

First quarter 2023 Financial information

May 10th 2023

Trond Søråas
CFO



Q1 2023

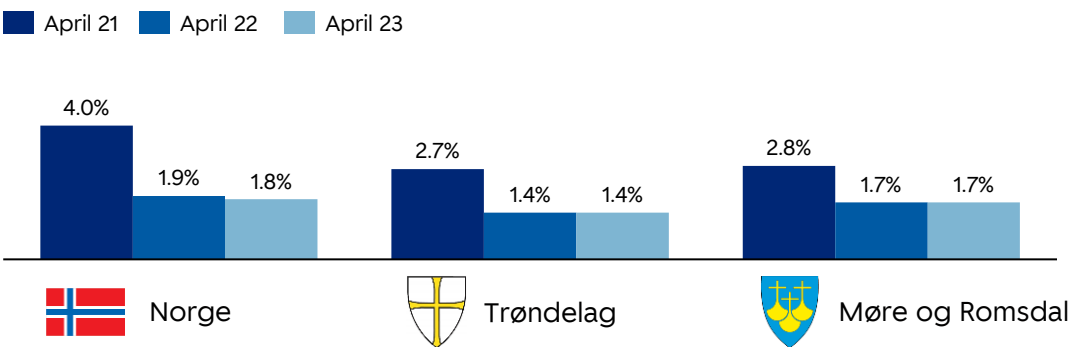
- **Return on equity of 13.0%**
- **Solid development in all business areas**
Increased lending margins strengthens revenue in the bank.
Good results in the accountancy arm and the real estate agency
- **Costs are affected by inflationary pressure**
Low underlying cost growth
- **Loan loss reversals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



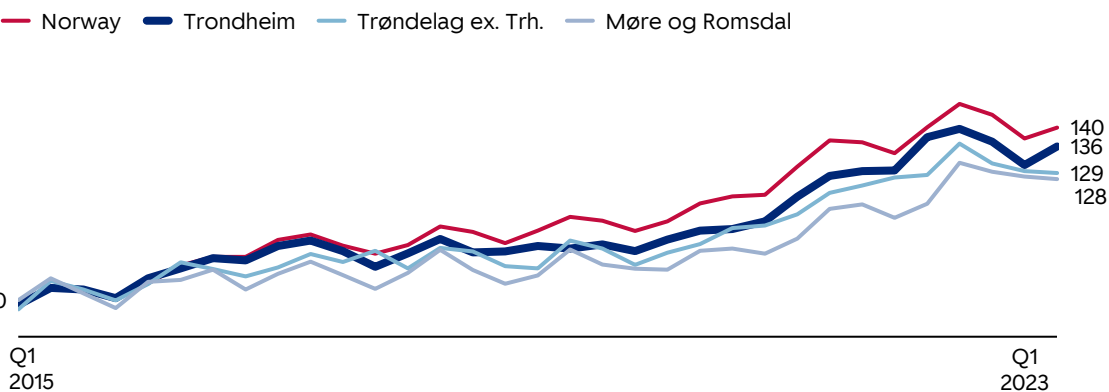
The Mid-Norwegian economy

Unemployment

Wholly unemployed as a percentage of the labour force

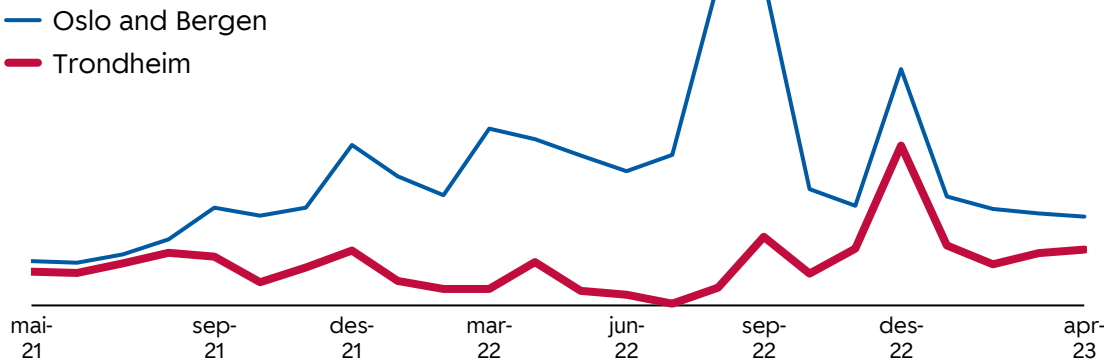


Housing prices



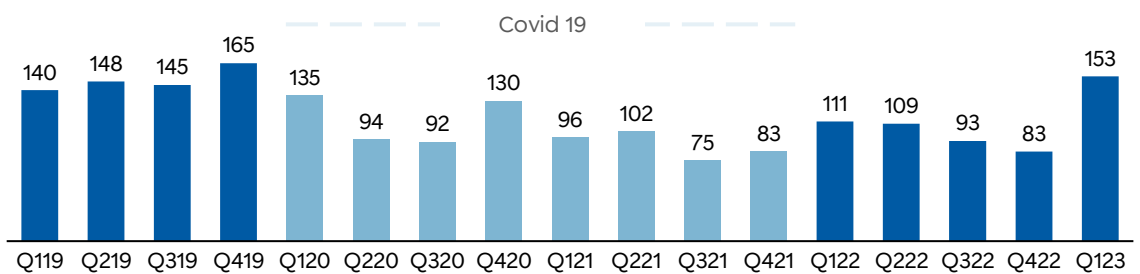
Sources: NAV, SSB, NordPool and Brønnøysundregisteret

Electricity prices



Bankruptcies

Number of bankruptcies in Trøndelag and Møre og Romsdal



Q1 2023

Net profit
NOK 778m (698)

Return on equity
13.0% (12.6)

CET1 ratio
18.2% (18.3)

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

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

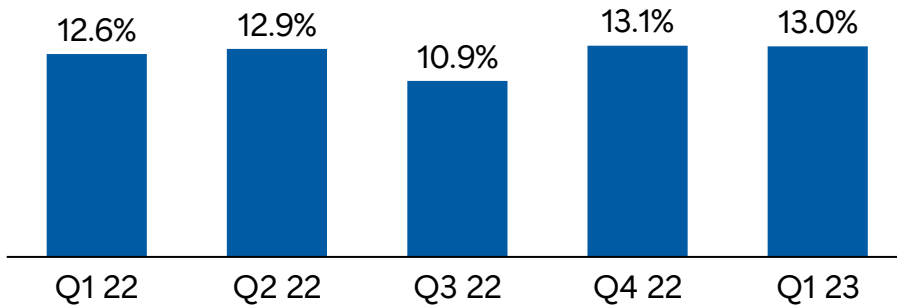
Book value per EC NOK 105.63 (99.55)
Result per EC NOK 3.51 (3.20)

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

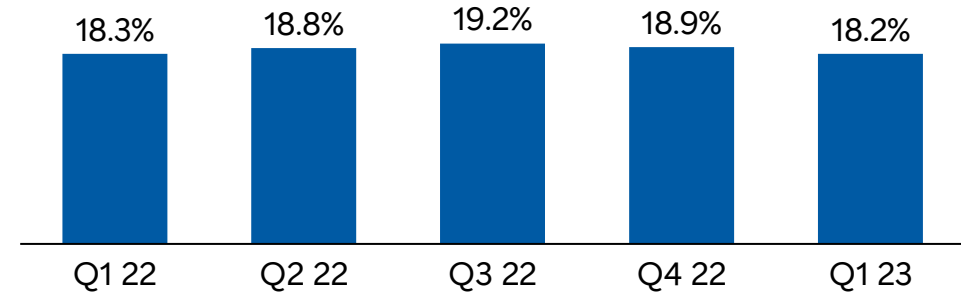
**) excluding return on financial investments.*

