SpareBank 1 SMN
Bank
Eiendom
Regnskap

Second quarter 2024

August 8th , 2024

Photo: Trondheim

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

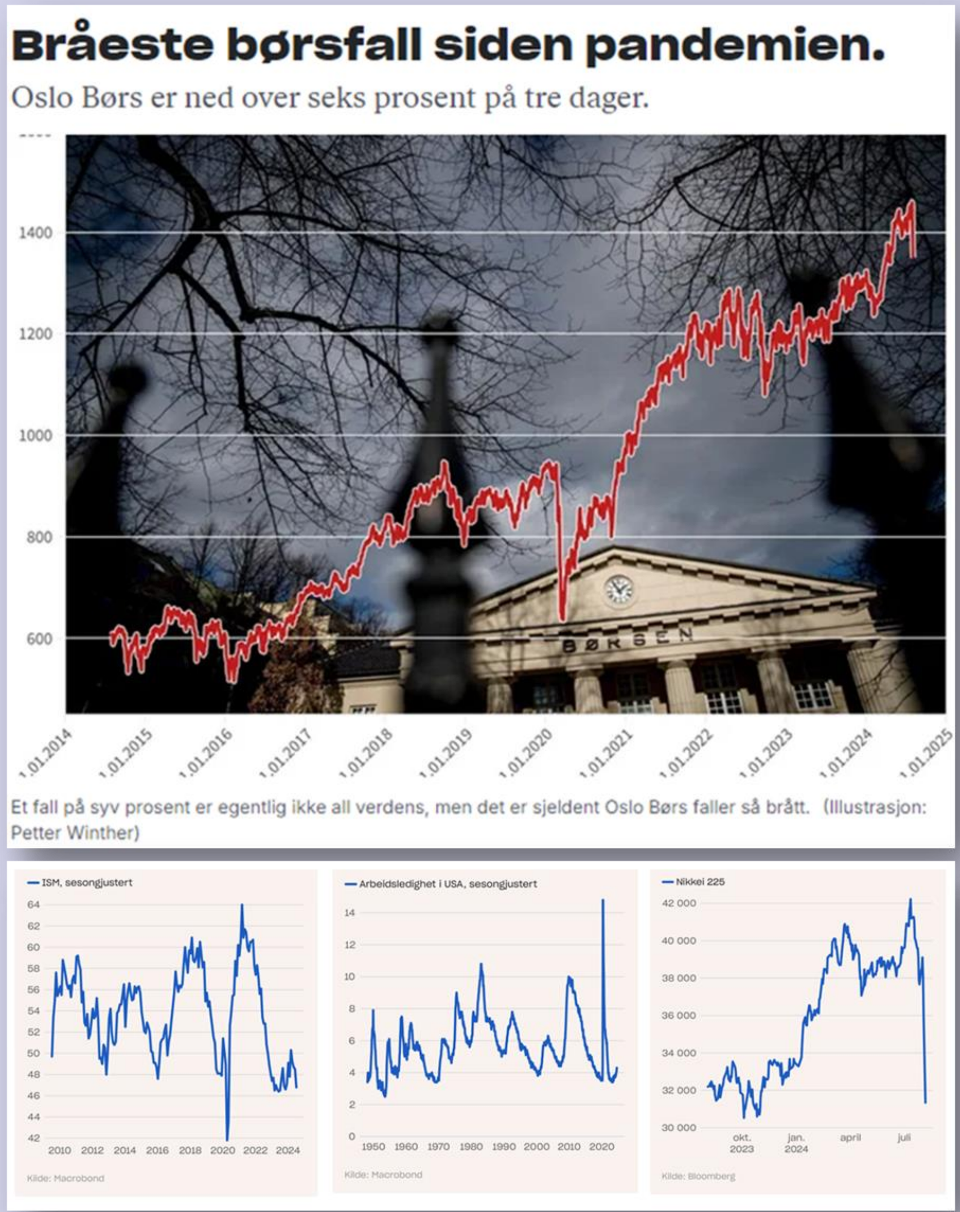
SpareBank 1 SMN is well equipped to handle volatile markets

- **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)

Faksmile: Dagens Næringsliv 05.08.2024

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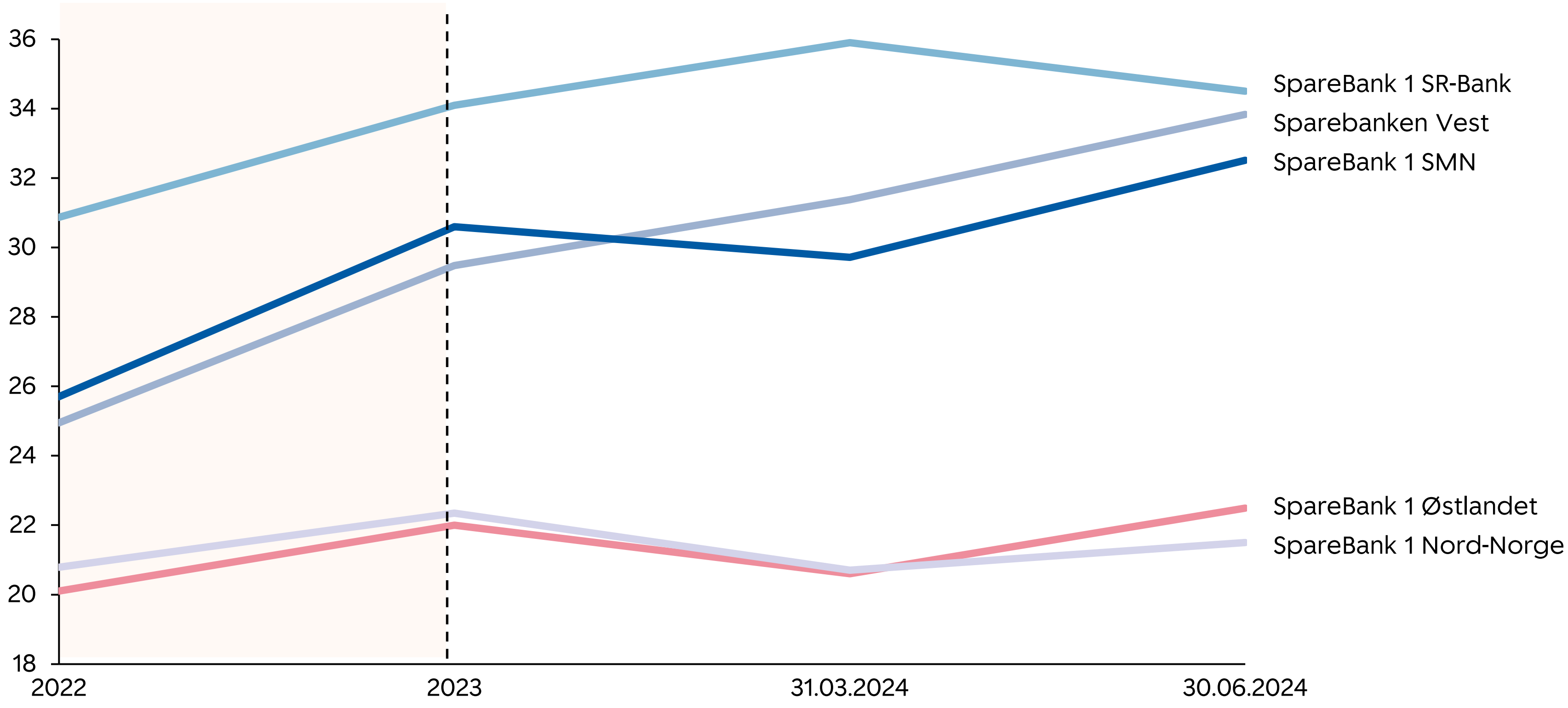
Market capitalisation largest savings banks

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

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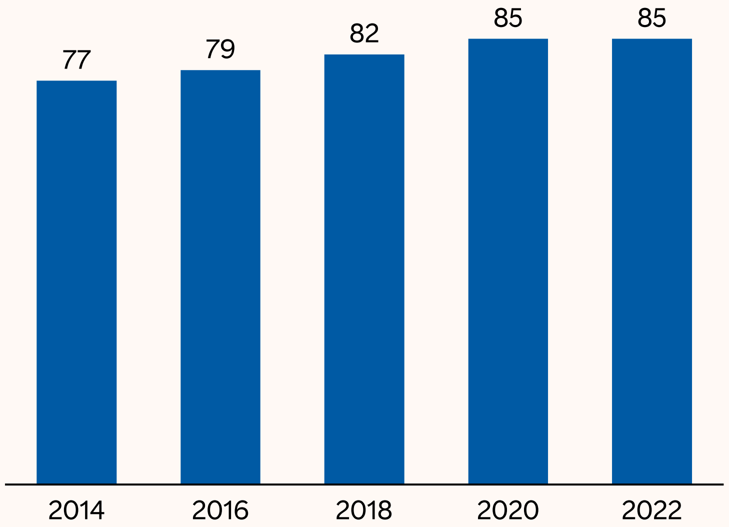
Collaboration in the SB1-Alliance and associated companies

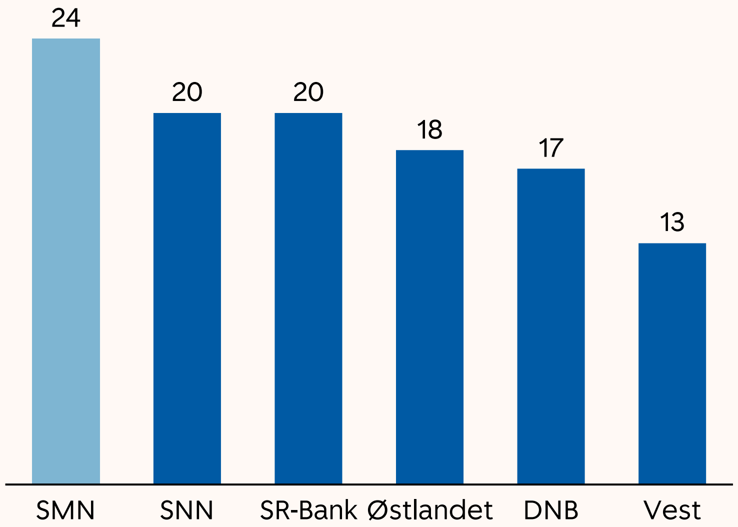
SpareBank 1 has leading digital solutions and the online bank has high customer satisfaction

Share of satisfied customers
(per cent)



Broad and profitable product range

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



Associated companies that succeed against international competition

vipps

- Succeeding against Apple Pay
- 11 million users
- 400,000 stores

bank axept
bankID

- Succeeding against VISA
- 10,000 user sites
- 80% of payments in stores

Eiendomsverdi®

- Succeeding against other prop tech
- 208 NOKm revenue and 83 NOKm result in 2023

