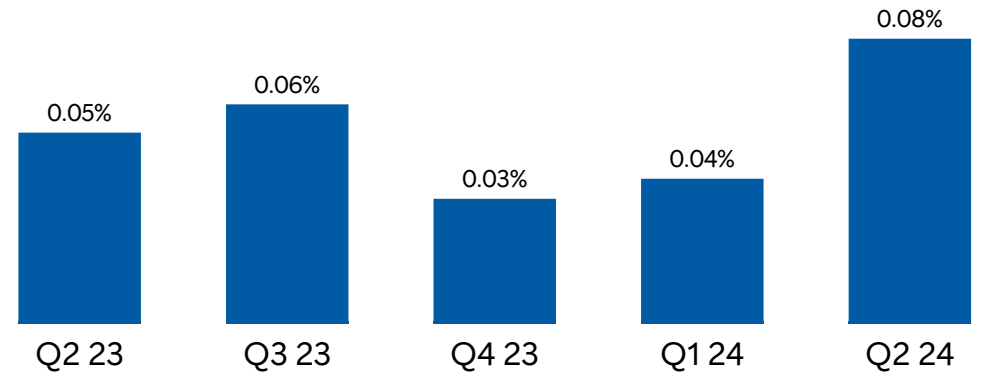
## CET1 ratio



## Result per ECC

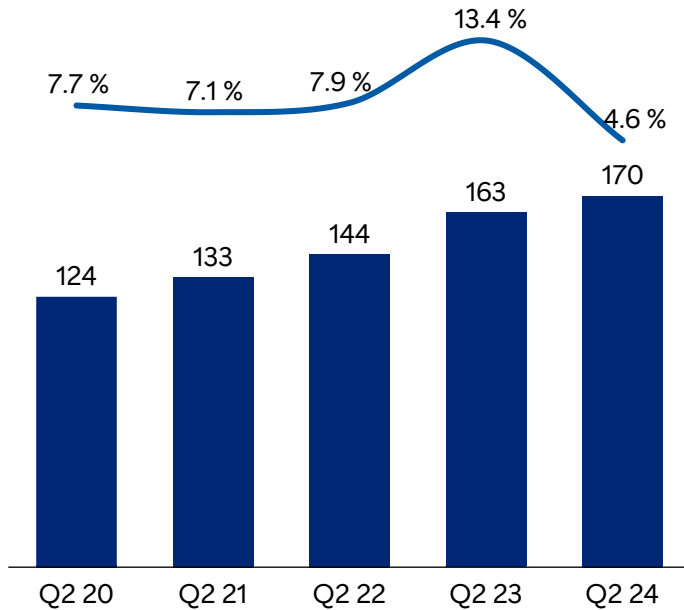


## Loan losses in per cent of total lending

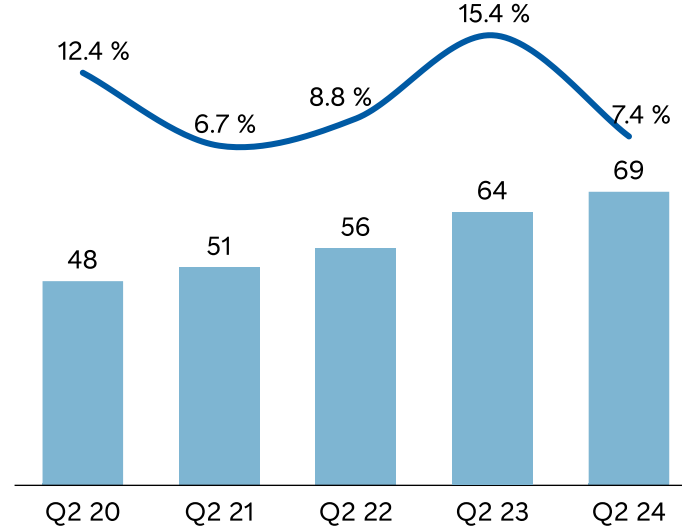


# Growth and margins in Retail Banking - Yearly

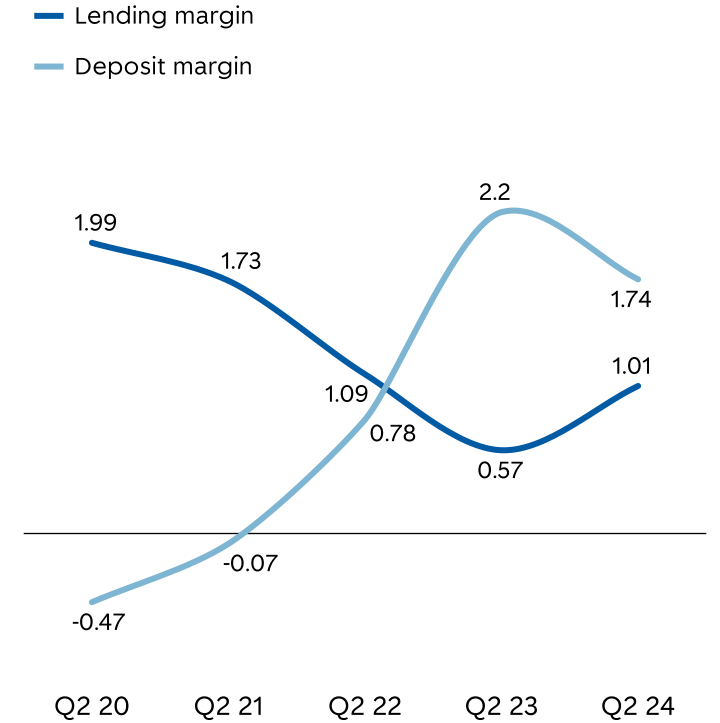
## Lending volume (NOKbn)