Profitable and solid

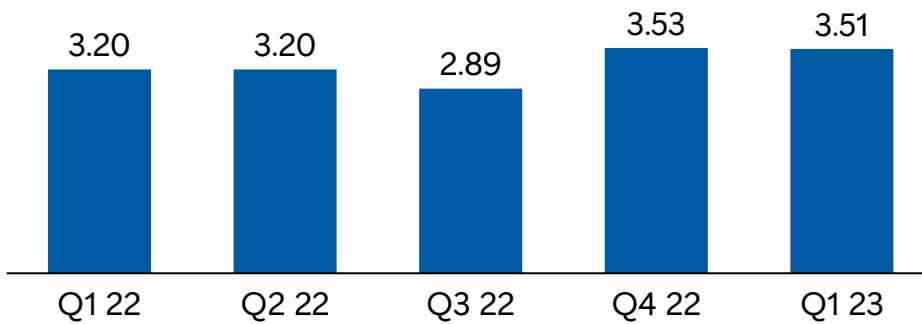
Return on equity



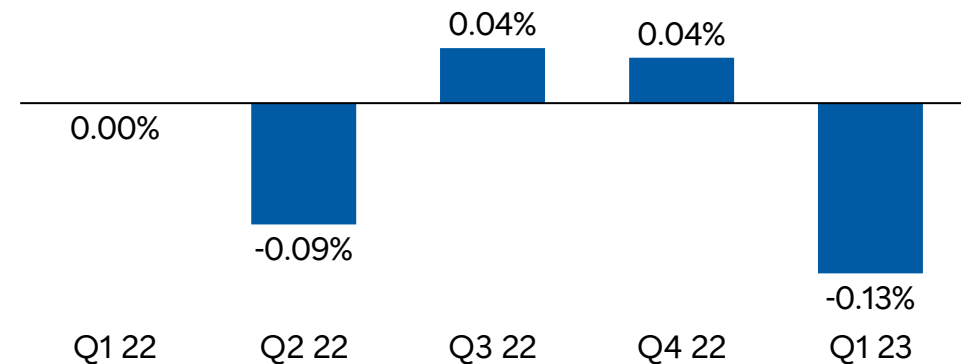
CET1 ratio



Earnings per equity certificate

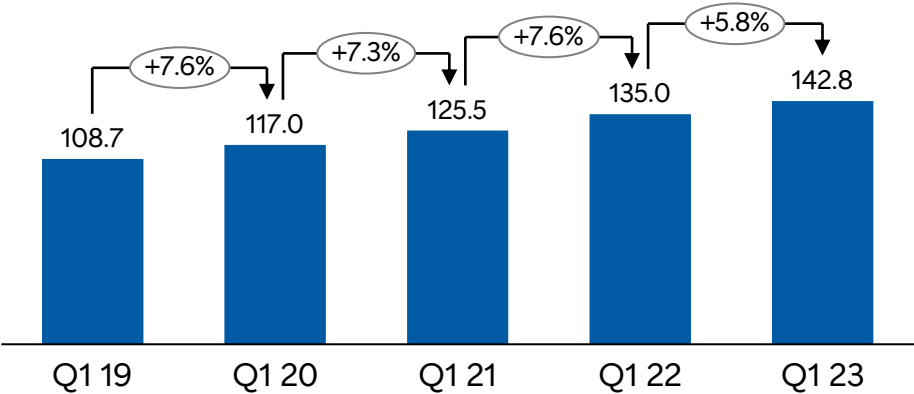


Loan losses in per cent of total lending

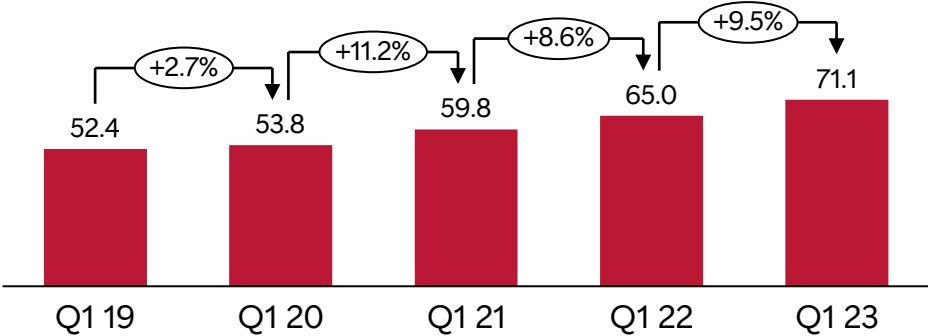


Satisfactory growth

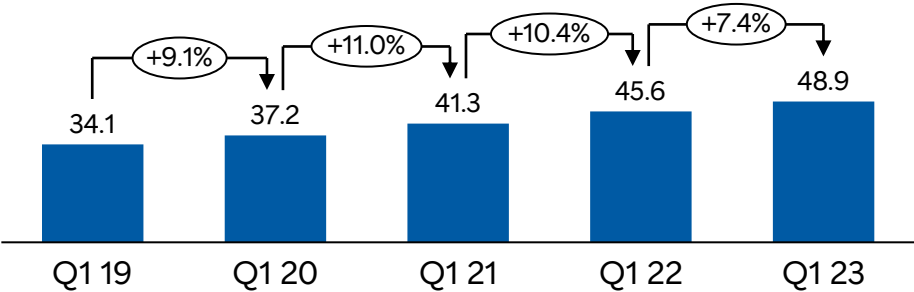
Lending growth RM 7.1% (CAGR)



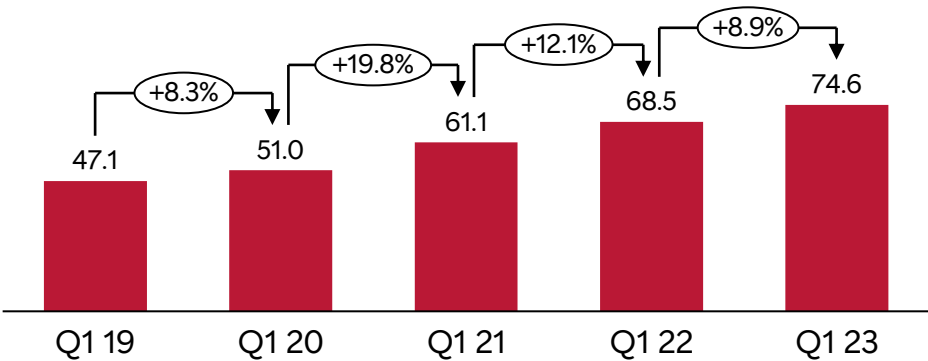
Lending growth CM 7.9% (CAGR)



Deposit growth RM 9.5% (CAGR)

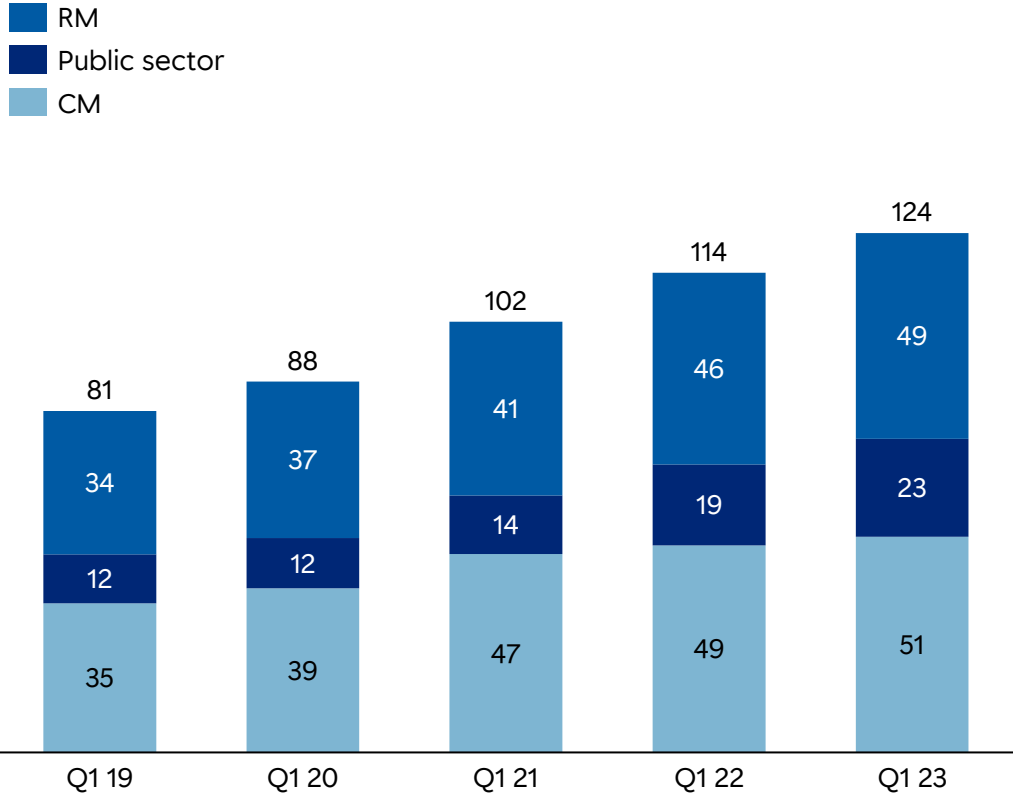


Deposit growth CM 12.2% (CAGR)