Sources: SB1 TRIM survey 2022, SB1 Alliance

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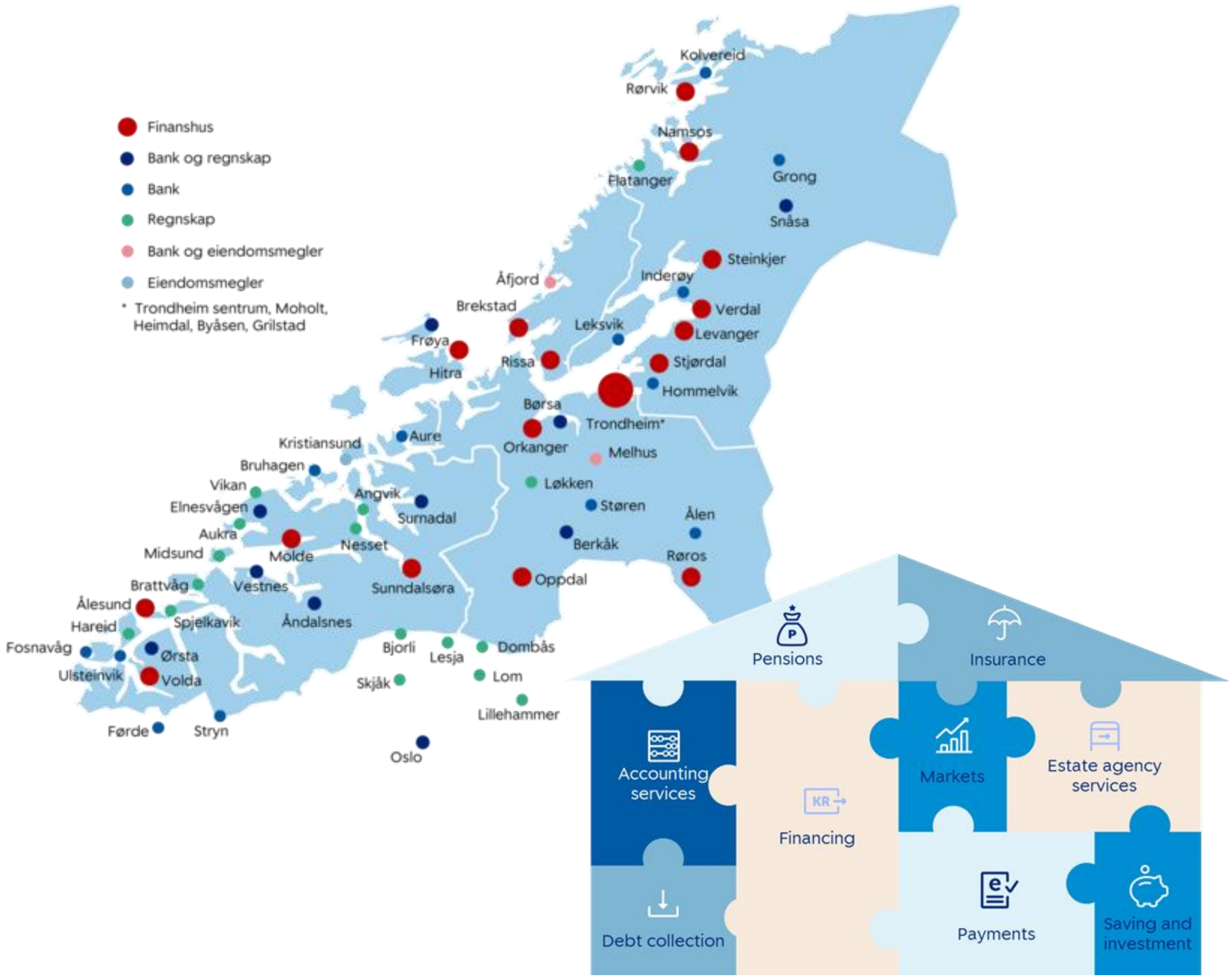
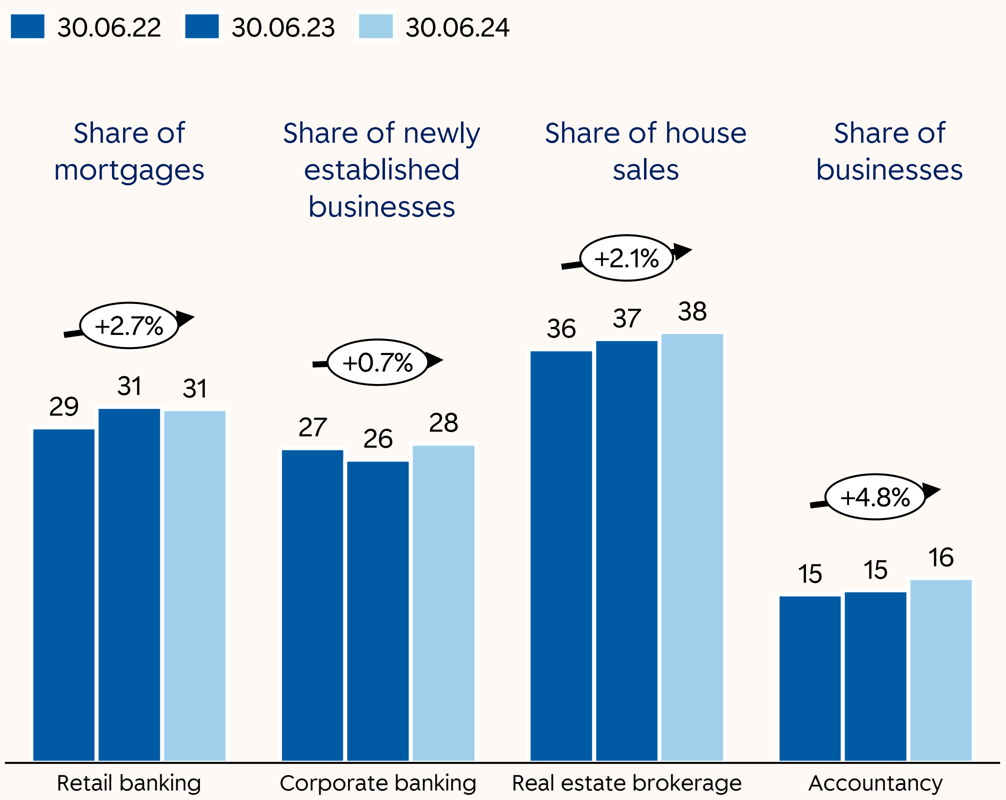
Norway's most complete finance centre

Local presence, digital solutions and regional knowledge



Market share per business area*



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

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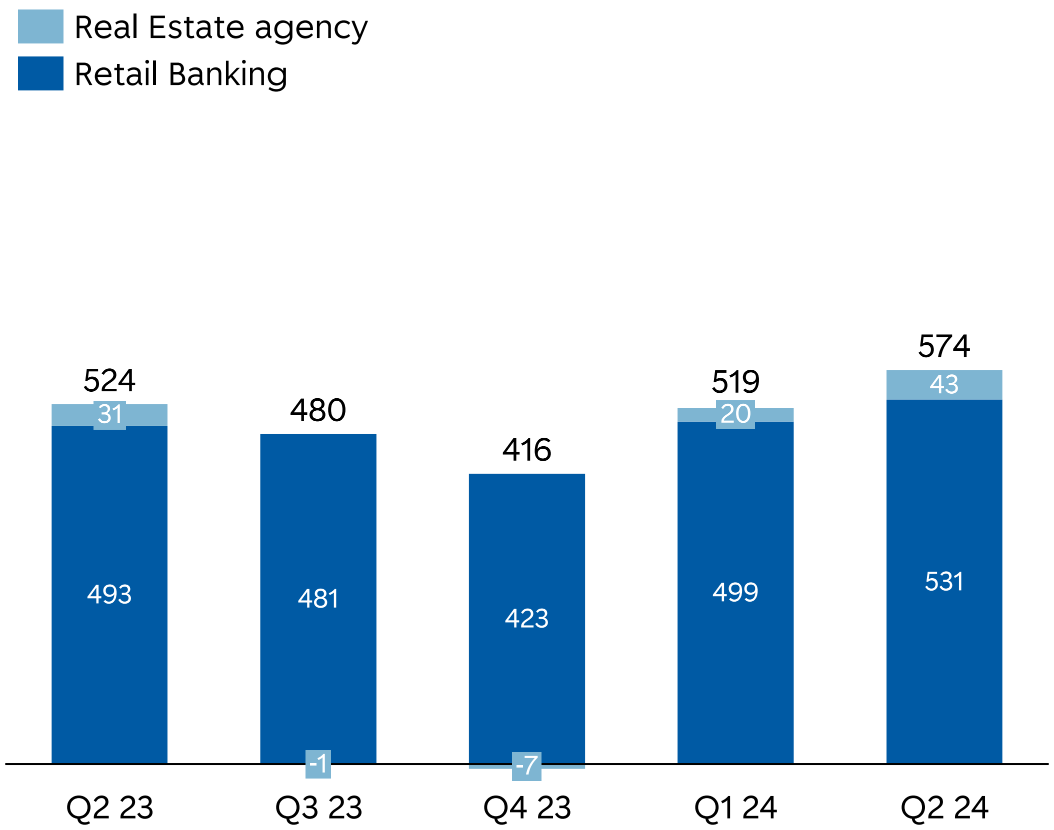
Strong results across the group

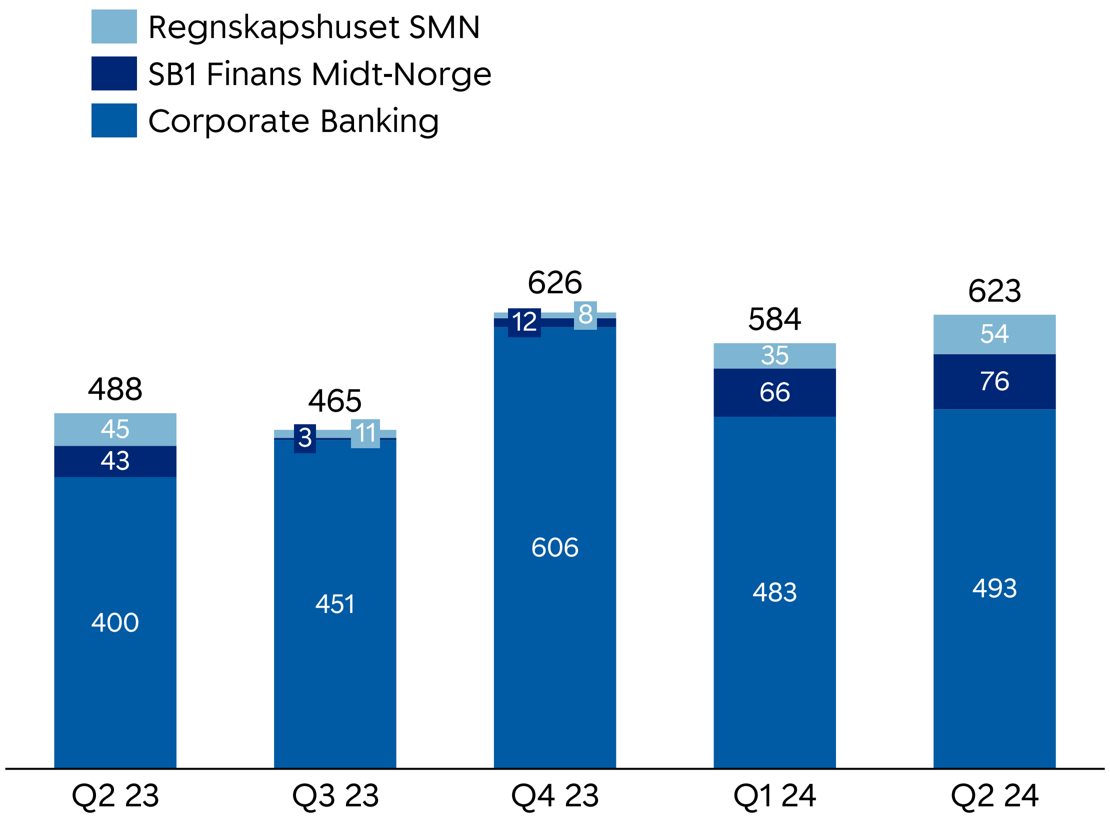
Personal market

Profit before tax (NOKm)



Corporate market

Profit before tax (NOKm)



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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 Strümke, researcher at NTNU

- SMN and NTNU have entered collaboration to strenghten 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.

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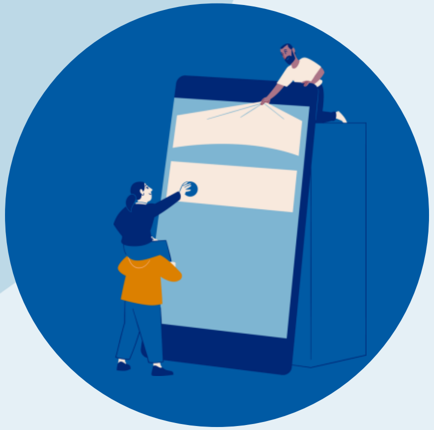
Group strategy 'One SMN' stands firm

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

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Financial Information

Second quarter 2024

Trond Søraas, CFO

Photo: Trondheim

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

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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

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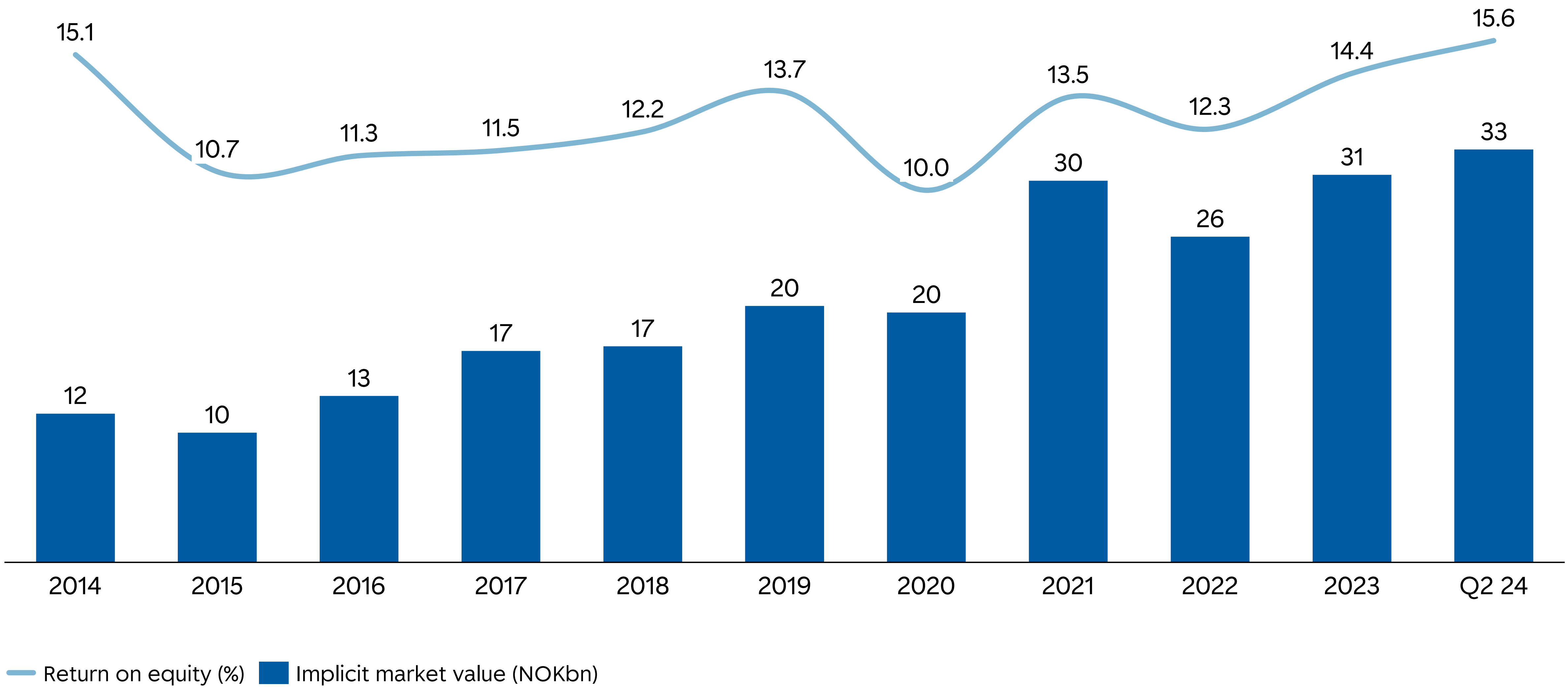
High value creation over time