## Deposit volume (NOKbn)

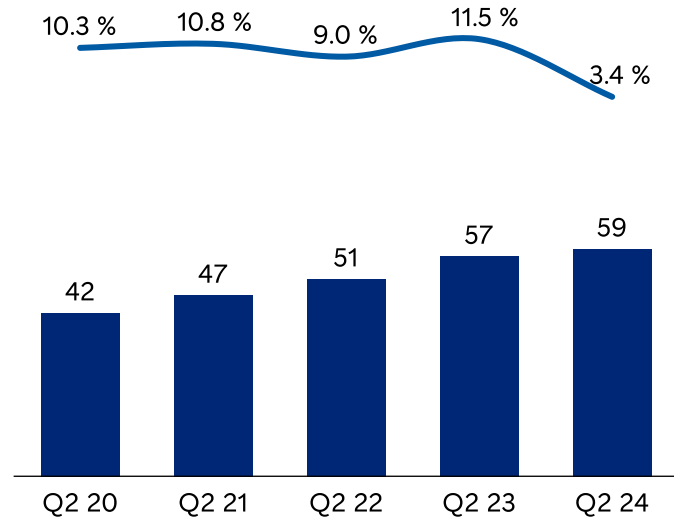


## Margins vs NIBOR3M

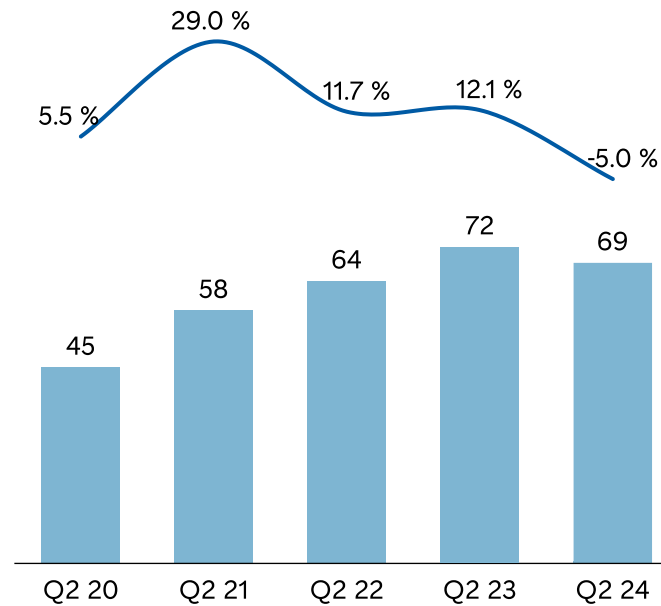


# Growth and margins in Corporate Banking - Yearly

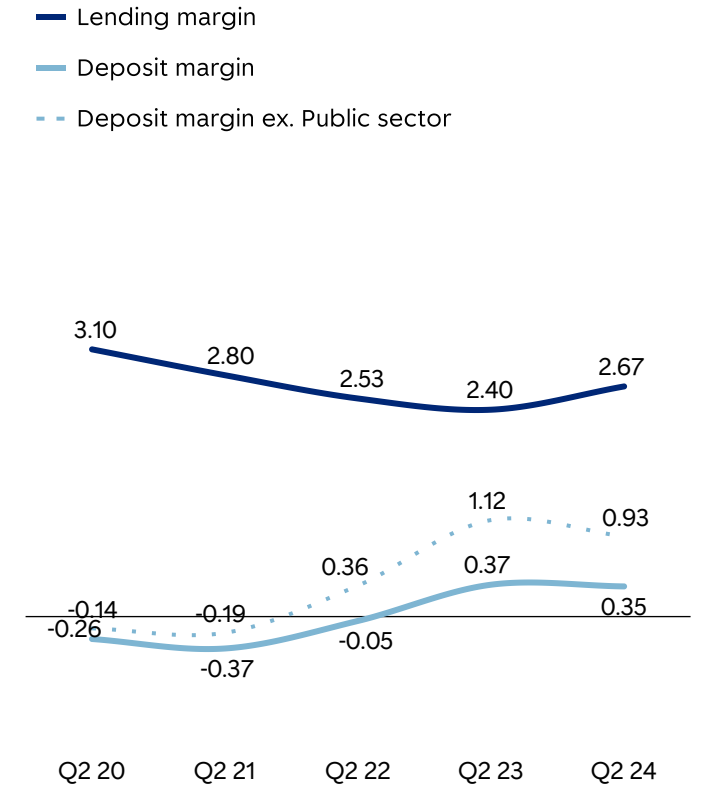
Lending volume (NOKbn)