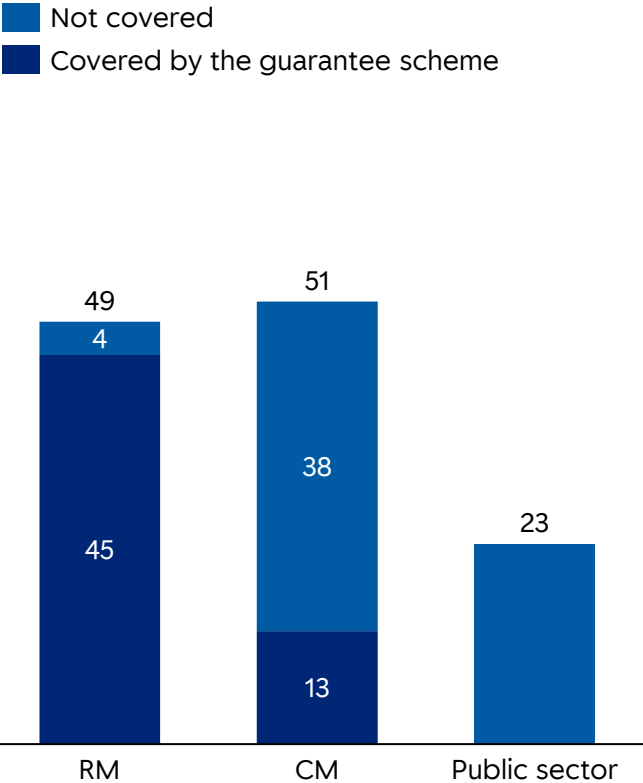


Diversified deposits base

Deposits by sector (bNOK)

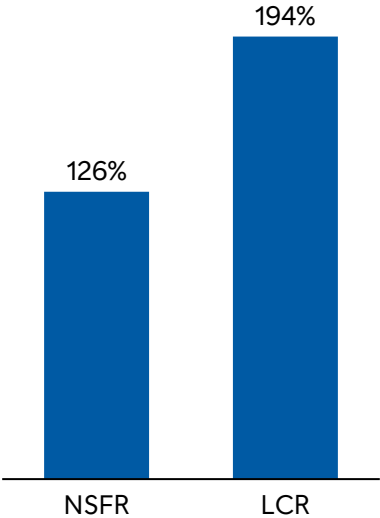


Deposits covered by the deposit guarantee scheme (bNOK)



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

NSFR and LCR as at 31.3.23 (per cent)



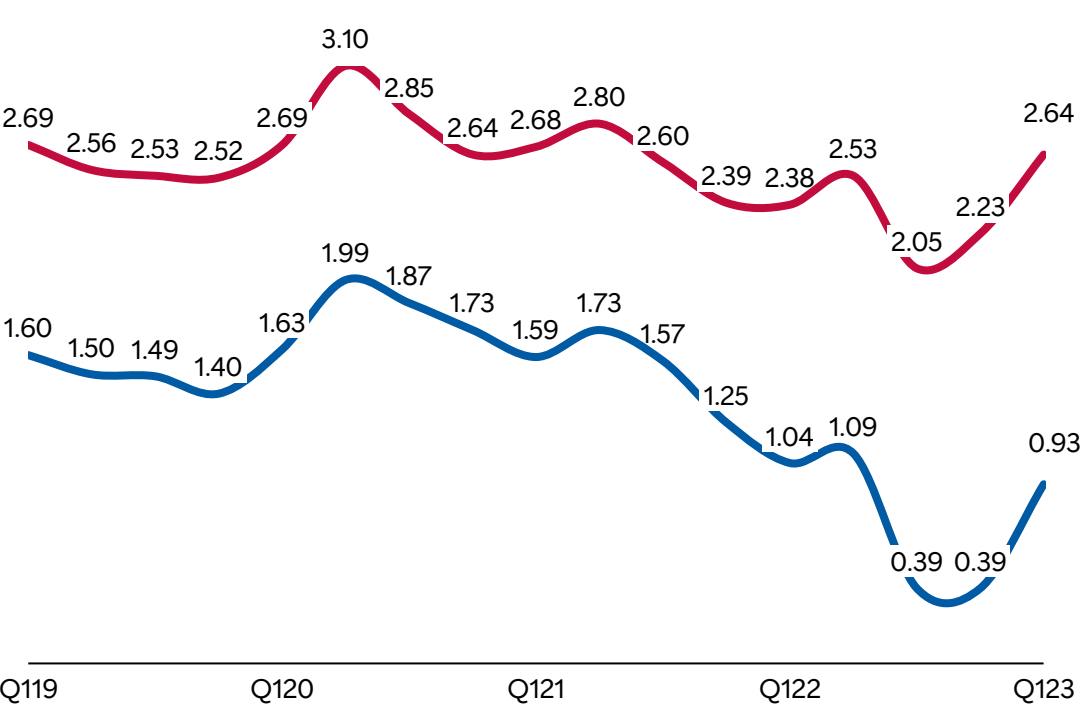
LCR: Liquidity Coverage Ratio
NSFR: Net Stable Funding Ratio