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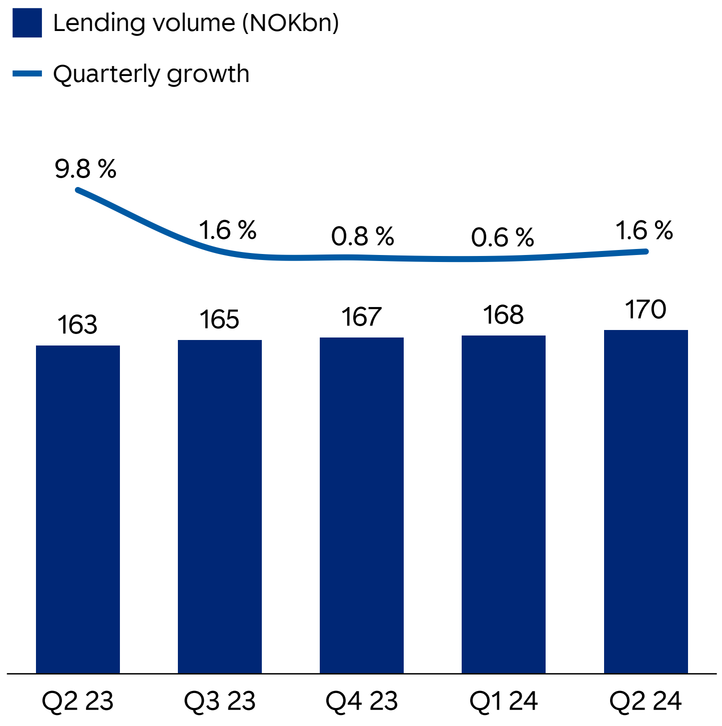
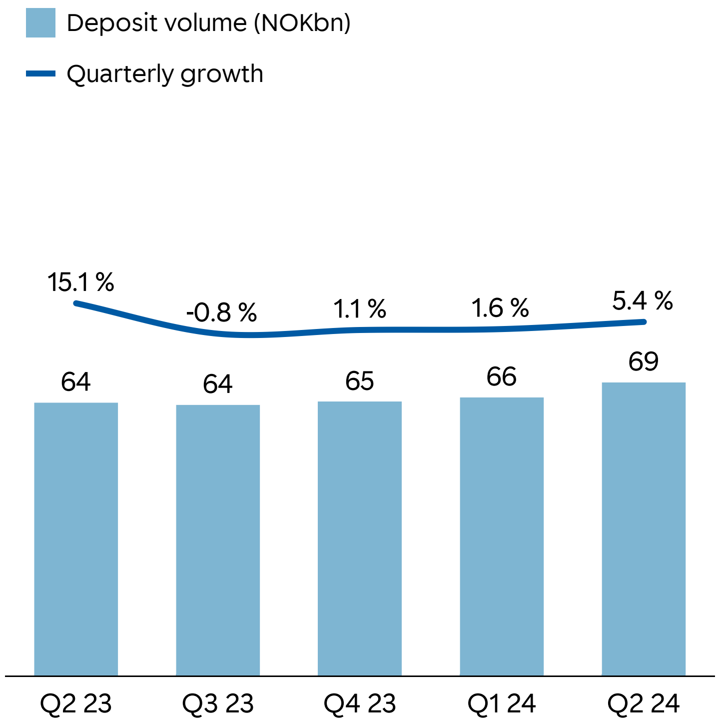
Growth and margins in Retail Banking - quarterly

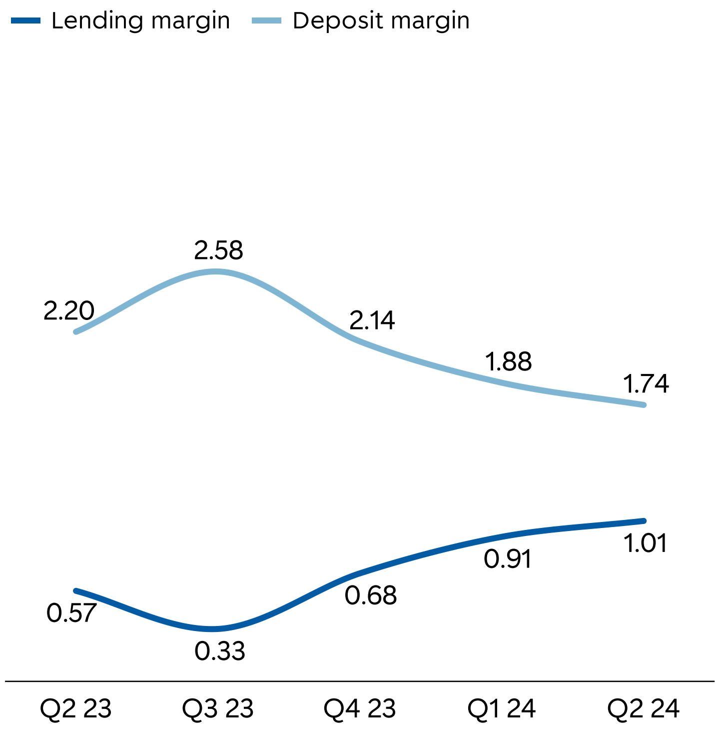
Lending volume (NOKbn)



Deposit volume (NOKbn)



Margins vs NIBOR3M



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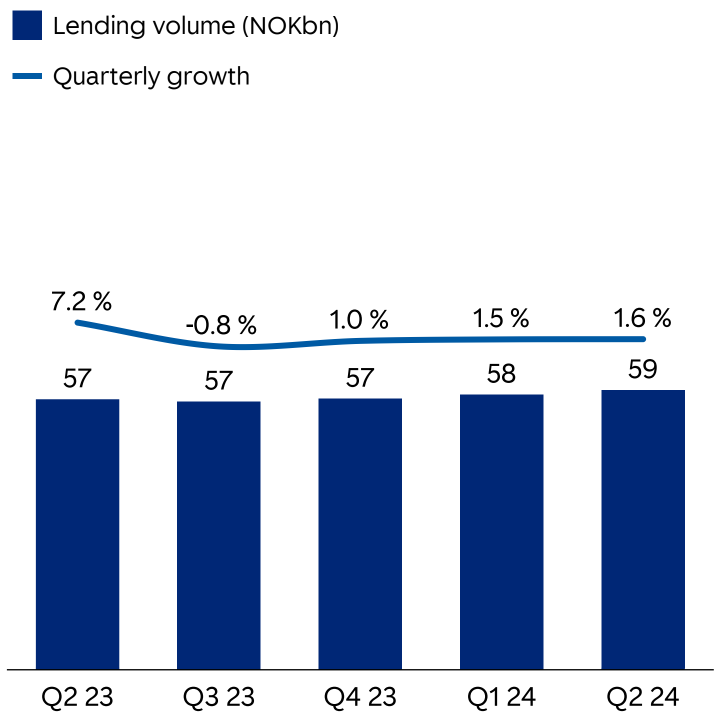
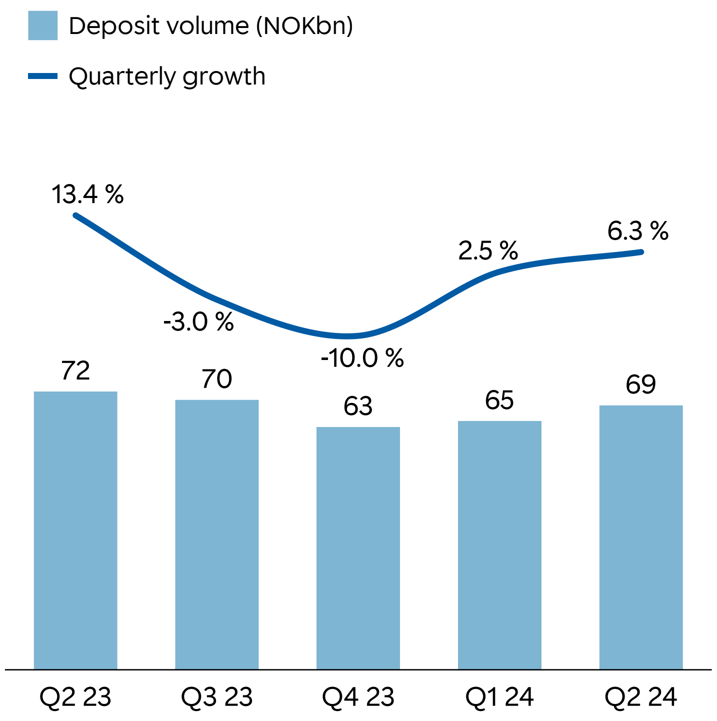
Growth and margins in Corporate Banking - quarterly

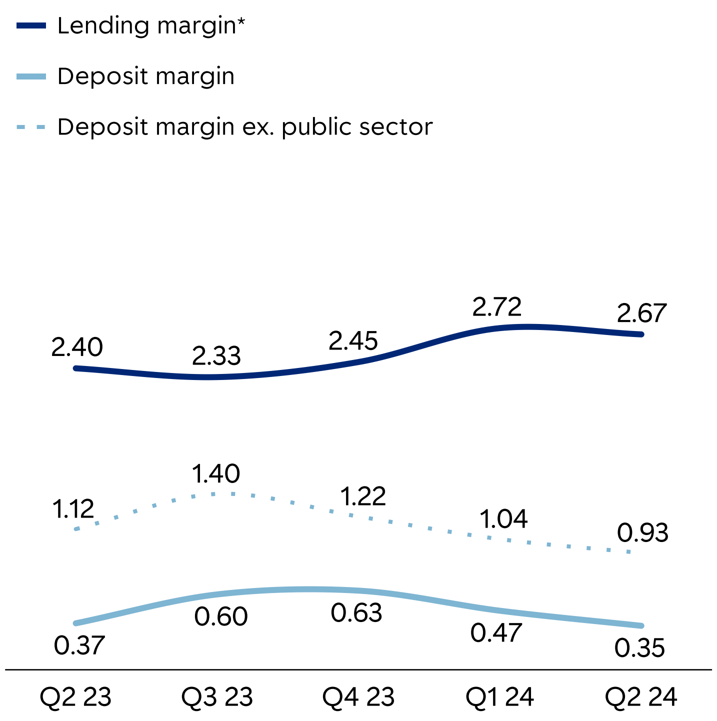
Lending volume (NOKbn)



Deposit volume (NOKbn)



Margins vs NIBOR3M



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

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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
Operating Income	**2,008**	**1,908**	**1,844**	**1,710**	**1,671**	**100**	**337**
Total operating expenses	818	782	866	741	683	37	136
Pre-loss result of core business	**1,190**	**1,126**	**978**	**969**	**988**	**63**	**201**
Losses on loans and guarantees	47	24	20	35	29	23	18
Post-loss result of core business	**1,143**	**1,103**	**958**	**934**	**959**	**40**	**184**
Related companies	148	194	90	-2	85	-45	64
Securities, foreign currency and derivates	5	57	448	64	2	-52	3
Result before tax	**1,296**	**1,353**	**1,496**	**996**	**1,045**	**-57**	**251**
Tax	276	273	262	278	159	4	117
Result investment held for sale	-5	3	12	22	37	-8	-41
Net profit	**1,015**	**1,084**	**1,247**	**740**	**923**	**-69**	**92**
Return on equity	**15.4 %**	**16.0 %**	**18.3 %**	**11.1 %**	**15.1 %**	**-0.6 %**	**0.4 %**