Deposit volume



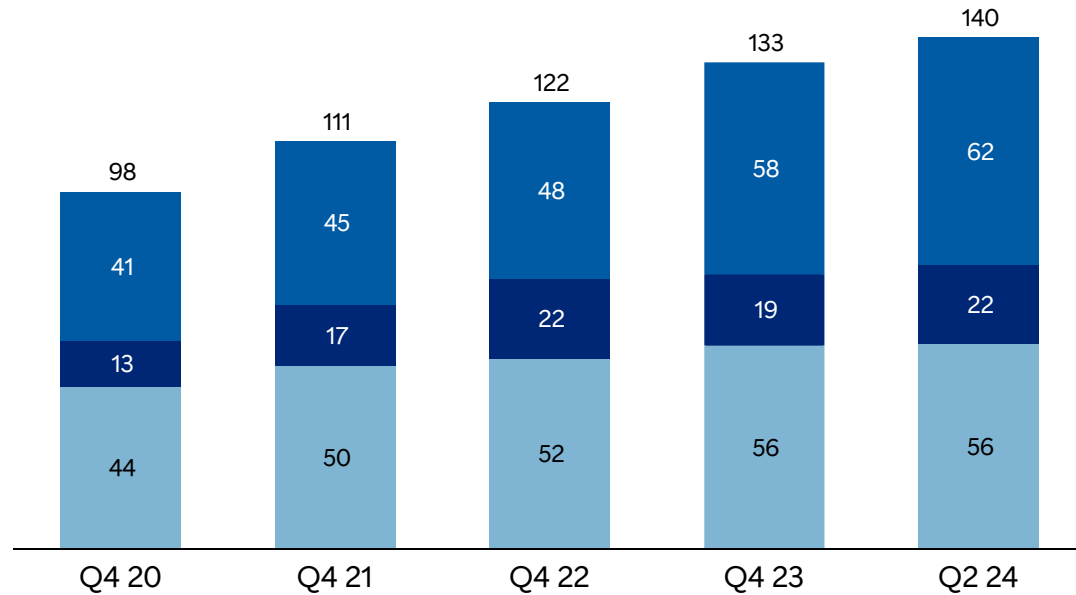
Margins vs NIBOR3M



# Diversified deposit portfolio

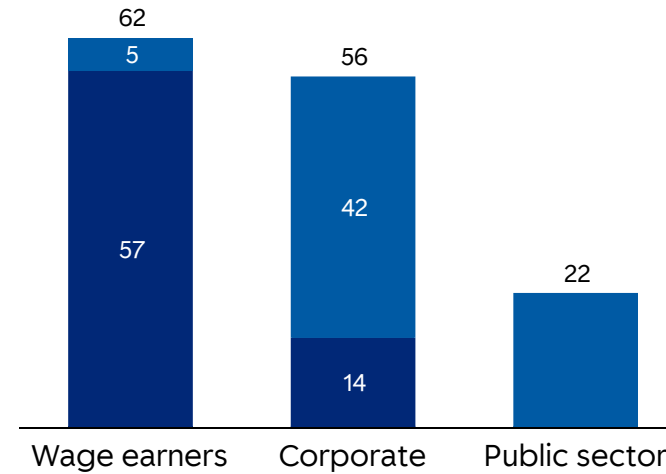
## Deposits by sector (NOKbn)