Margins

Lending margins

Lending rates versus NIBOR3M

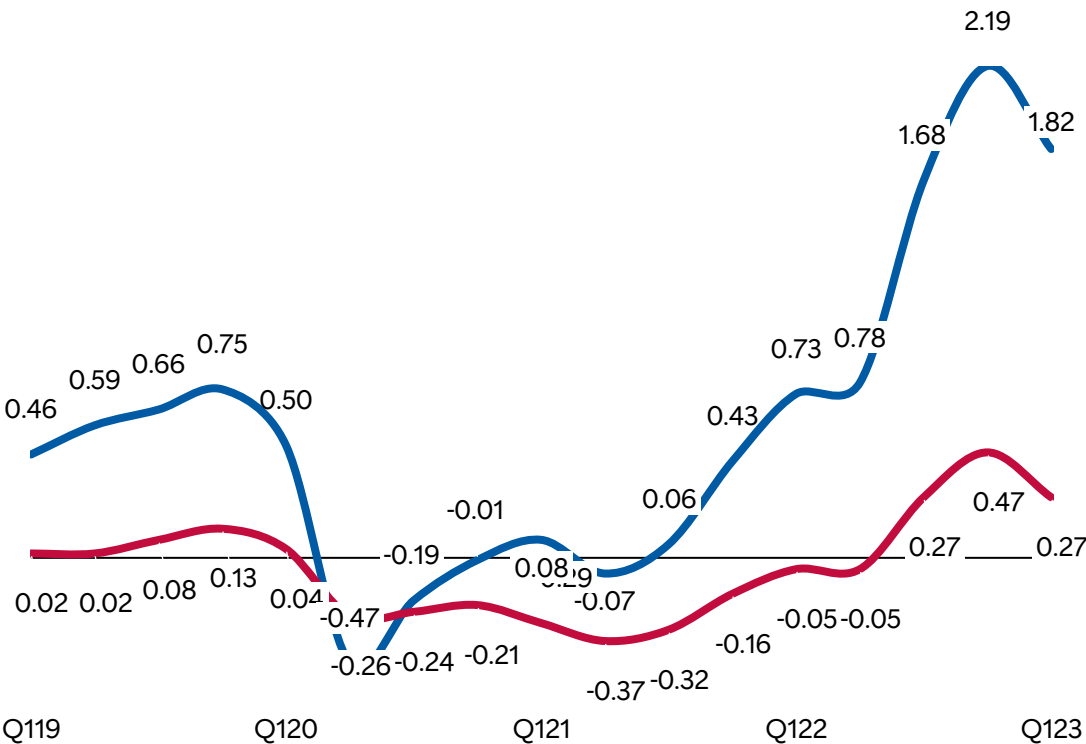
RM CM



Deposit margins

NIBOR3M versus deposit rates

RM CM

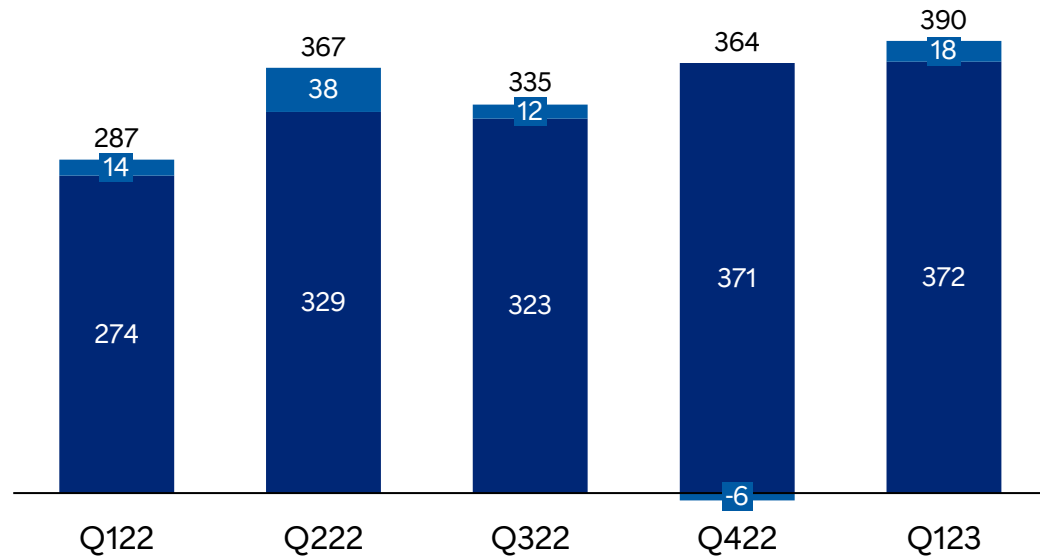


Good results across the Group

Personal market

Pre-tax profit (NOKm)

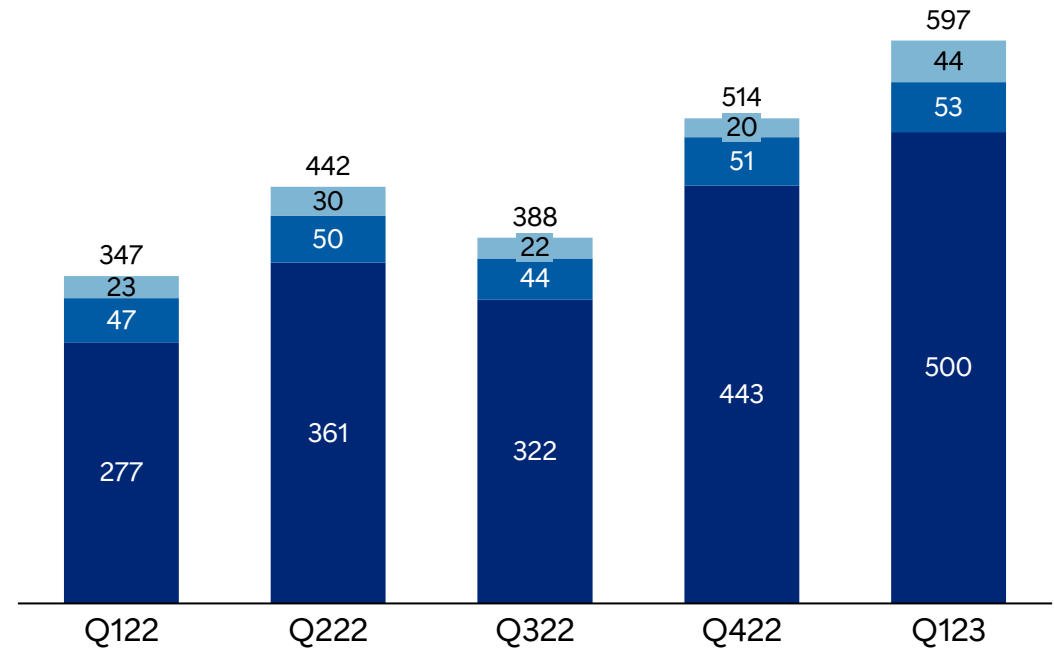
- EiendomsMegler 1 Midt-Norge
- Retail banking



Corporate market

Pre-tax profit (NOKm)

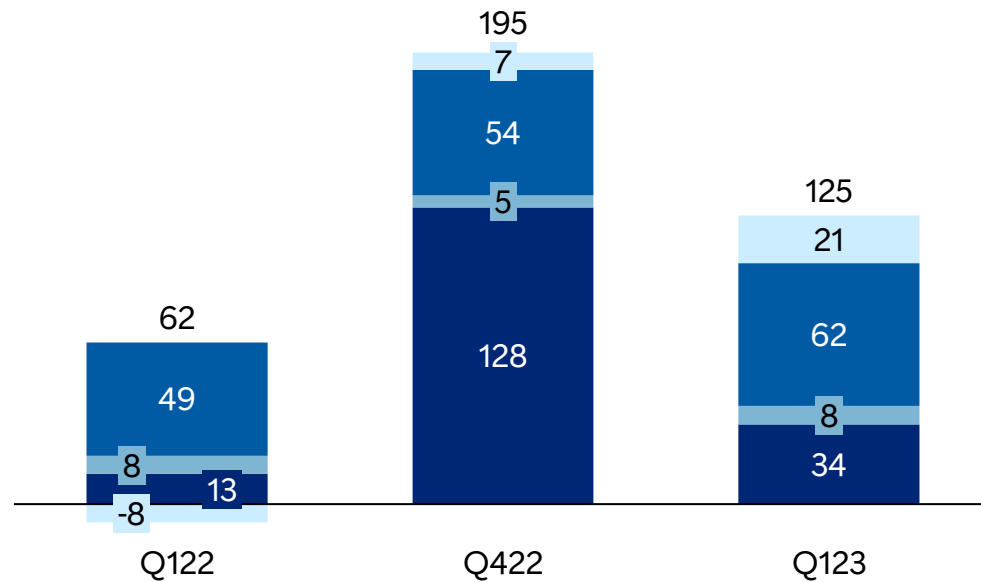
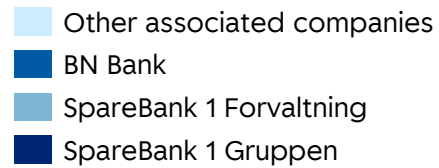
- Regnskapshuset SMN
- SB1 Finans Midt-Norge
- Corporate banking



Broad product range and diversified income platform

Ownership interests

Profits after tax (NOKm)