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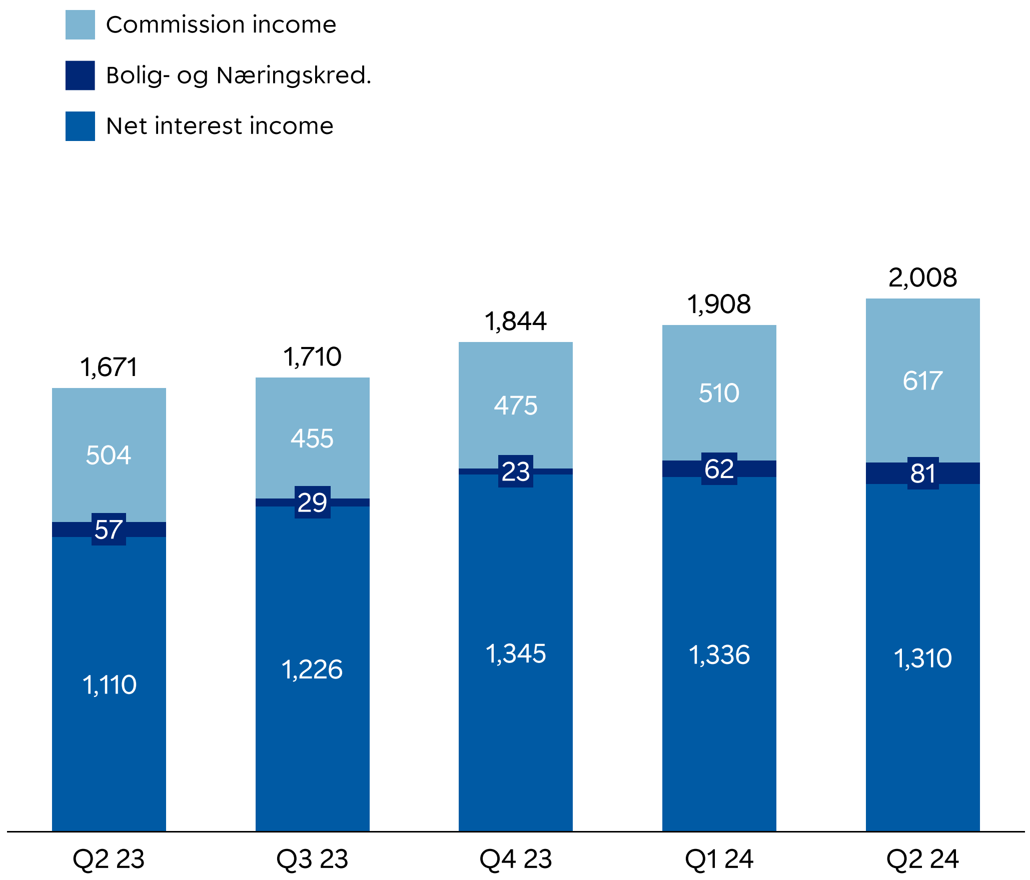
Income

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
Commissions ex. Bolig/Næringskredit	**617**	**510**	**475**	**455**	**504**	**107**	**113**
Commissions Boligkreditt (cov. bonds)	78	59	19	25	53	19	24
Commissions Næringskred. (cov. bonds)	4	4	4	4	4	0	0
Total commission income	**698**	**572**	**498**	**484**	**561**	**126**	**138**

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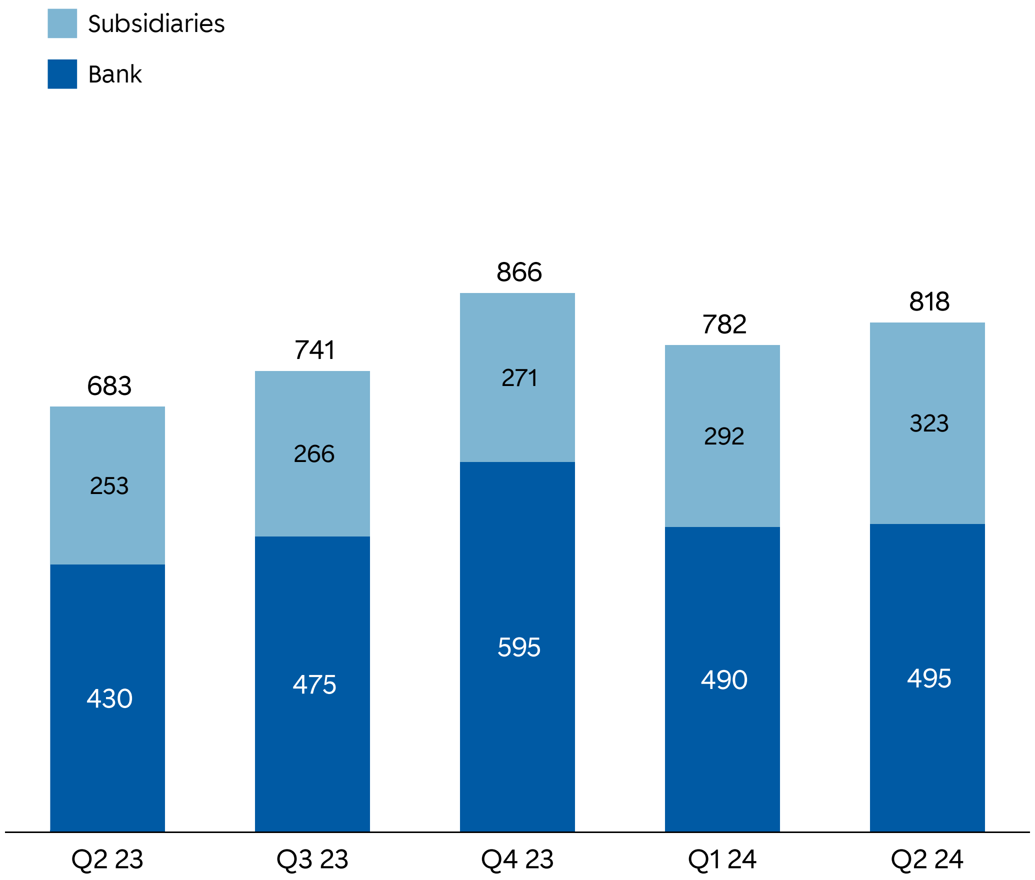
Costs

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
Total operating expenses	**818**	**782**	**866**	**741**	**683**	**37**	**135**

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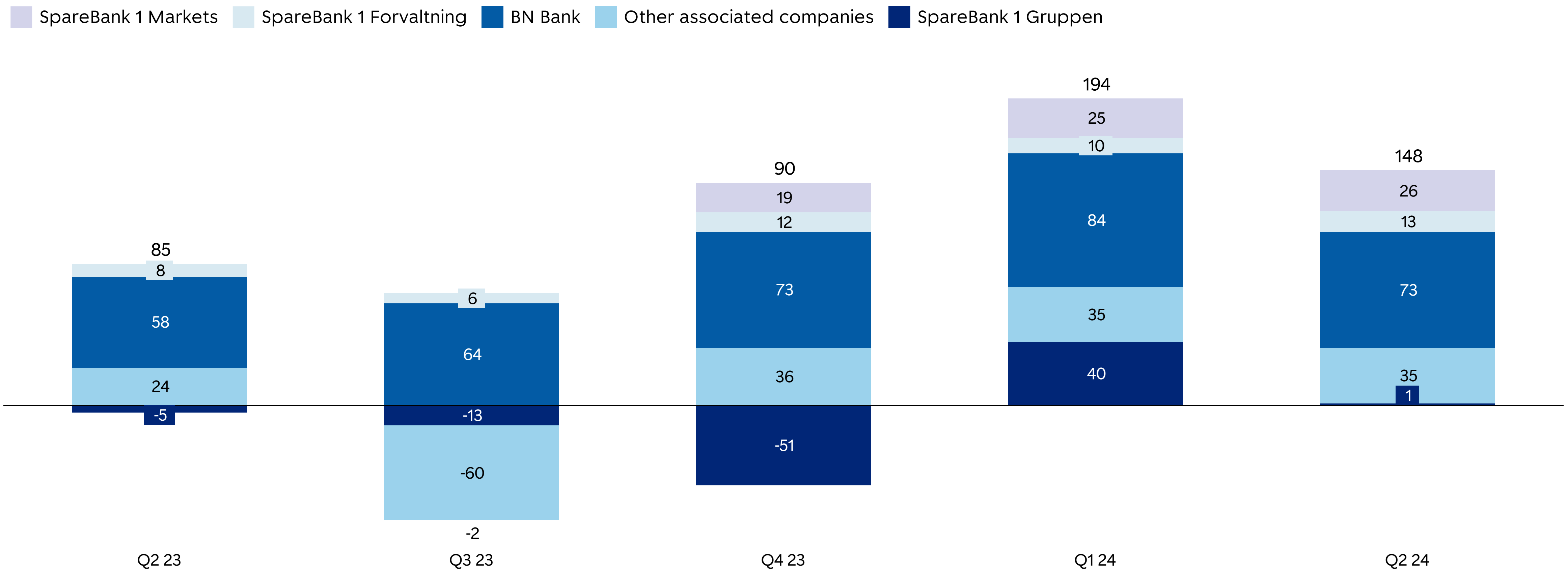
Broad product range and diversified income platform

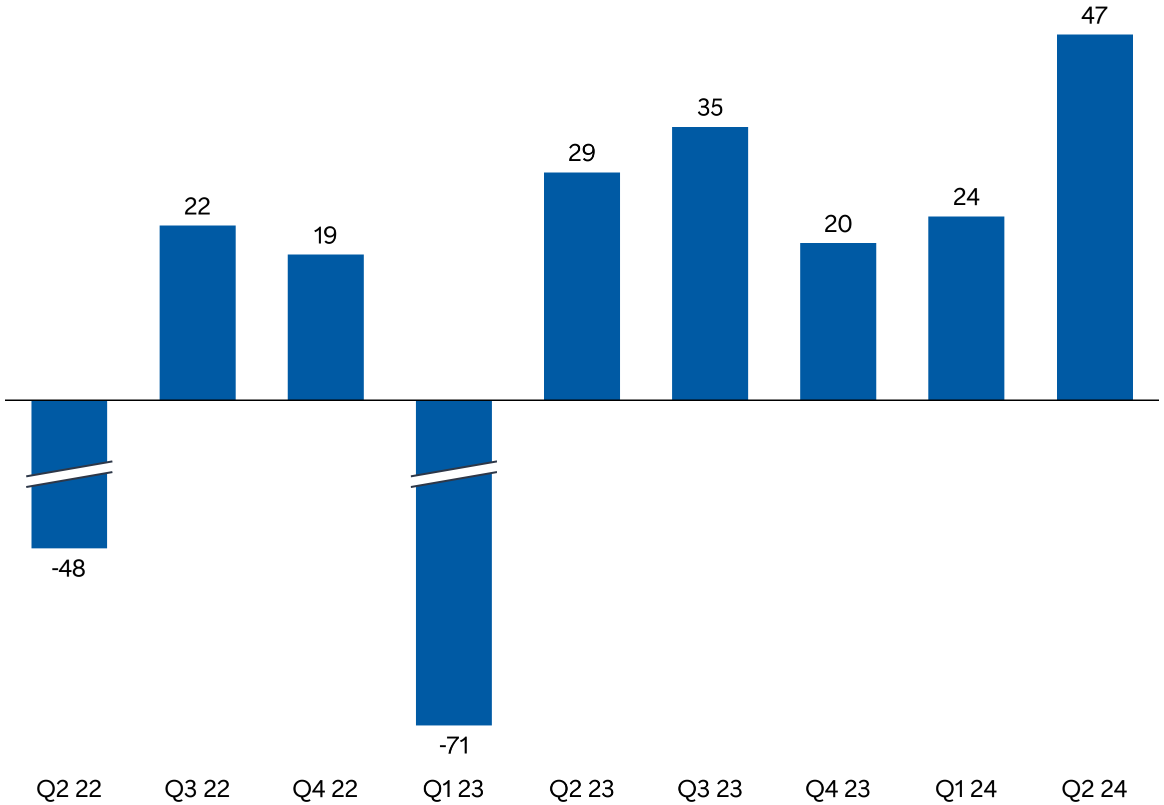
Ownership interests

Profit after tax (NOKm)

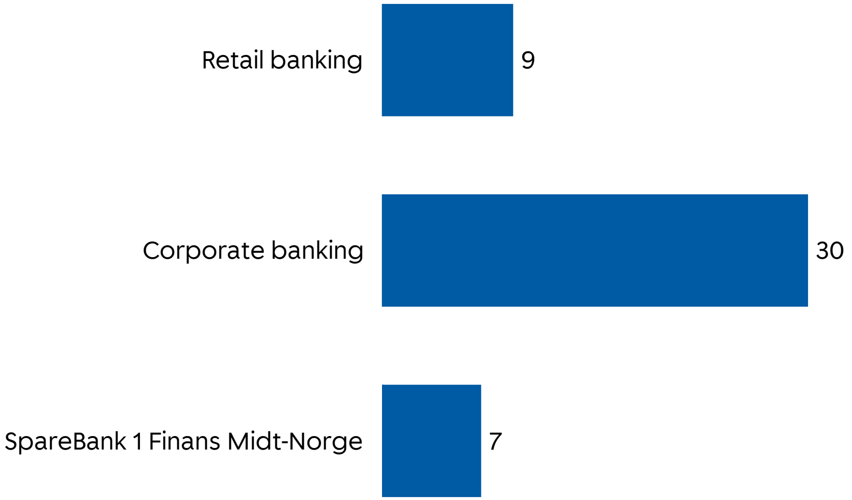


Losses

Loan losses (NOKm)