- Wage earners
- Public sector
- Corporate



## Deposits covered by the deposit guarantee scheme (NOKbn)

- Not covered
- Covered by the guarantee scheme



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

## LCR as at 30.06.24 (per cent)

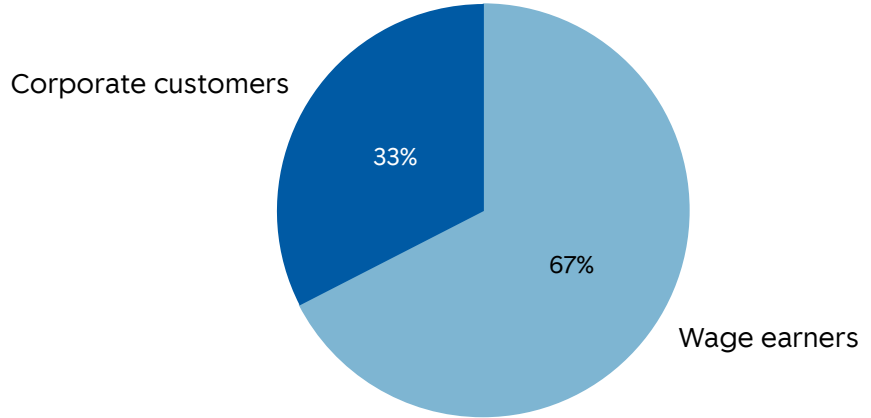
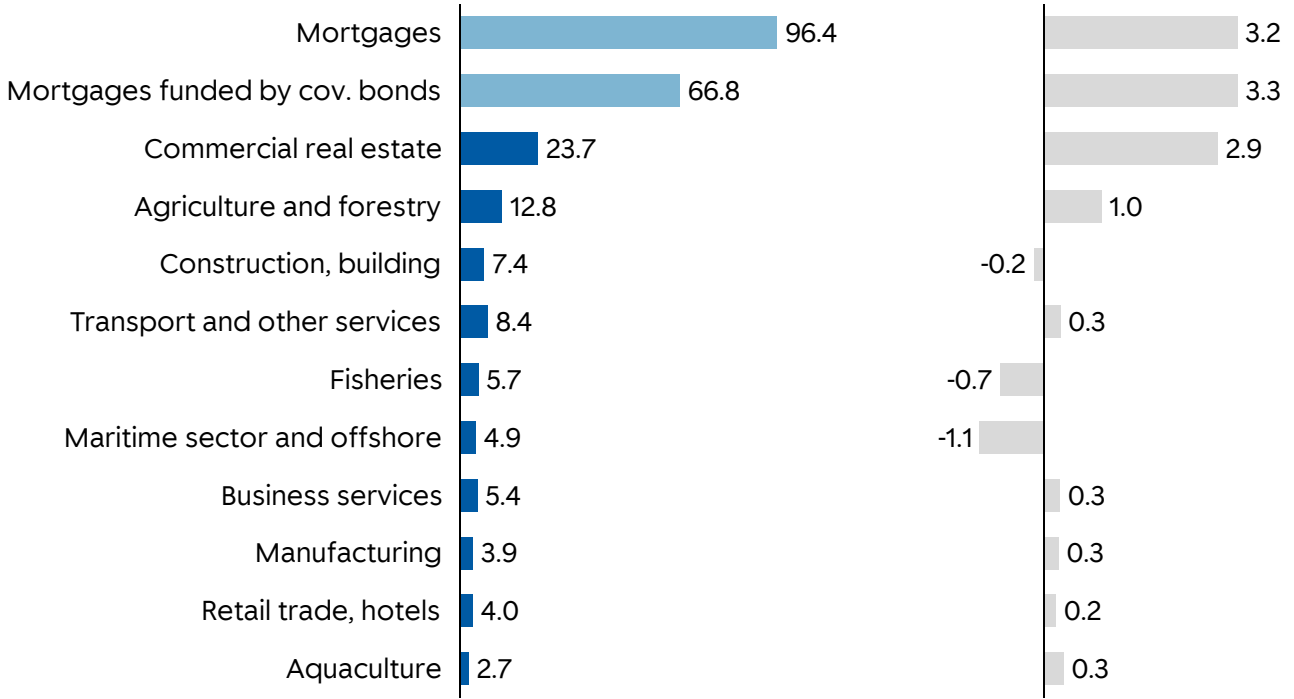


