CREDIT OPINION
26 June 2026

Update

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RATINGS

SpareBank 1 SMN

Domicile	Trondheim, Norway
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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SpareBank 1 SMN

Update to credit analysis following rating affirmation

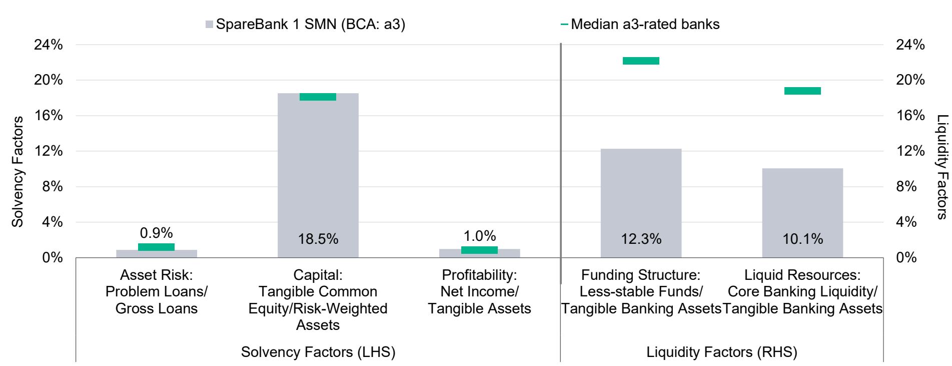
Summary

SpareBank 1 SMN's (SMN) long-term deposit and senior unsecured debt ratings of Aa3 reflect the bank's BCA of a3; our assumptions for extremely low loss-given-failure for these instruments under our Advanced Loss Given Failure (LGF) analysis; and our assumption of low probability of support from the Government of Norway (Aa3 stable), which does not result in any rating uplift.

SMN's BCA of a3 reflects the bank's resilient solvency profile, supported by solid asset quality underpinned by a loan book primarily comprising residential mortgages, moderate exposures to cyclical and more volatile corporate sectors, and low levels of non-performing loans. The bank's solvency is further supported by sound capitalisation and solid profitability, benefiting from a meaningful contribution from diversified non-interest income.

The BCA also incorporates the bank's low reliance on short-term, less-stable funds and its ample liquidity relative to its funding needs. SMN's BCA of a3 is constrained by the bank's relatively narrow geographic footprint in central Norway, where it has a strong retail franchise.

Exhibit 1
Rating Scorecard - Key financial ratios



These are our Banks methodology scorecard ratios. Asset risk and profitability reflect the weaker of either the three-year average and the latest reported number. Capital is the latest reported figure. Funding structure and liquid resources reflect the latest fiscal year-end figures.
Source: Moody's Ratings

Credit strengths

» Strong asset quality with low levels of problem loans

» Solid profitability supported by diversified non-interest income sources

» Relatively low reliance of less-stable funds

Credit challenges

» Credit concentrations due to limited geographic footprint in central Norway

» Potential risks from exposure to cyclical and volatile sectors

Outlook

The outlook on SMN's long-term deposit, issuer and senior unsecured debt ratings is stable, reflecting our expectation that the bank will sustain solid profitability, sound capitalisation, and ample liquidity buffers, while continuing to demonstrate favourable asset quality.

Factors that could lead to an upgrade

SMN's long-term ratings could be upgraded if the bank materially strengthens its capitalisation well above regulatory minimums, further improves asset quality while reducing sector and geographic concentrations, increases its profitability on a sustained basis, and further enhances its liquidity and funding profile.

Factors that could lead to a downgrade

SMN's ratings could be downgraded if it significantly increases its exposure to cyclical and volatile sectors, experiences a substantial deterioration in its asset quality and profitability, and if its liquidity and funding profile weakens. The ratings could also be downgraded as a result of a reduction in the volume of loss-absorbing liabilities protecting creditors and depositors in case of failure.

Key indicators

Exhibit 2
SpareBank 1 SMN (Consolidated Financials) [1]

	03-26 [2]	12-25 [2]	12-24 [2]	12-23 [2]	12-22 [2]	CAGR/Avg. [3]
Total Assets (NOK Billion)	326.6	317.5	316.9	299.2	281.7	4.7 [4]
Tangible Common Equity (NOK Billion)	25.6	27.7	26.2	24.7	21.3	5.8 [4]
Problem Loans / Gross Loans (%)	0.9	0.9	0.9	0.9	1.0	0.9 [5]
Tangible Common Equity / Risk Weighted Assets (%)	18.5	19.9	21.4	21.5	20.3	20.3 [6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	8.6	7.9	8.2	8.1	9.1	8.4 [5]
Net Interest Margin (%)	1.6	1.8	1.9	1.7	1.4	1.7 [5]
PPI / Average RWA (%)	2.6	3.4	3.7	3.6	2.8	3.2 [6]
Net Income / Tangible Assets (%)	1.0	1.3	1.3	1.2	1.0	1.2 [5]
Cost / Income Ratio (%)	50.3	44.3	42.8	42.7	46.5	45.3 [5]
Gross Loans / Due to Customers (%)	172.9	177.2	177.0	177.9	173.2	175.6 [5]
Core Banking Liquidity (HQLA) / Tangible Banking Assets (%)	--	10.1	11.5	--	--	--
Less-stable Funds (LCR) / Tangible Banking Assets (%)	--	12.3	10.6	--	--	--