Distribution of losses Q2 (NOKm)



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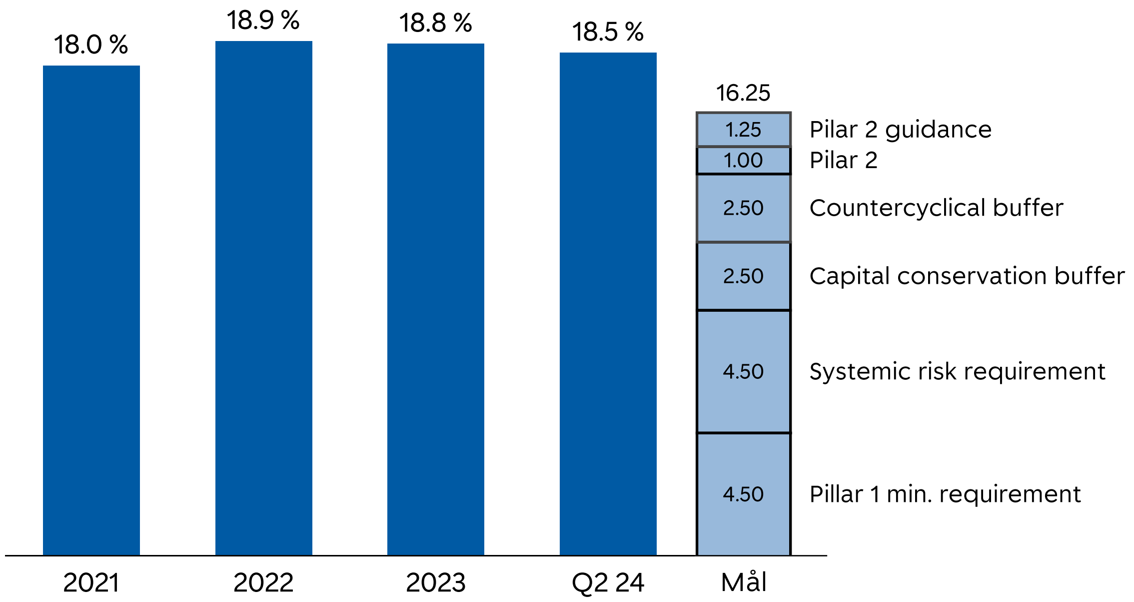
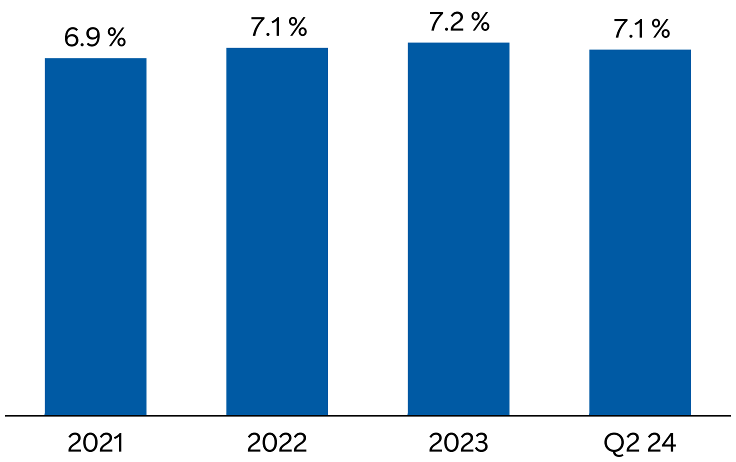
Solidity

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%

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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

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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.

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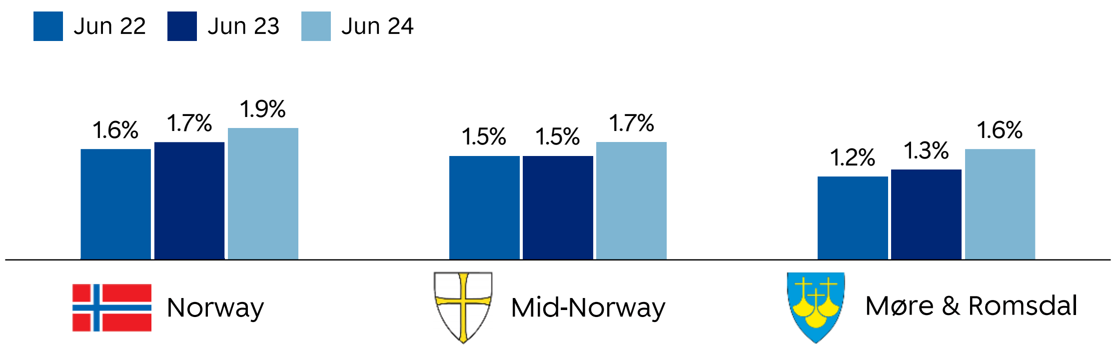
Appendix

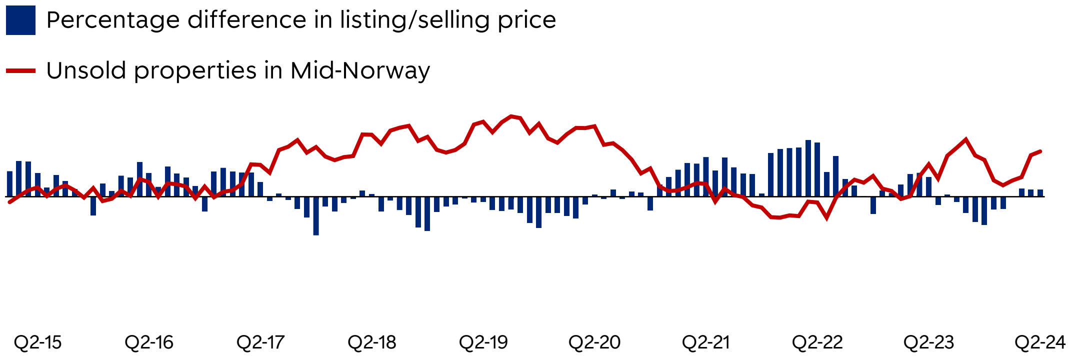
Macro in Mid-Norway

Unemployment

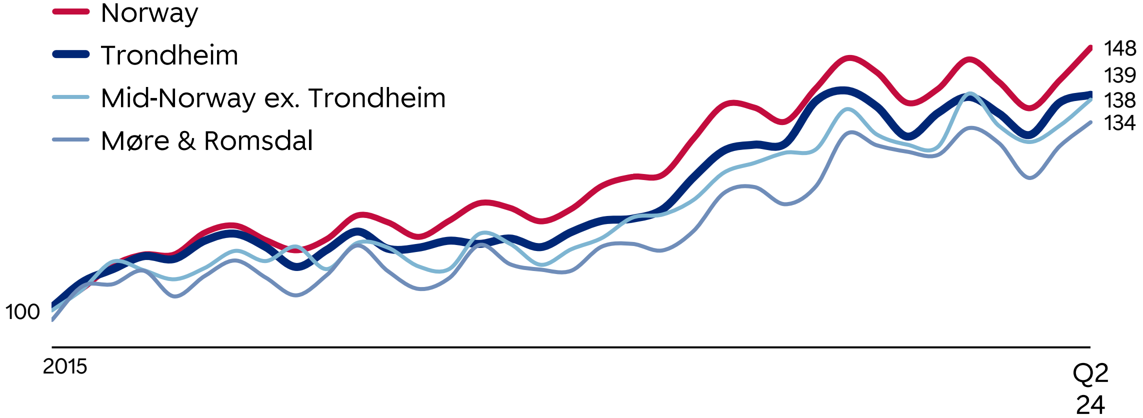
Wholly unemployed as a percentage of the labor force



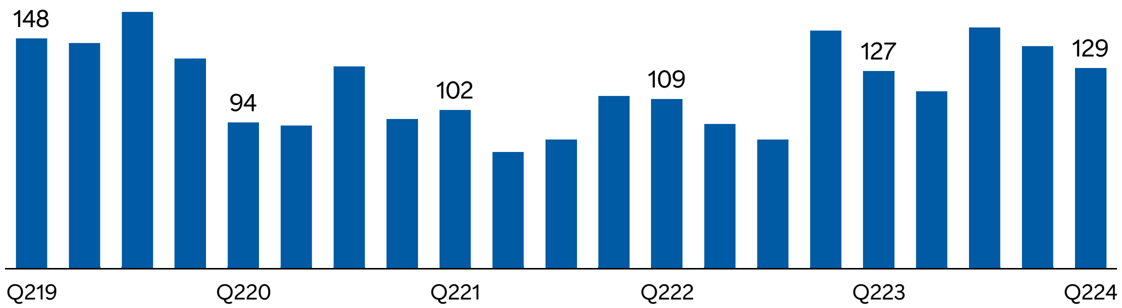
Housing market dynamics



Development in housing prices



Number of bankruptcies in Trøndelag, Møre & Romsdal



Source: NAV, SSB, Brønnøysundregisteret and Eiendomsverdi

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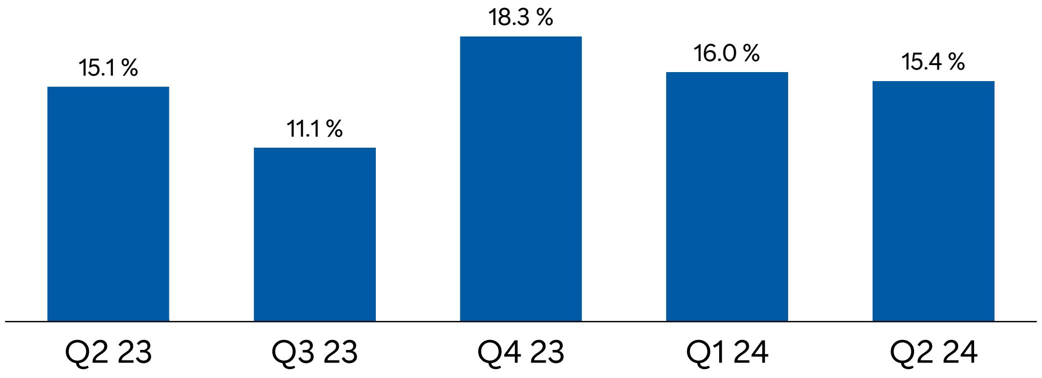
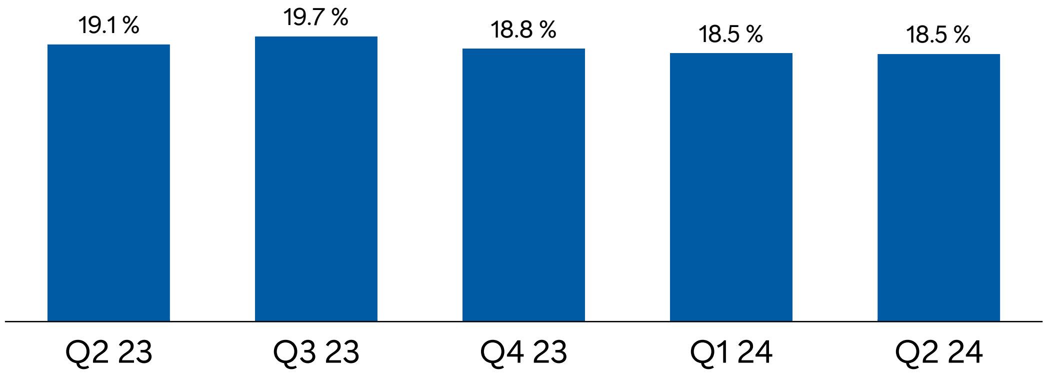
Profitable and solid