Strong brands



SpareBank 1 Gruppen

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

SpareBank 1 Forvaltning

ODIN Forvaltning and SpareBank 1 Kapitalforvaltning

SpareBank 1 Kreditt

Unsecured credit

SpareBank 1 Betaling

SpareBank 1's holding company for their share of Vipps payment solutions

BN Bank

Nationwide bank in the retail and corporate market

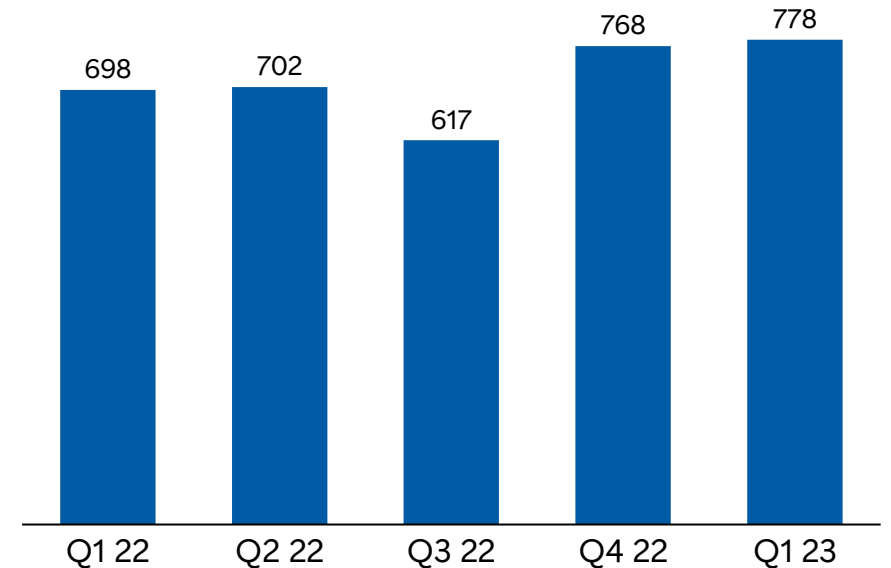
Mortgage companies

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

Profits

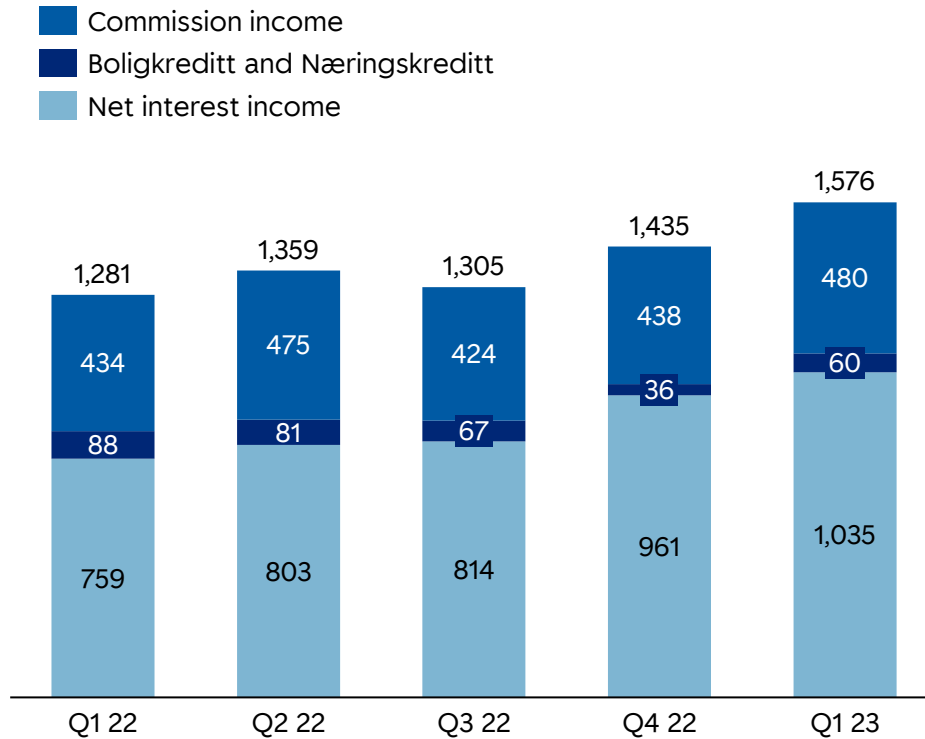
NOK mill	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22
Net interest income	1,035	961	814	803	759
Commission income and other income	541	473	491	555	522
Operating income	1,576	1,435	1,305	1,359	1,281
Total operating expenses	728	646	583	585	629
Pre-loss result of core business	847	789	722	774	652
Losses on loans and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

Quarterly net profit
NOKm



Revenue

Net interest income and other income

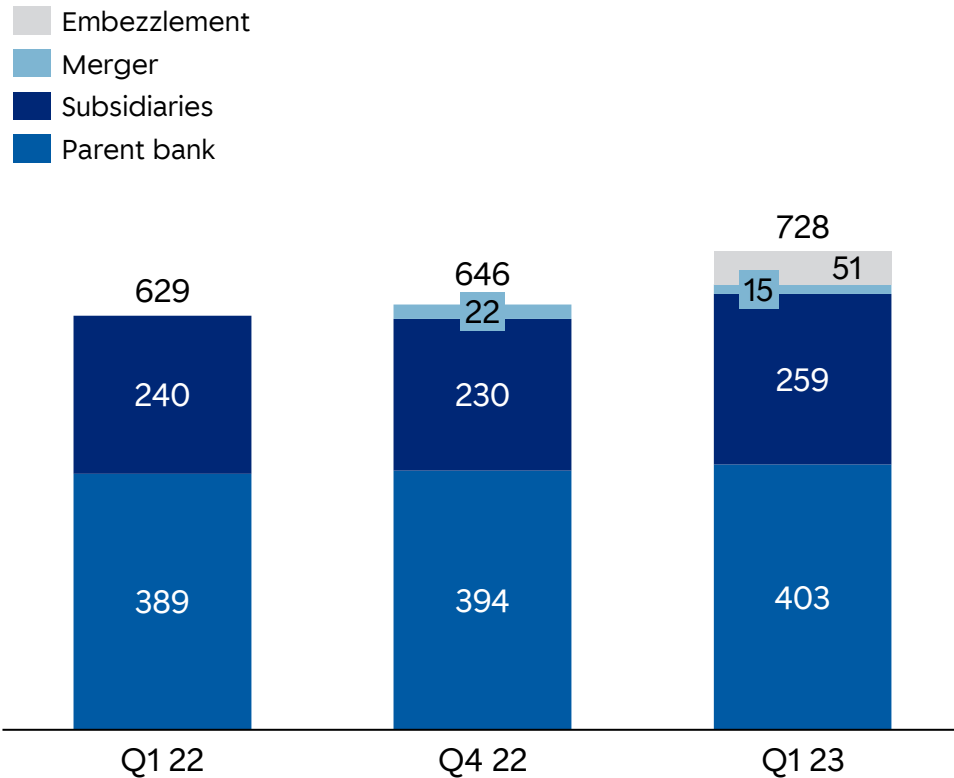


Commission income

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

Costs

Total quarterly costs (NOKm)

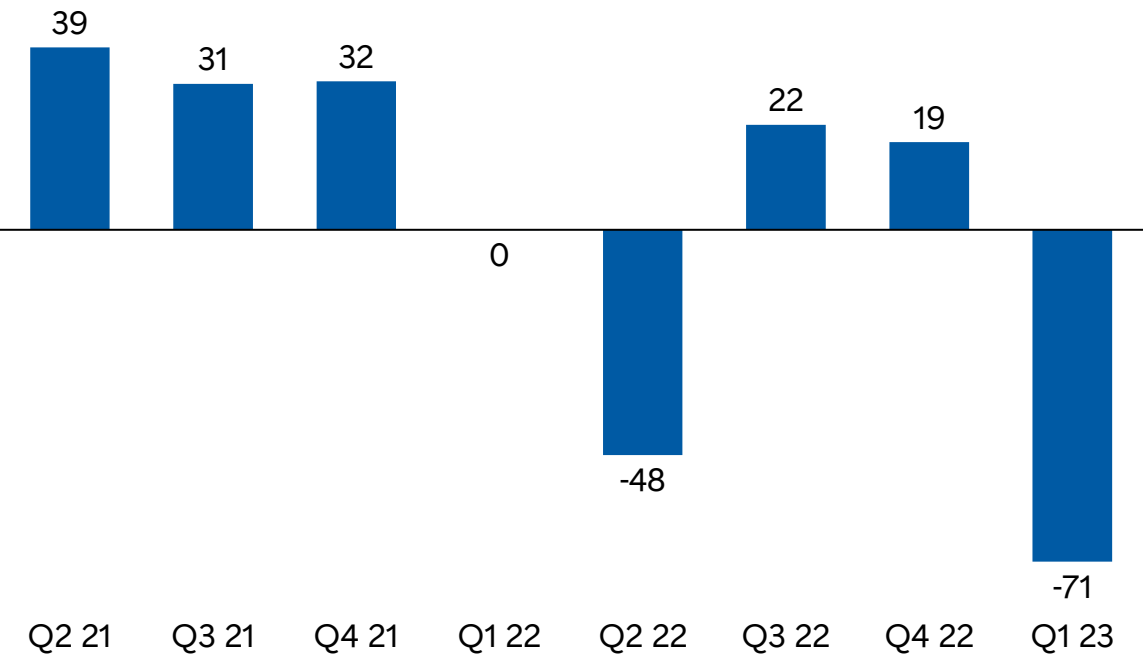


Total quarterly costs (NOKm)