LCR: Liquidity Coverage Ratio

# Well diversified lending portfolio dominated by mortgages

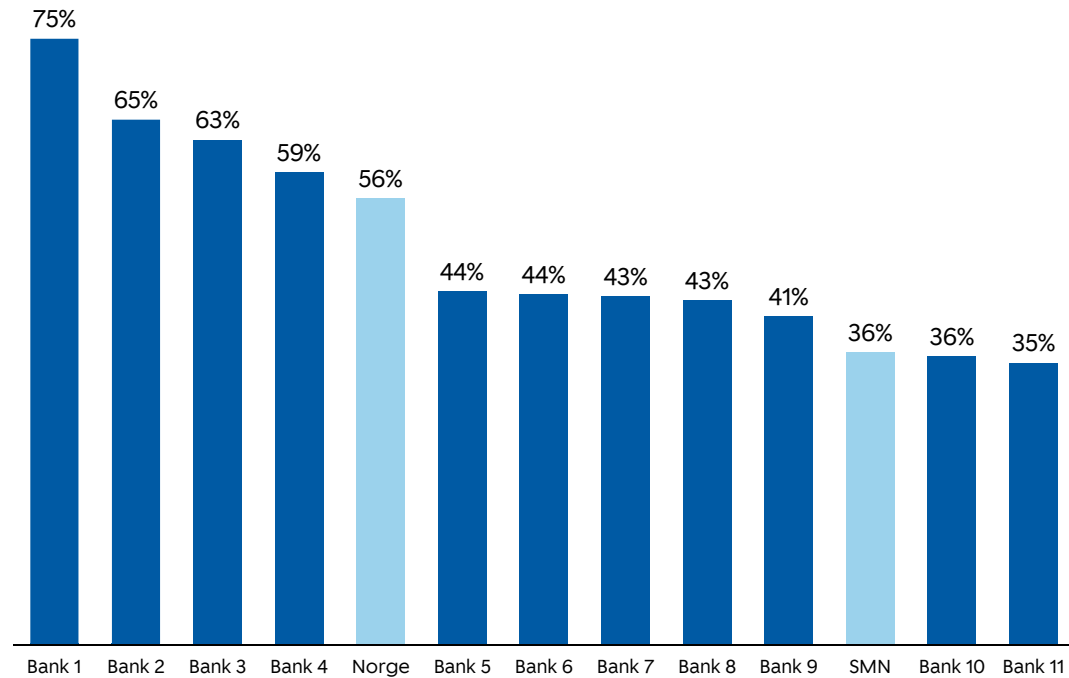
## Loans per sector

as at 30 June 2024 and change last 12 months (NOKbn)



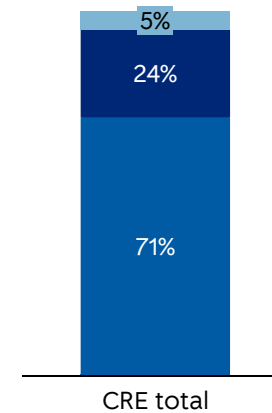
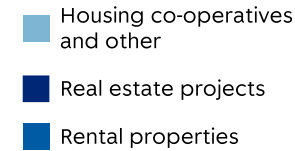
# Commercial property, construction, building

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

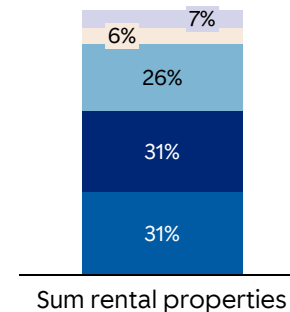
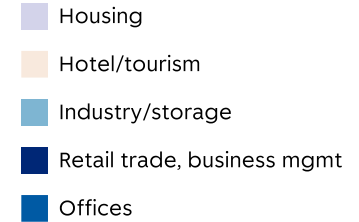


Rental properties make up 71 % of the banks CRE exposure, mainly to retail trade, industry/storage and offices

Distribution of property per Q224



Distribution of area per 2023



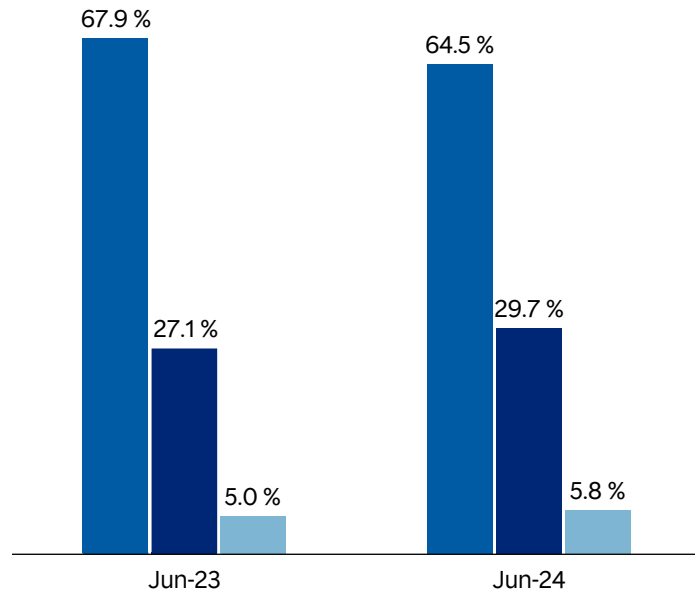
\*Gross lending to commercial real estate as a share of corporate lending.. National data from SSB. Data for individual banks are based on reported numbers as at Q1 2024