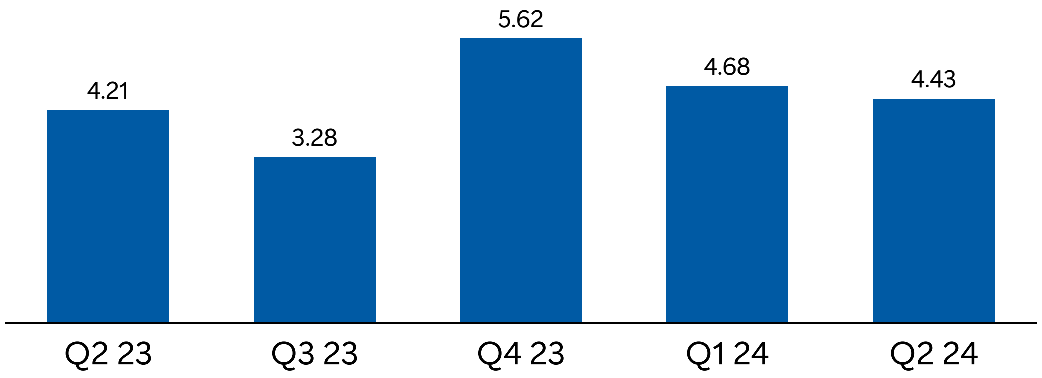
Return on equity



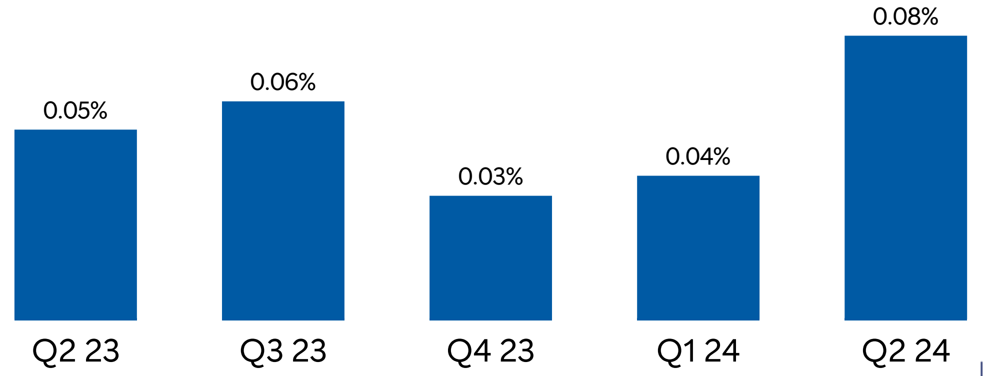
CET1 ratio



Result per ECC



Loan losses in per cent of total lending



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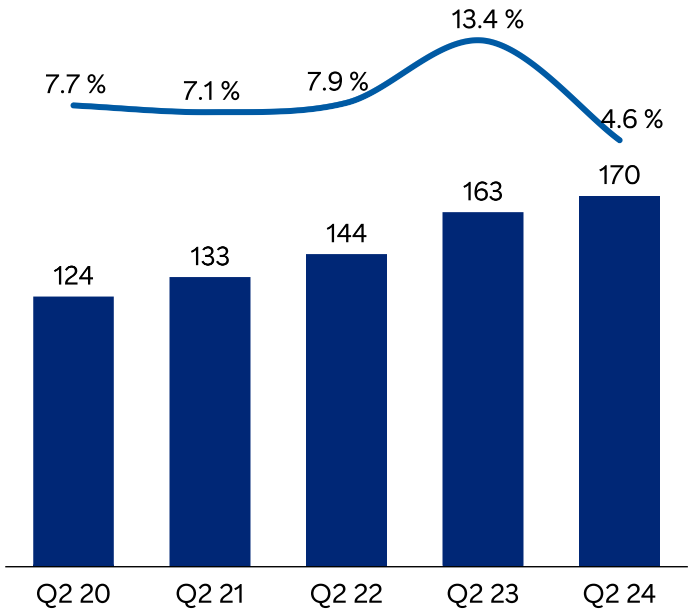
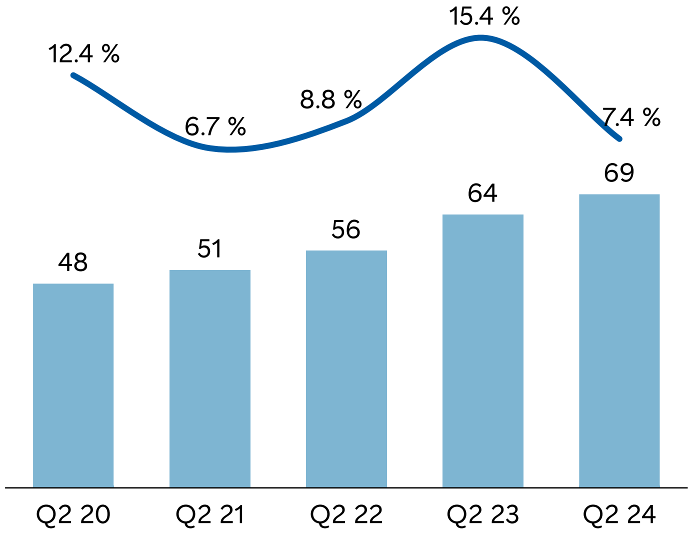
Growth and margins in Retail Banking - Yearly

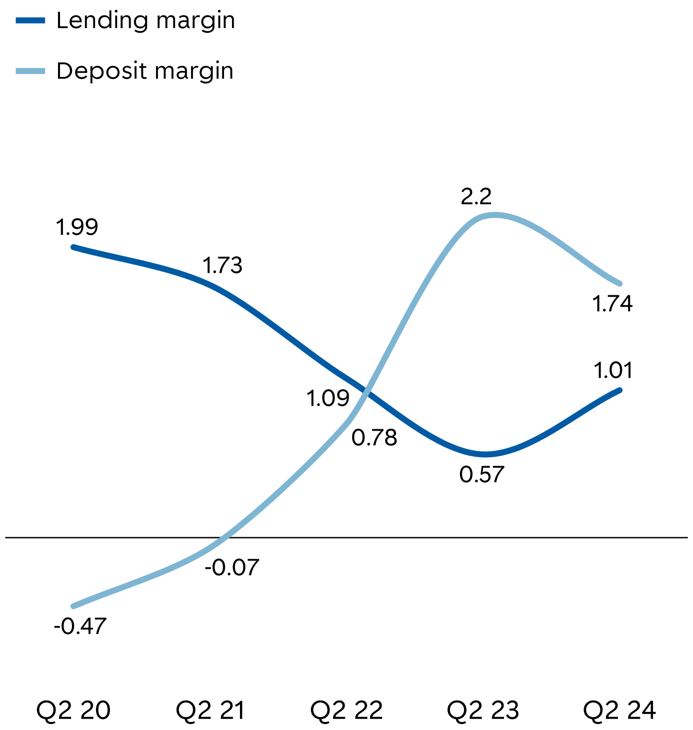
Lending volume (NOKbn)



Deposit volume (NOKbn)

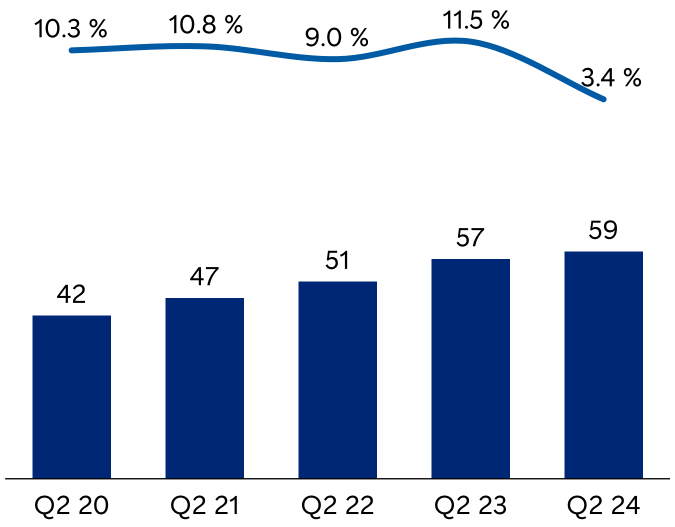


Margins vs NIBOR3M

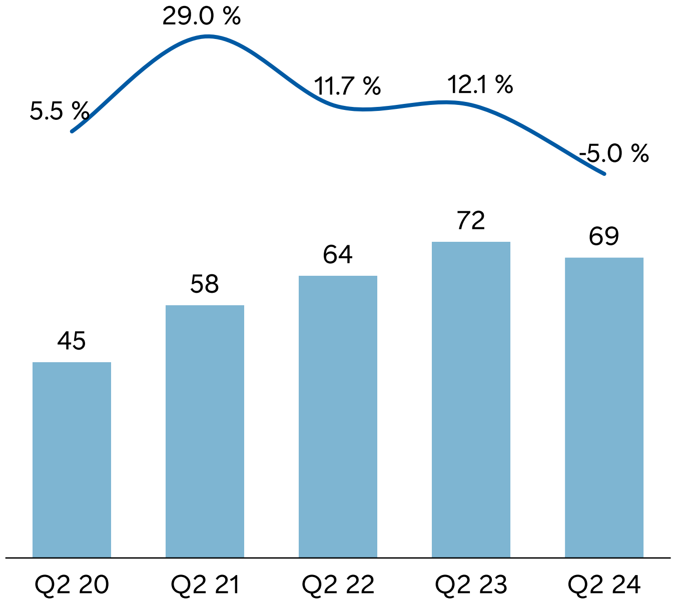


Growth and margins in Corporate Banking - Yearly

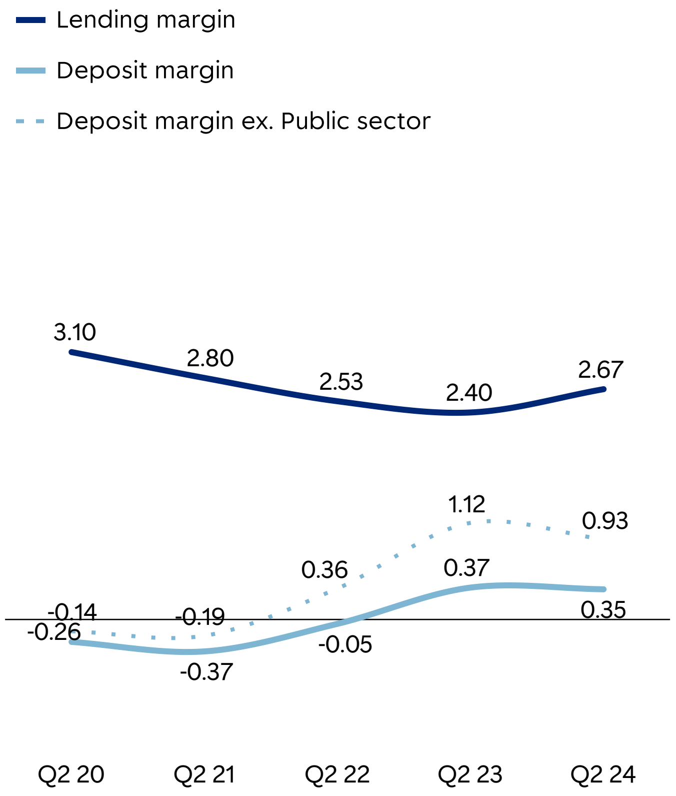
Lending volume (NOKbn)