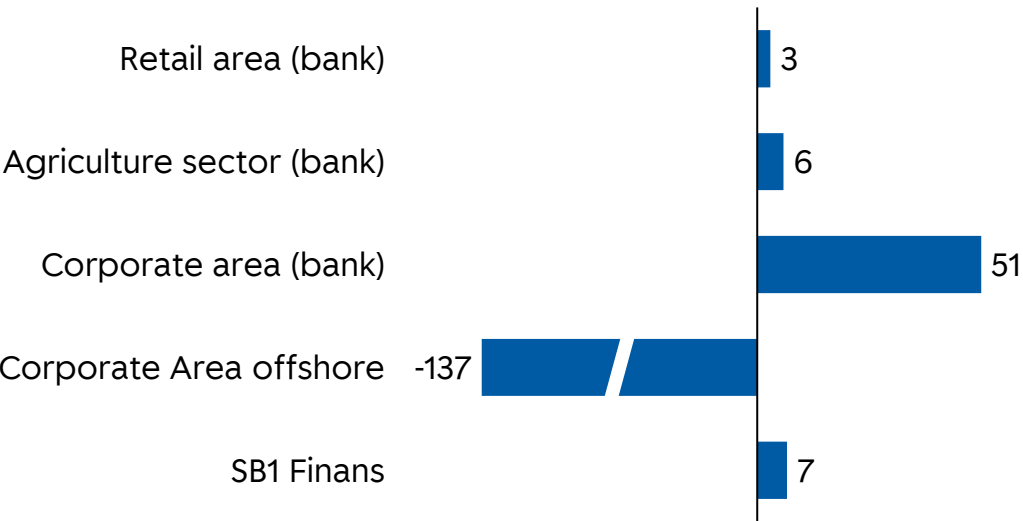
NOK mill	Q1 23	Q4 22	Q1 22
Staff costs	398	333	375
IT costs	106	100	89
Marketing	23	24	19
Ordinary depreciation	29	33	29
Operating expenses, real properties	16	9	22
Purchased services	38	53	52
Merger expenses	15	22	0
Other operating expense	104	73	44
Total operating expenses	728	646	629

Loan losses

Loan losses (NOKm)

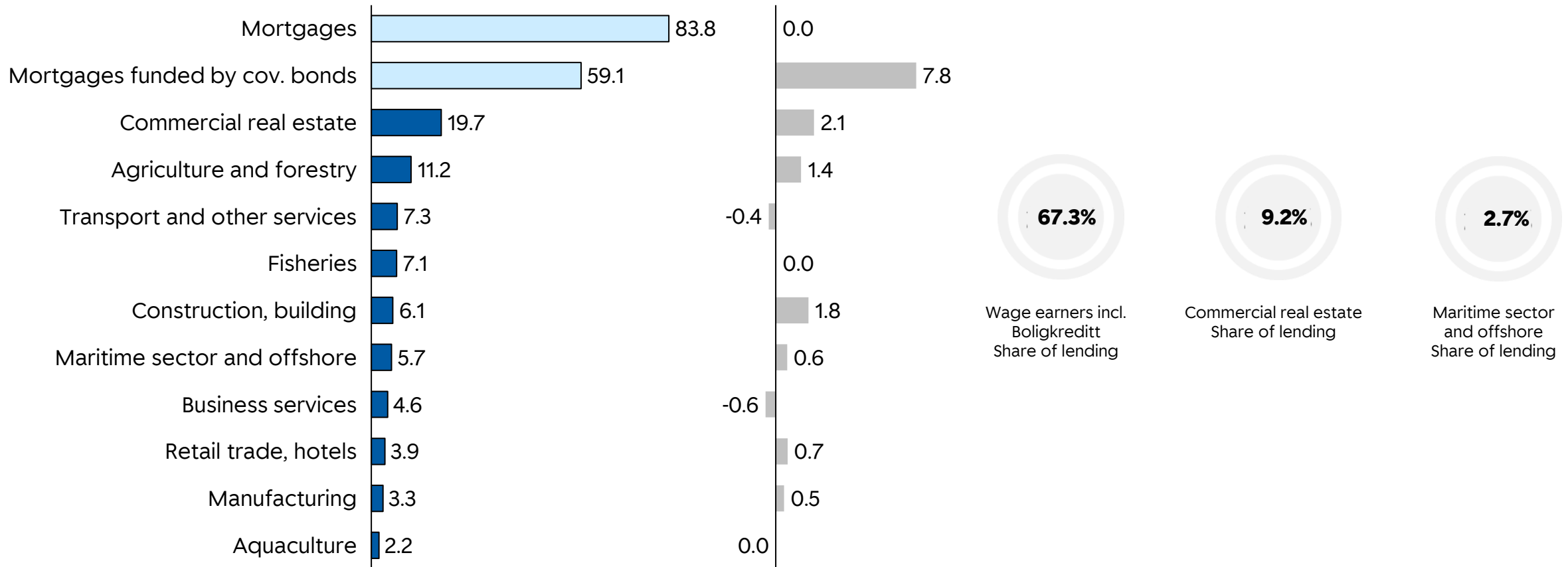


Distribution of losses Q1 23 (NOKm)



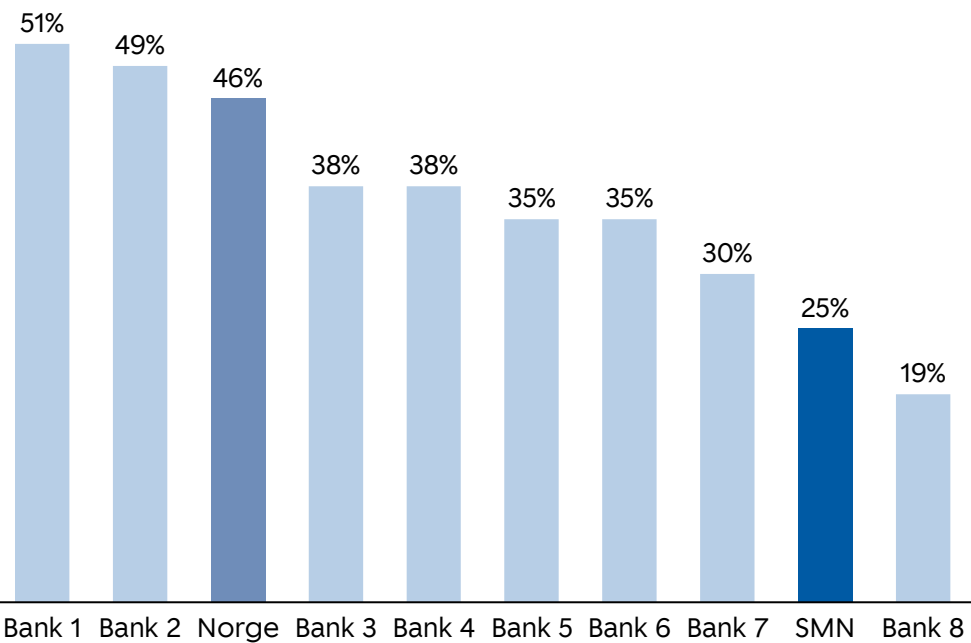
Loan portfolio

Lending as at 31.03.23 and change YoY (NOKbn)