# Robust mortgage portfolio

## Loan-to-value ratio in the mortgage portfolio

Share of mortgages by LTV

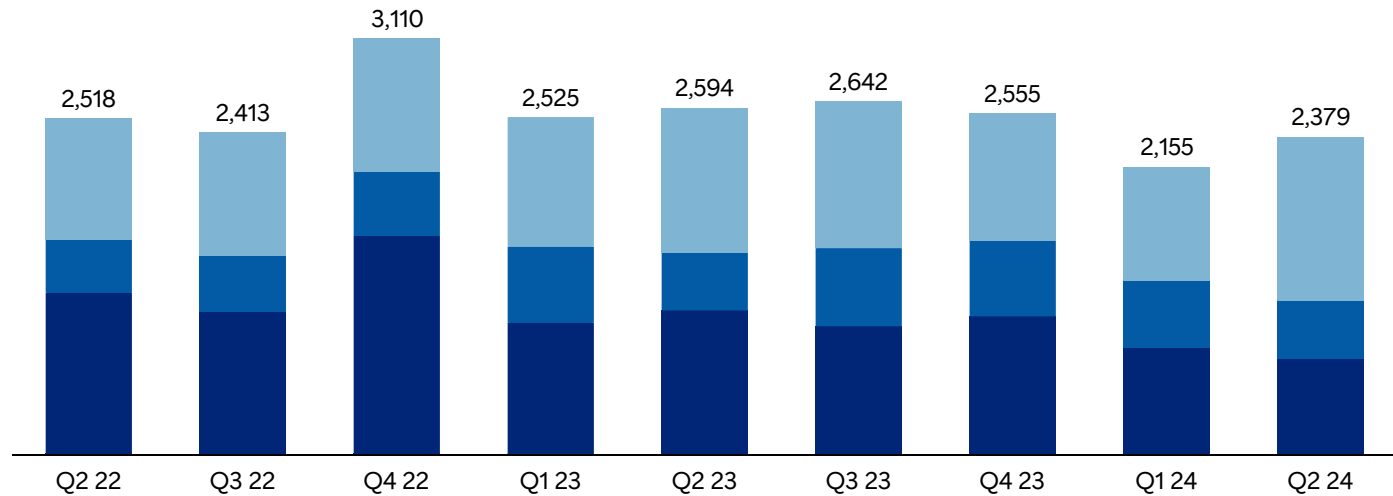
■ LTV < 70 % ■ 70 - 85 % ■ > 85%



## Granted interest-only periods

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

■ 1-3 months ■ 3-6 months ■ 6 months +

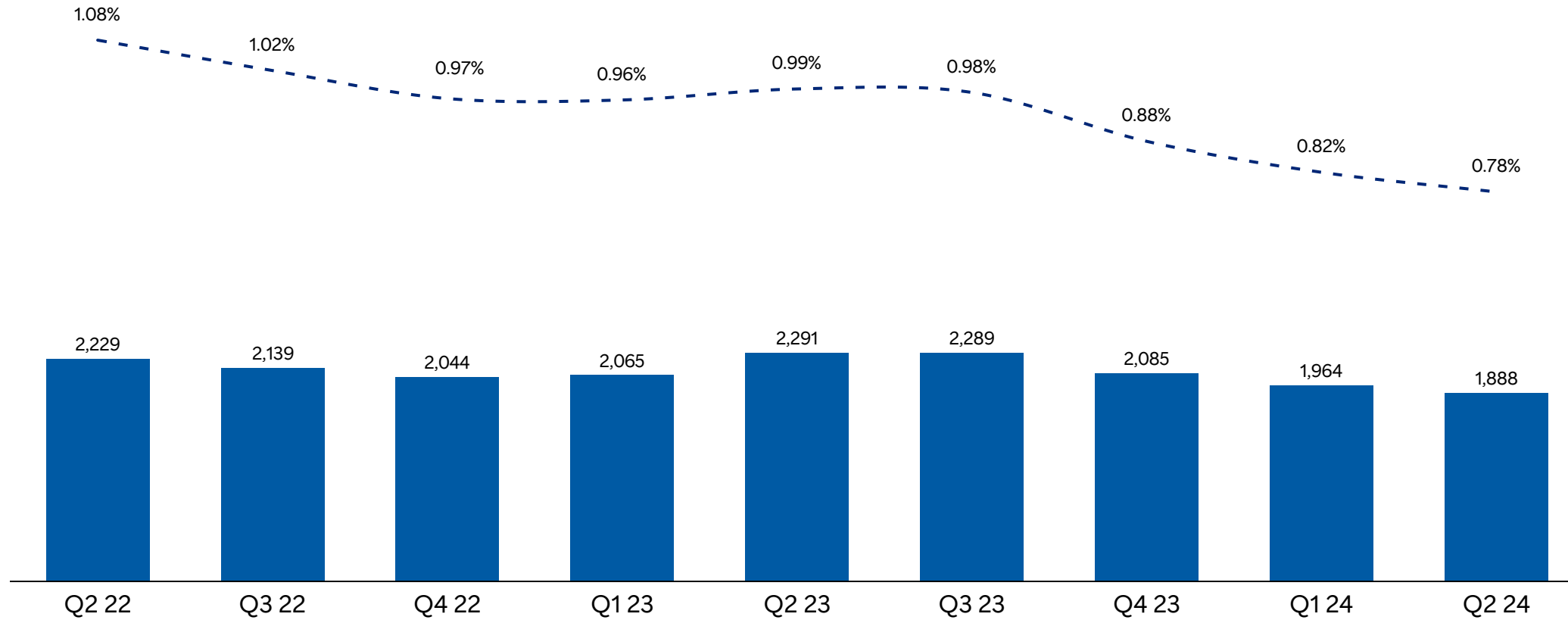




# Problem loans

■ Lending to customers in stage 3

- · % of gross lending



# Subsidiaries

NOK mill, SMN's share in parentheses	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Change from Q1 24	Change from Q2 23
EiendomsMegler 1 Midt-Norge (92.4%)	43	20	-7	-1	31	24	13
SpareBank 1 Regnskapshuset SMN (93.3%)	54	35	8	11	45	18	9
SpareBank 1 Finans Midt-Norge (56.5%)	76	66	12	3	43	10	34
SpareBank 1 SMN Invest (100%)	-13	48	66	37	-4	-61	-9
Other companies	5	5	4	3	4	0	1
<b>Sum subsidiaries</b>	<b>165</b>	<b>174</b>	<b>83</b>	<b>53</b>	<b>118</b>	<b>-9</b>	<b>47</b>