Deposit volume

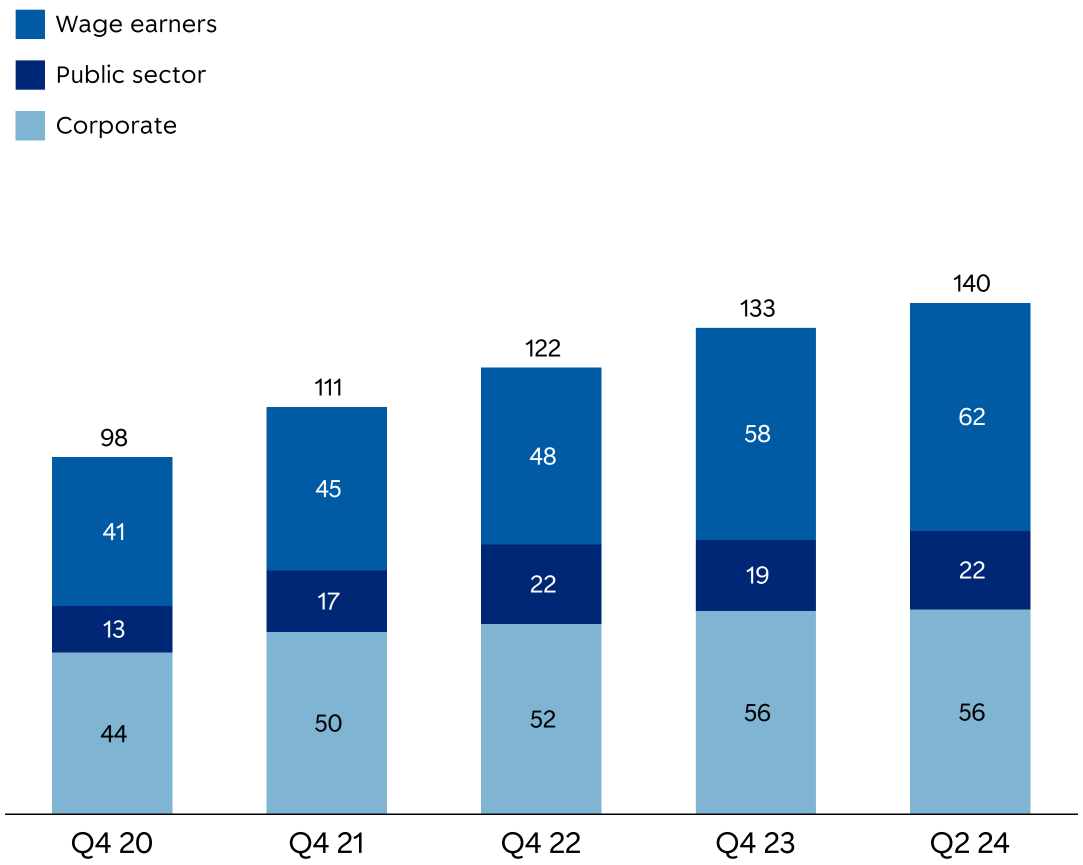


Margins vs NIBOR3M

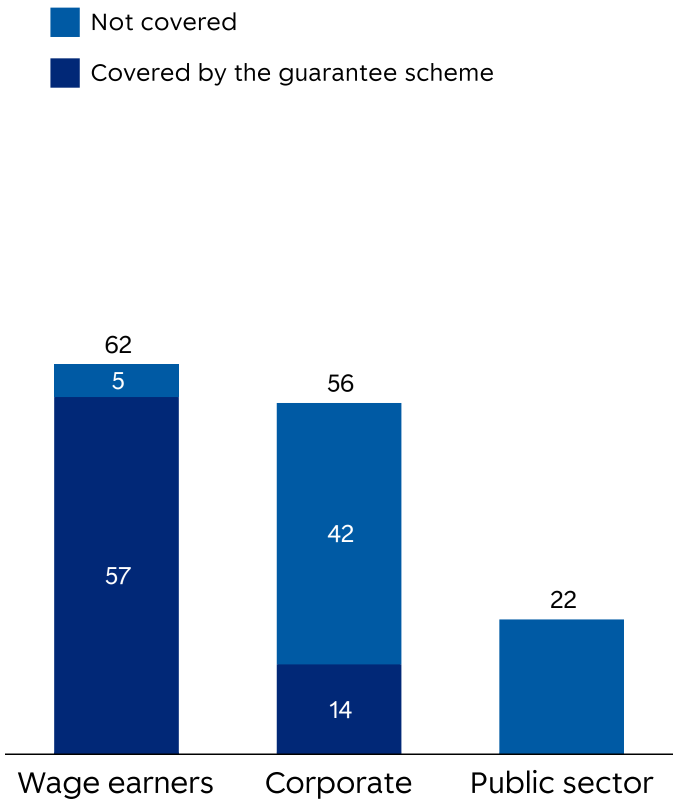


Diversified deposit portfolio

Deposits by sector (NOKbn)



Deposits covered by the deposit guarantee scheme (NOKbn)



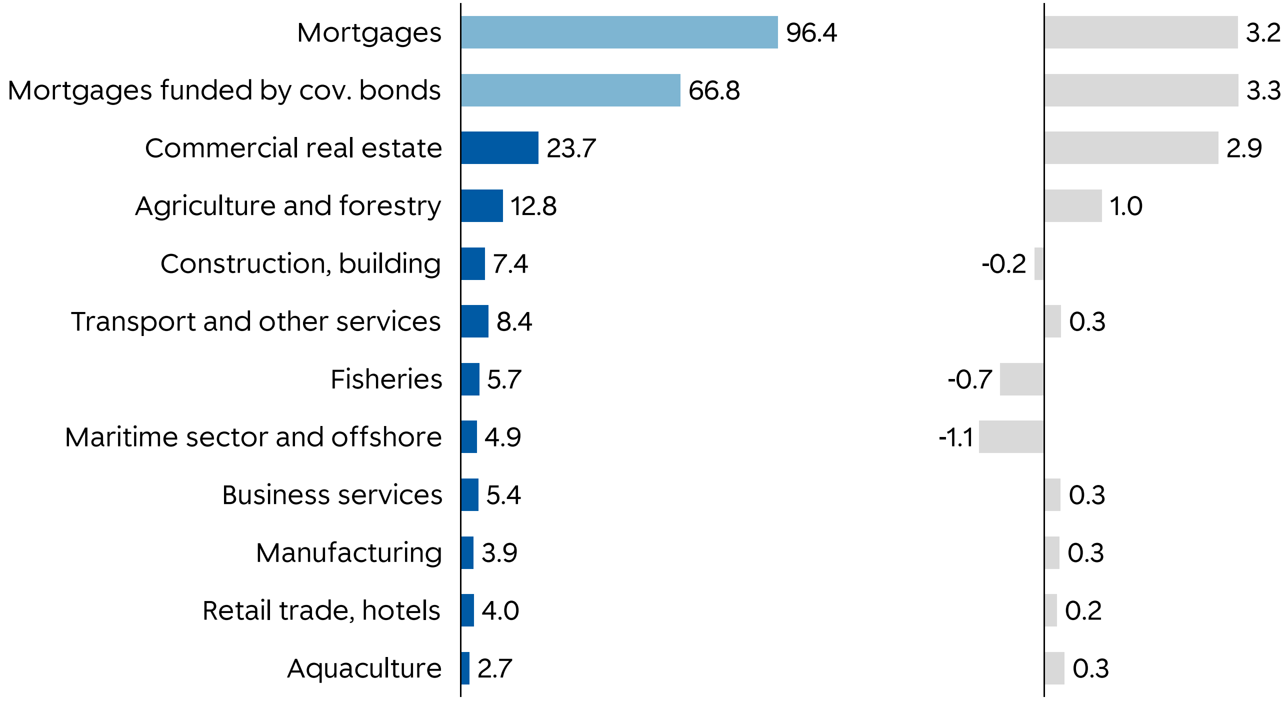
Public deposits are not covered by the guarantee scheme, but are mostly bound by contractual obligations

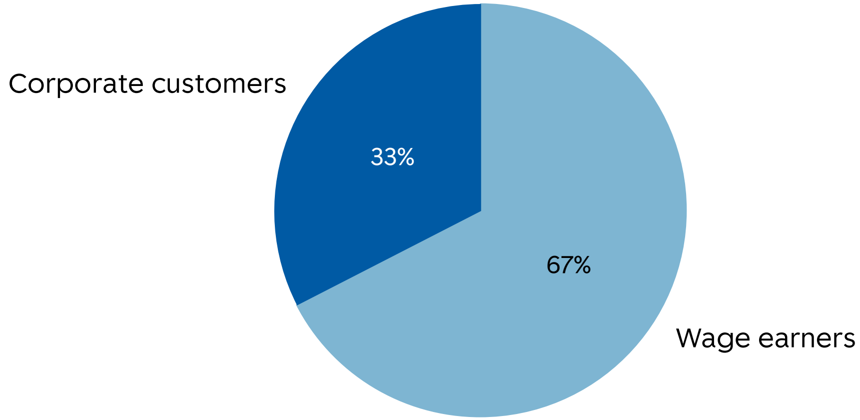
LCR as at 30.06.24 (per cent)

LCR: Liquidity Coverage Ratio

Well diversified lending portfolio dominated by mortgages

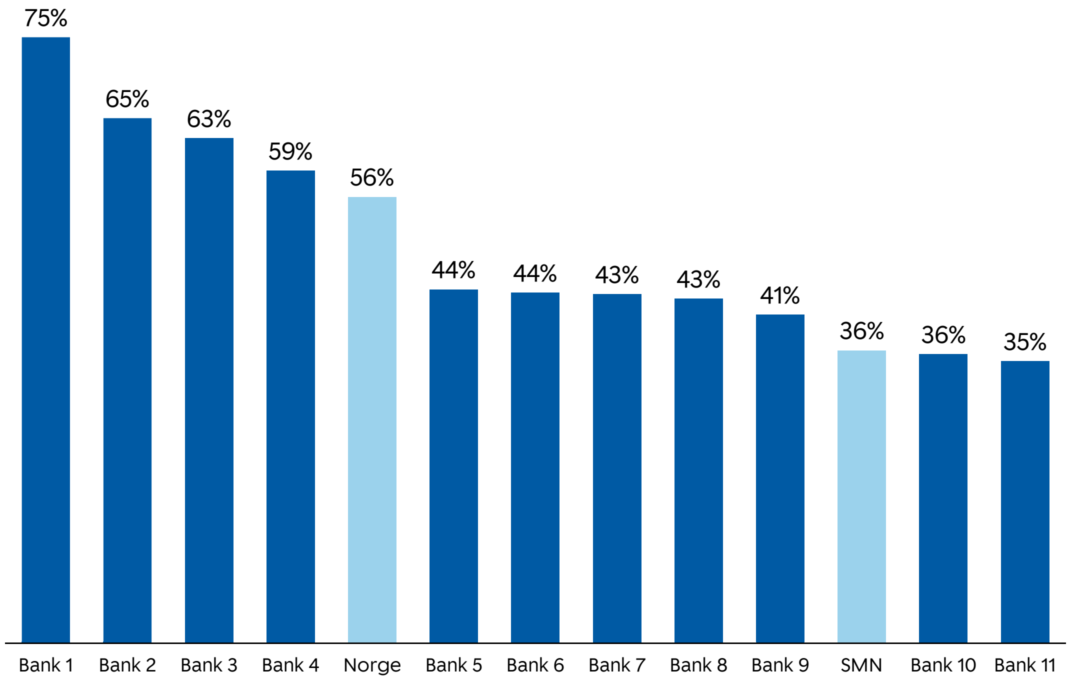
Loans per sector
as at 30 june 2024 and change last 12 months (NOKbn)





Commercial property, construction, building

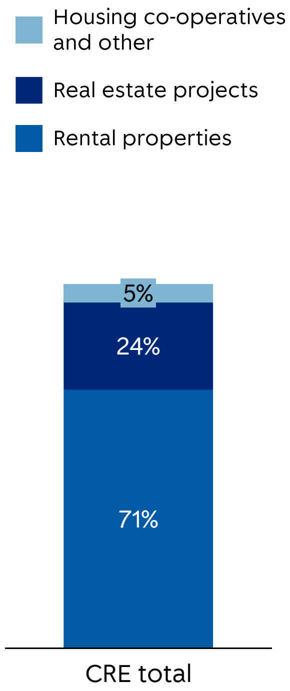
Share of commercial real estate exposure in the corporate lending book*



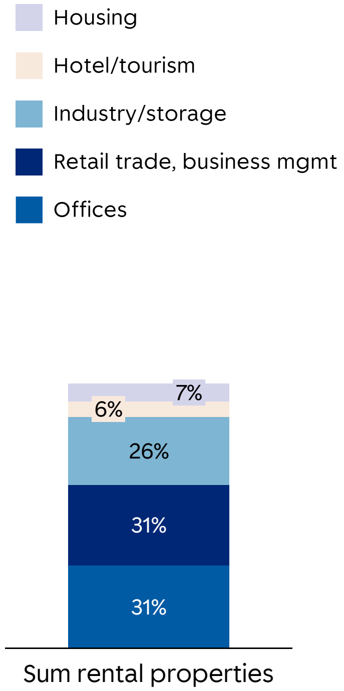
*Gross lending to commercial real estate as a share of corporate lending.. National data from SSB. Data for individual banks are based on reported numbers as at Q1 2024