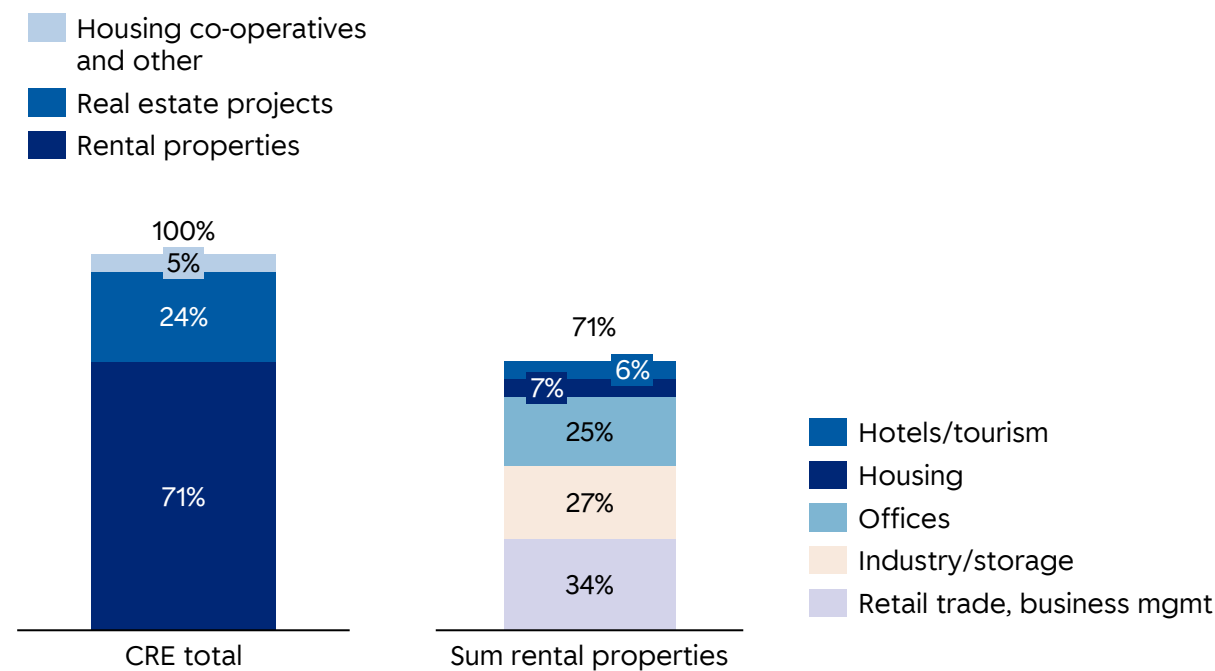


Commercial real estate

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



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

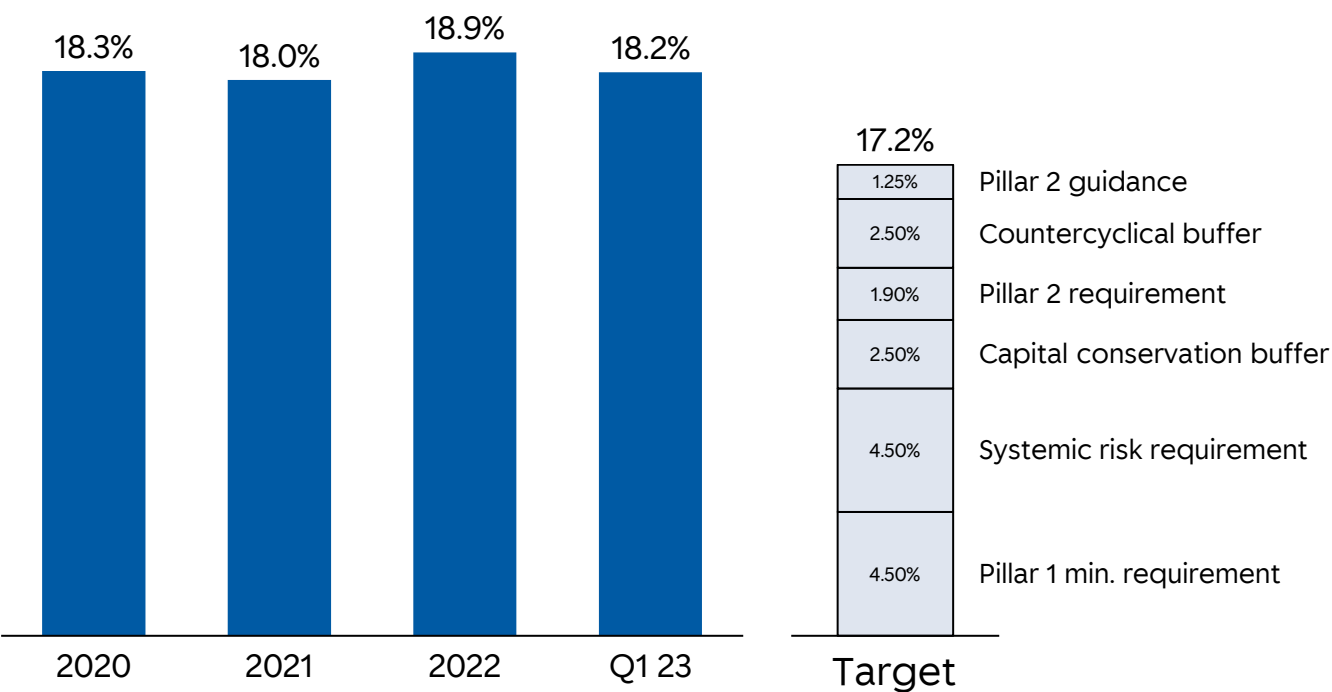


* Gross lending to commercial real estate as a share of corporate lending. National data from «Assessment of financial stability 2022». Data for individual banks are based on reported numbers in yearly reports.

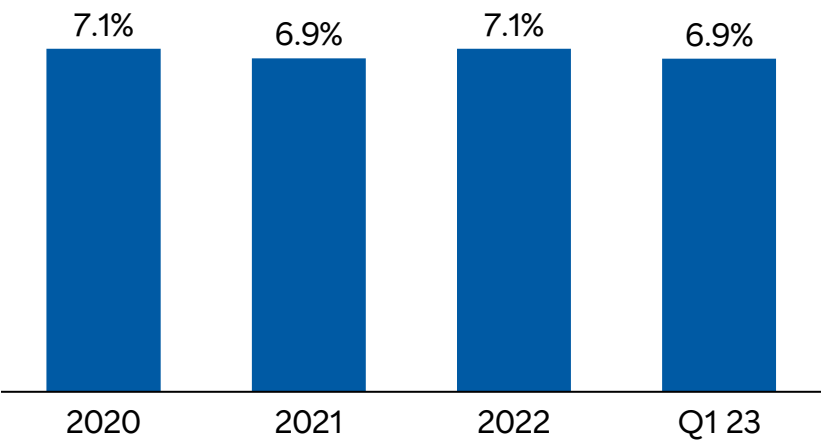
EAD commercial real estate by segment

Solidity

CET1 *



Leverage ratio



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

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First quarter 2023



Appendix



Commission income

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Product companies

Profit share after tax

Associated companies (after tax)