# Product companies

NOK mill, SMN's share in parentheses	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Change from Q1 24	Change from Q2 23
SpareBank 1 Gruppen (19.5%)	1	40	-51	-13	-5	-39	6
SpareBank 1 Boligkreditt (23.7%)	35	33	30	5	29	2	6
SpareBank 1 Næringskreditt (14.8%)	3	4	1	4	3	-1	1
BN Bank (35.0%)	73	84	73	64	58	-11	16
SpareBank 1 Markets (39.9%)	26	25	19	0	0	1	26
SpareBank 1 Kreditt (18.6%)	1	-4	-3	-3	-2	5	3
SpareBank 1 Betaling (21.9%)	-2	-12	-8	-10	-11	10	10
SpareBank 1 Forvaltning (21.5%)	13	10	12	6	8	3	5
Other companies	-3	13	16	-55	5	-16	-8
<b>Sum associated companies</b>	<b>148</b>	<b>194</b>	<b>90</b>	<b>-2</b>	<b>85</b>	<b>-45</b>	<b>64</b>

# Return on financial investments

<b>NOK mill</b>	<b>Q2 24</b>	<b>Q1 24</b>	<b>Q4 23</b>	<b>Q3 23</b>	<b>Q2 23</b>	<b>0</b>	<b>Change from Q1 24</b>	<b>Change from Q2 23</b>
Net gain/(loss) on stocks	4	42	472	17	-7	0	-38	11
Net gain/(loss) on financial instruments	-17	-11	-41	12	-46	0	-6	30
Net gain/(loss) on forex	11	22	27	20	38	0	-11	-26
<b>Net return on financial instruments</b>	<b>-1</b>	<b>54</b>	<b>458</b>	<b>48</b>	<b>-16</b>	<b>0</b>	<b>-55</b>	<b>15</b>

# Equity certificate, key figures

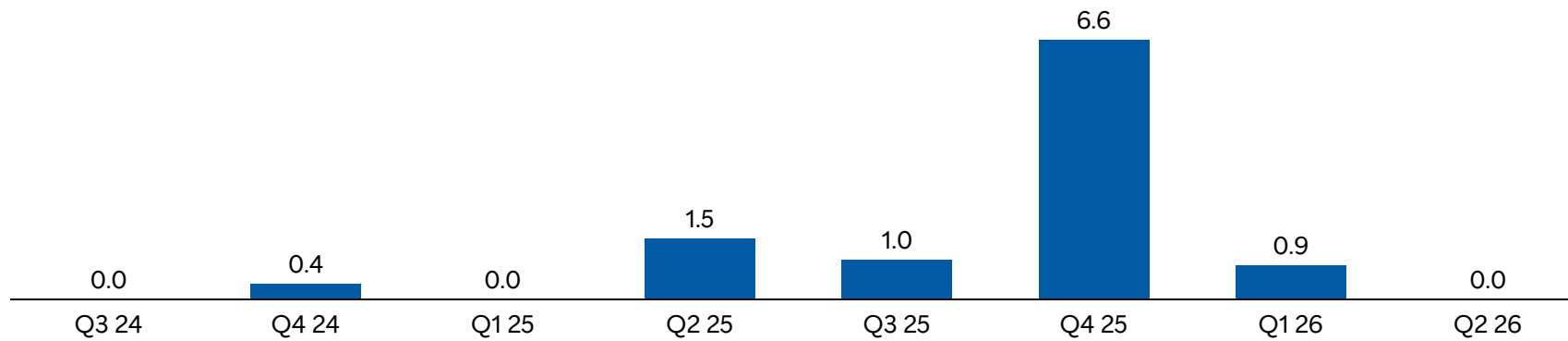
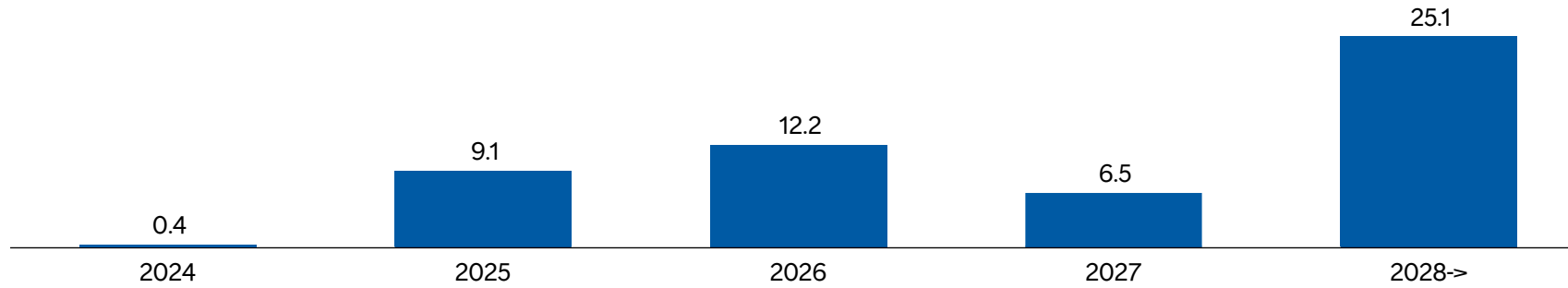
Key figures	Q2 24	2023	2022	2021	2020
ECC ratio	66.8 %	66.8 %	64.0 %	64.0 %	64.0 %
Total issued ECCs (mill)	144.19	144.20	129.29	129.39	129.39
ECC price	151.12	141.80	127.40	149.00	97.60
Market value (NOKm)	21,790	20,448	16,471	19,279	12,629
Booked equity capital per ECC	117.31	120.48	109.86	103.48	94.71
Post-tax earnings per ECC, in NOK	9.14	16.88	12.82	13.31	8.87
Dividend per ECC	-	12.00	6.50	7.50	4.40
P/E	8.26	8.40	9.94	11.19	11.01
Price / Booked equity capital	1.29	1.18	1.16	1.44	1.03