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

Distribution of property per Q224

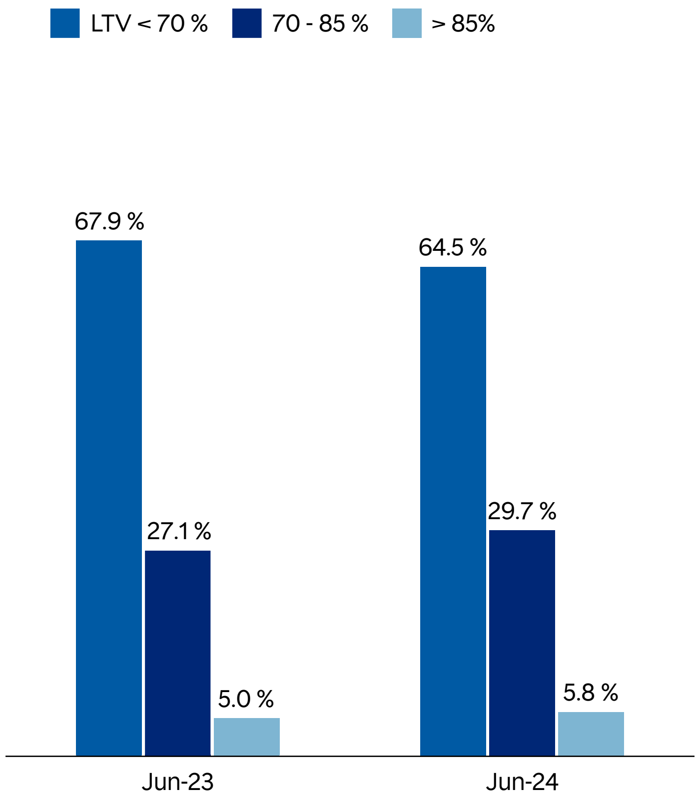


Distribution of area per 2023

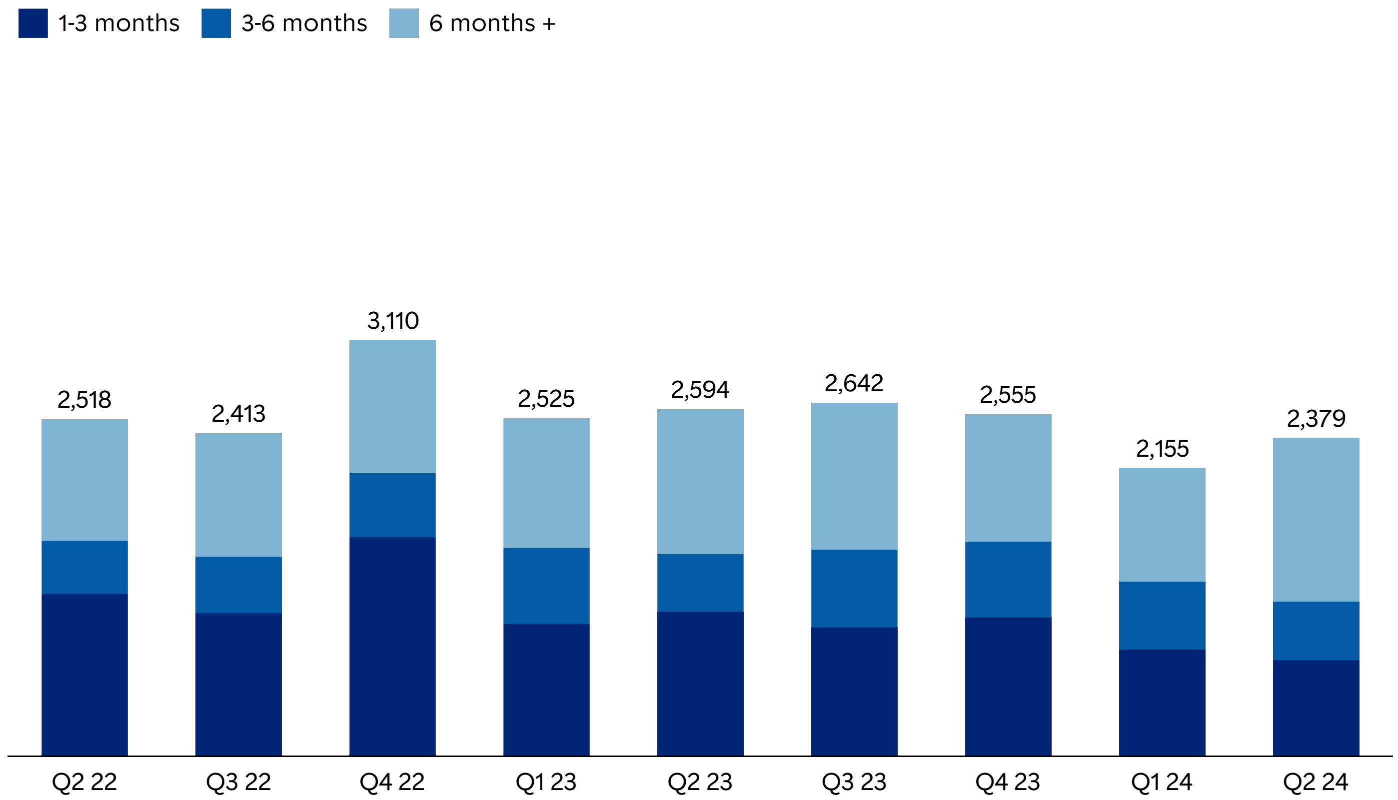


Robust mortgage portfolio

Loan-to-value ratio 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



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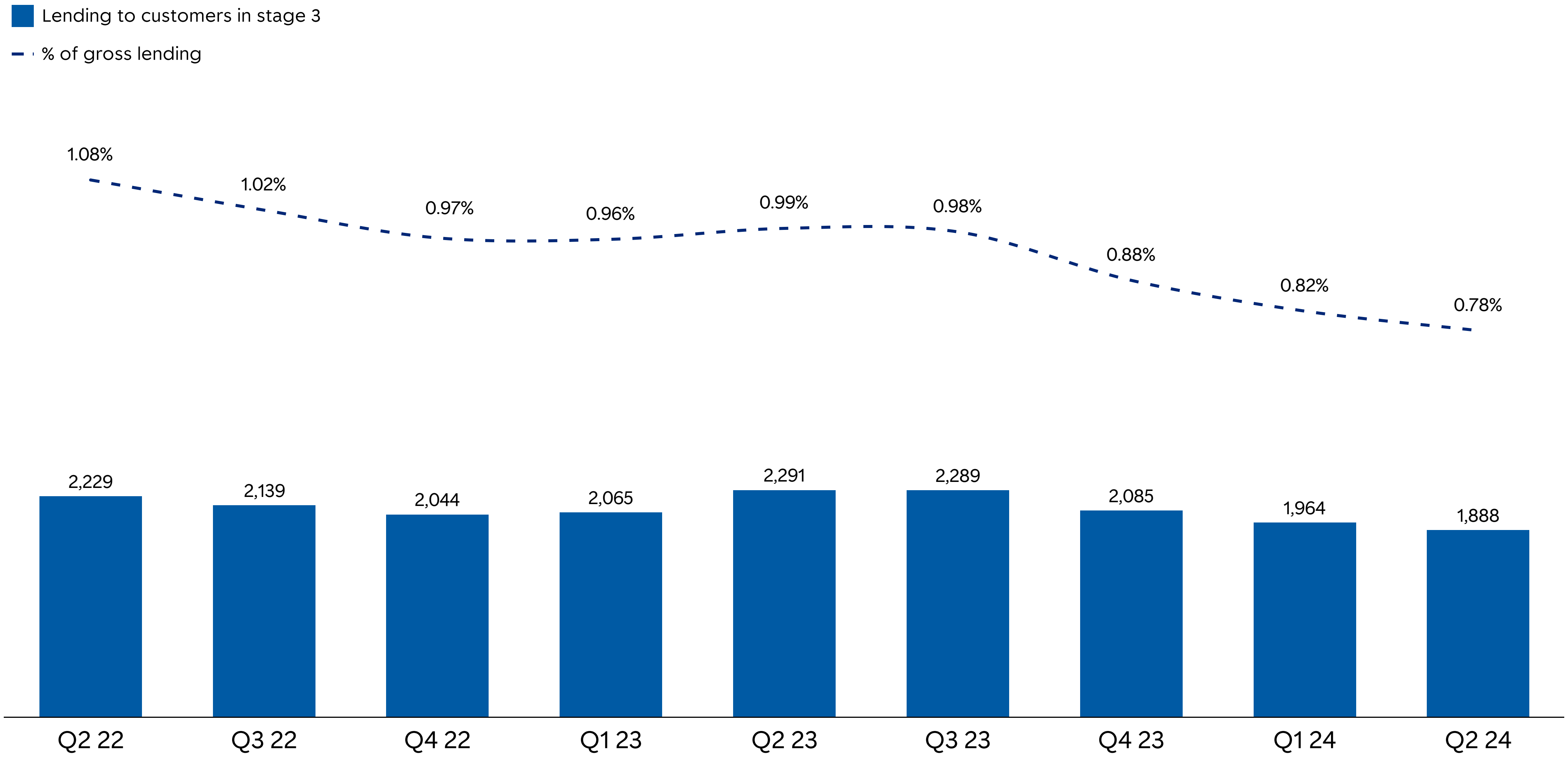
Problem loans



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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
Sum subsidiaries	**165**	**174**	**83**	**53**	**118**	**-9**	**47**

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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
Sum associated companies	**148**	**194**	**90**	**-2**	**85**	**-45**	**64**

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Return on financial investments

NOK mill	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	0	Change from Q1 24	Change from Q2 23
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
Net return on financial instruments	**-1**	**54**	**458**	**48**	**-16**	**0**	**-55**	**15**

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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

NOKbn	30.6.24	30.6.23
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
Total assets	**243.4**	**248.8**
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
Total liabilities and equity	**243.4**	**248.8**

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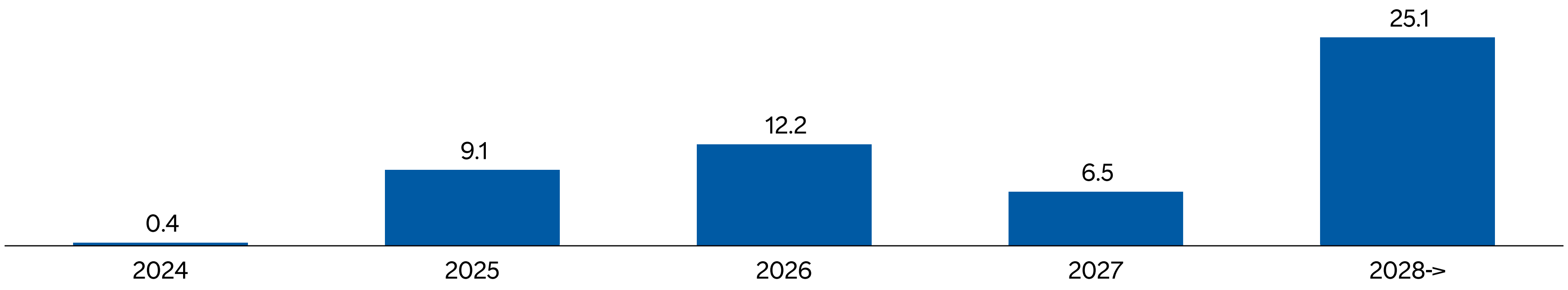
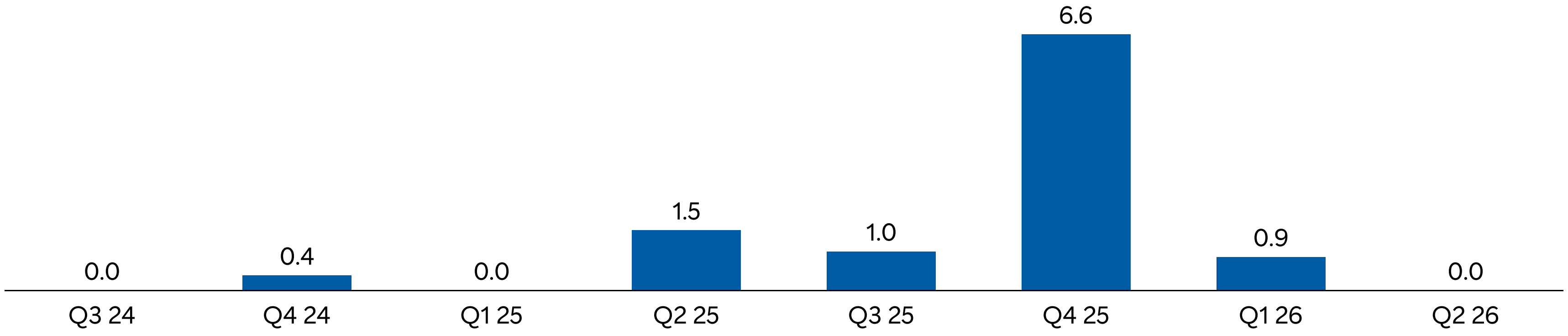
Maturity structure

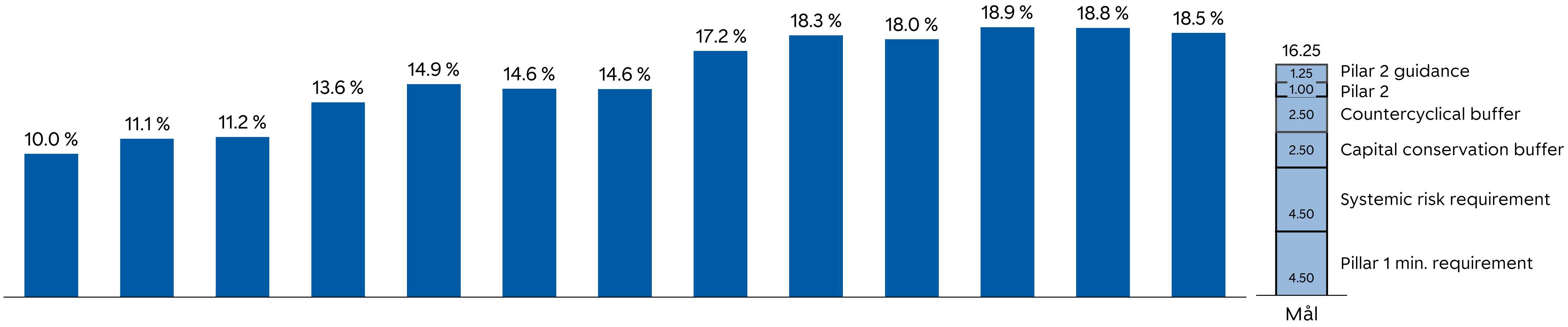
NOKbn





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

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