NOK mill, SMN's share in parentheses

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

Subsidiaries

Profit before tax

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

Return on financial investments

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

Equity certificate, key figures

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

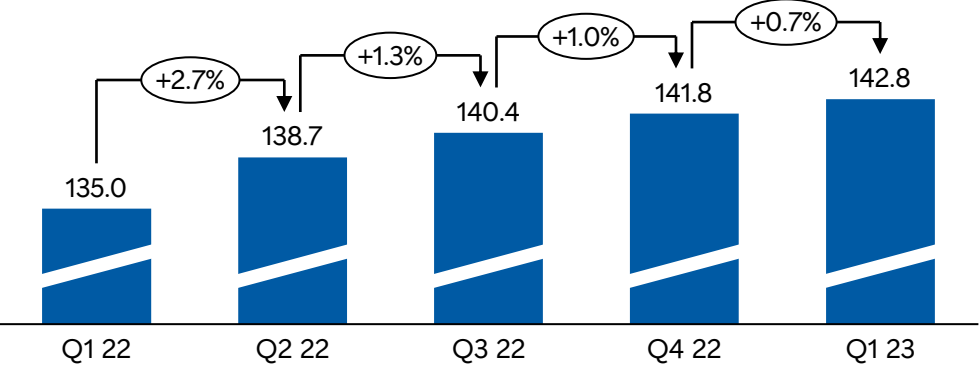
Balance sheet

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

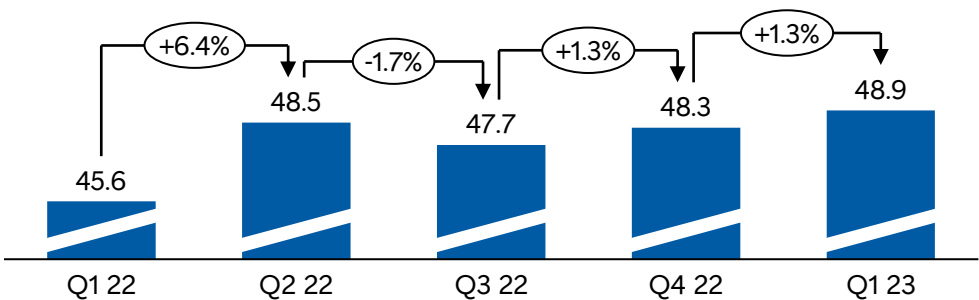
Quarterly growth

Retail banking

Lending

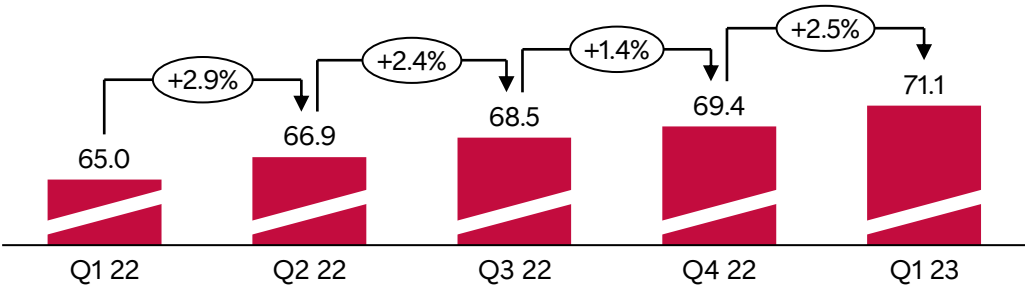


Deposits

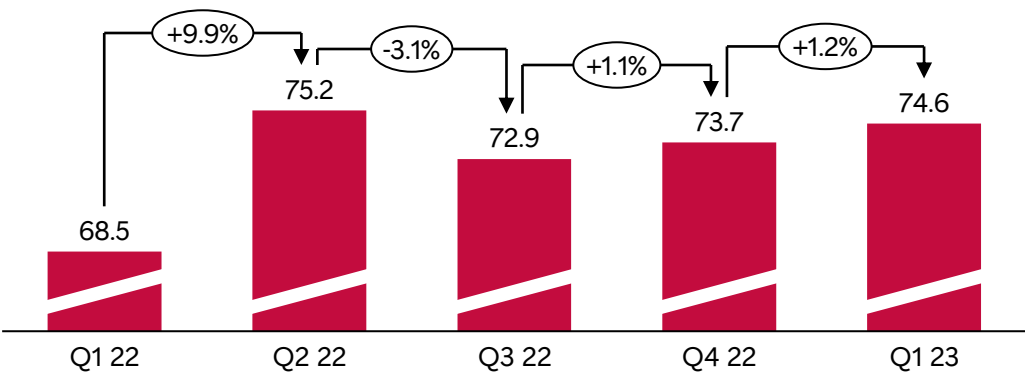


Corporate banking

Lending

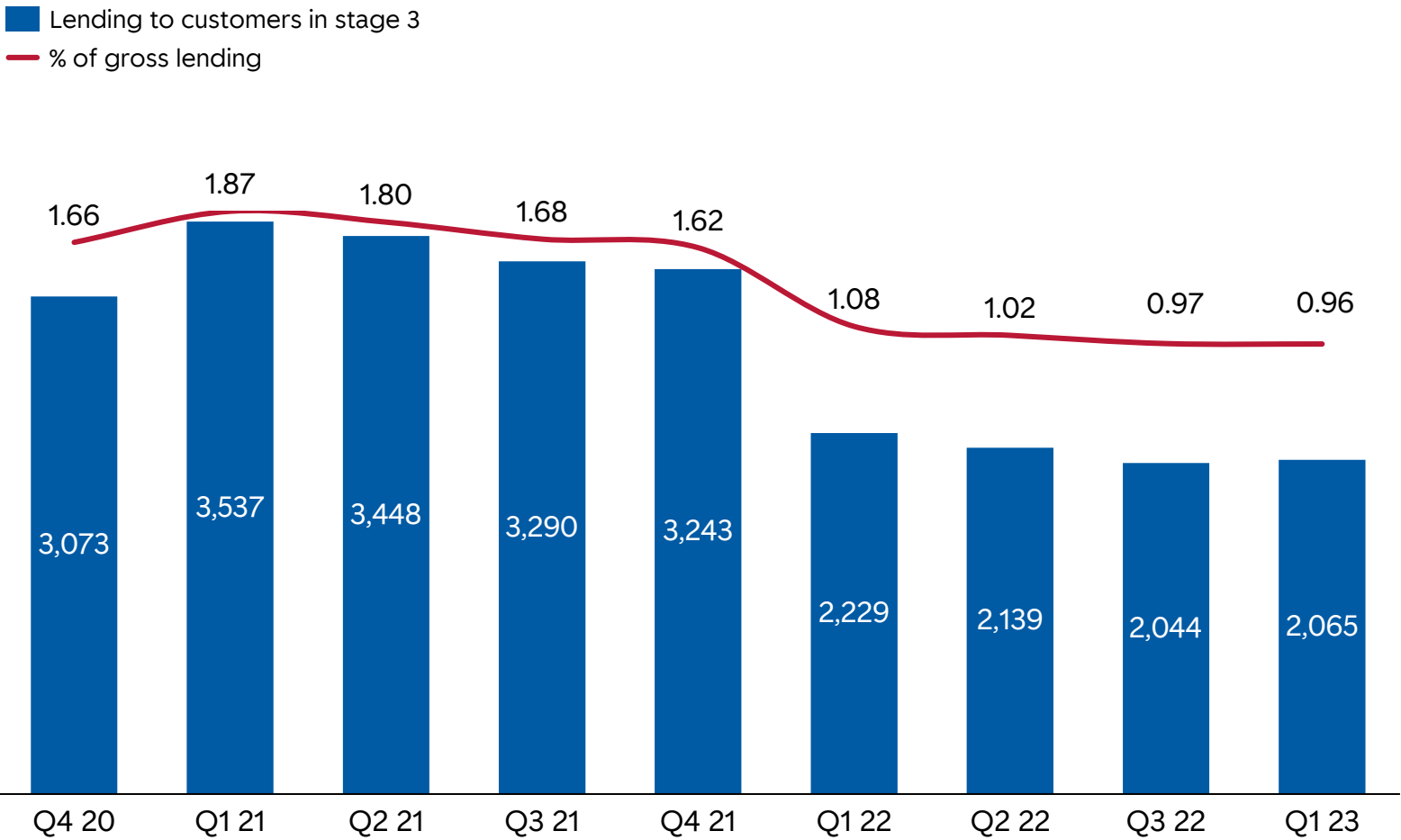


Deposits



Problem loans

Loans to customers in stage 3



Funding and liquidity

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

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

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

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

Maturity structure as at March 31 2023 (NOKbn)