# Balance sheet

<b>NOKbn</b>	<b>30.6.24</b>	<b>30.6.23</b>
Cash and receivables from central banks	1.5	0.6
Deposits with and loans to credit institutions	12.0	20.4
Net loans to and receivables from customers	172.5	165.8
Fixed-income CDs and bonds	36.2	38.1
Shares, units and other equity interests	1.1	1.1
Investment in related companies	9.0	8.0
Intangible assets	1.2	1.1
Other assets	9.8	13.7
<b>Total assets</b>	<b>243.4</b>	<b>248.8</b>
Deposits from credit institutions	13.9	14.7
Deposits from and debt to customers	139.7	140.2
Debt created by issue of securities	36.1	40.6
Subordinated debt (SNP)	12.9	9.1
Derivatives	6.3	10.0
Other debt	3.9	3.1
Investment held for sale	0.0	1.6
Subordinated loan capital	2.8	2.6
Total equity ex Tier 1 Capital	26.1	25.2
Additional Tier 1 Capital	1.8	1.7
<b>Total liabilities and equity</b>	<b>243.4</b>	<b>248.8</b>

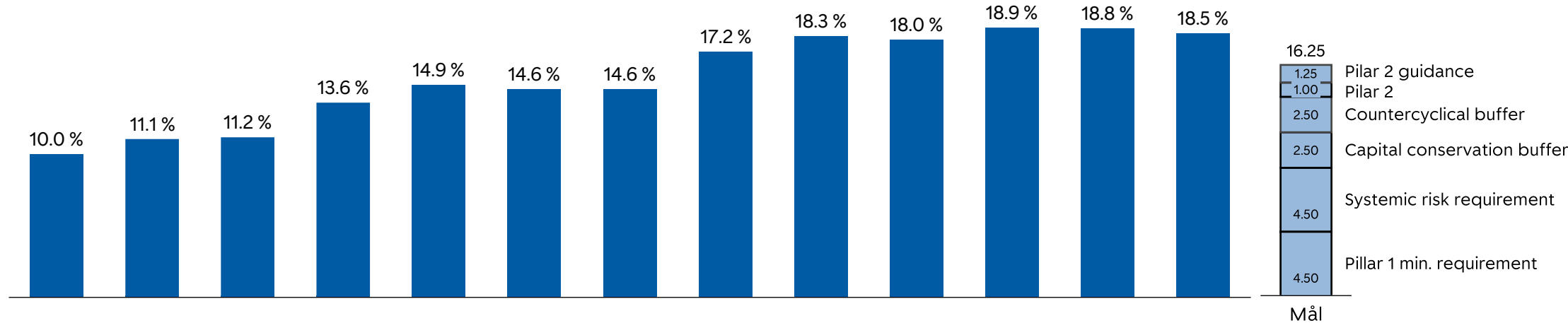
# Maturity structure

NOKbn



# Development in CET1 capital and capital adequacy

## CET1 ratio in per cent



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q2 2024
CET1	8.254	9.374	10.679	12.192	13.223	13.820	14.727	15.830	17.041	17.790	19.776	21.589	21.951
ROE	11.7%	13.3%	15.1%	10.7%	11.3%	11.5%	12.2%	13.7%	10.0%	13.5%	12.3%	14.4%	15.6%
RWA	82.450	84.591	95.322	89.465	88.786	94.807	101.168	91.956	93.096	98.664	104.716	114.633	118.842