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Further to the publication of our revised methodology in November 2025, only ratios from annual 2024 onwards included in this report apply reported risk weights for all exposures, discontinuing our previously applied standard adjustment for certain government securities. Sources: Moody's Ratings and company filings

Profile

SpareBank 1 SMN is a leading regional savings bank in central Norway, providing a range of retail banking, corporate banking and capital markets-related products and services. In addition, it offers real estate agency, investment, asset management and other financial services through its subsidiaries and associated companies. As of the end of March 2026, the bank's consolidated assets (including loans transferred to covered bond companies) totaled NOK326.6 billion (equivalent of approximately €29.2 billion).

Detailed credit considerations

Norway's Very Strong- macro profile remains supportive of the bank's stand-alone credit profile

SMN operates only in Norway and thus its operating environment is reflected by the Very Strong - macro profile we assign to the country. Norwegian banks benefit from operating in a wealthy and highly developed country with very high economic, institutional and government financial strength, and moderate susceptibility to event risk driven by geopolitical risks.

The main risks to the banking system stem from its extensive use of market funding, volatility in economic activity linked to the petroleum sector, and Norway's large and growing private-sector indebtedness combined with high real estate prices. However, the household sector's strong debt-servicing ability, the Norwegian government's well-coordinated monetary and regulatory policies, and the country's sizeable sovereign wealth fund, which supports the economy during crises, mitigate these risks.

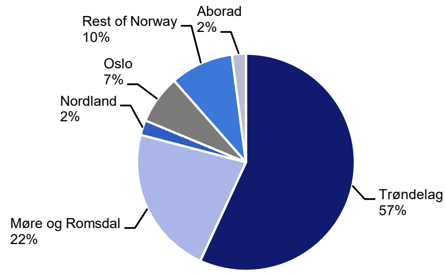
Additionally, the industry structure benefits from regional savings banks with strong local franchises, alongside one major nationwide participant, which supports profitability. However, increasing merger and acquisition activity, together with the rise of larger regional participants, could gradually reshape the banking system's structure, heightening competition and potentially exerting pressure on margins.

SMN's credit profile is constrained by geographic concentration

Characteristically for savings banks, SMN's operations are focused in a local region. The bank's customer base is concentrated in central Norway, where it holds a market share of around 30%. Its loan book reflects this regional focus, with 79% of exposures in central Norway (Trøndelag and Møre og Romsdal) (Exhibit 3).

This geographic concentration increases SMN's vulnerability to regional economic shocks, which could adversely affect its asset quality and earnings. We reflect this risk in a one-notch negative Business and Geographic Diversification adjustment, positioning the bank's a3 BCA one notch below its a2 Financial Profile.

Exhibit 3
Geographic breakdown of SMN's loan portfolio
As of December 2025



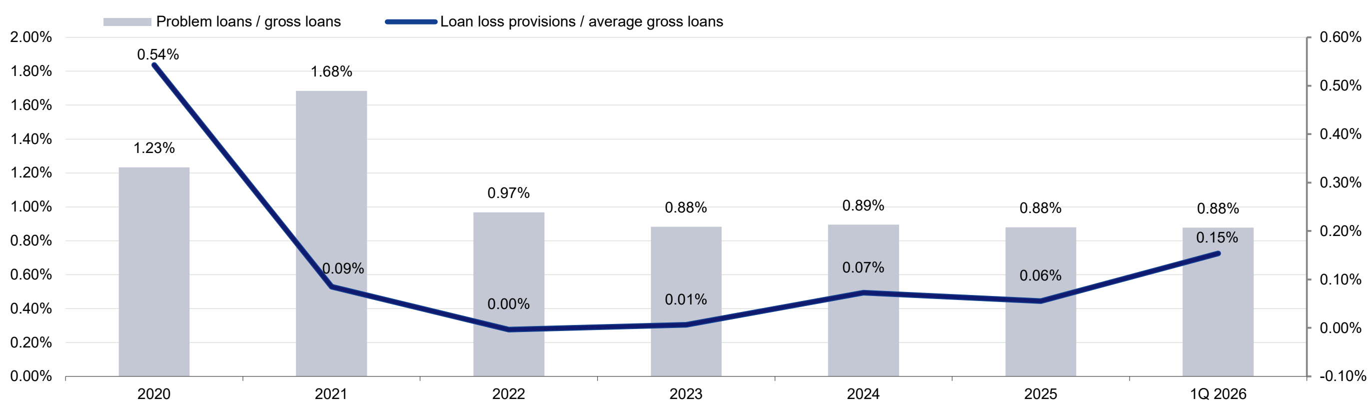
Source: Issuer financials

Strong asset quality; risks related to cyclical and volatile sector exposures

We assign an a1 asset risk score that reflects our Problem loans to Gross Loans ratio of 0.9%, which we consider to be Very Strong, and is adjusted for risks related to the bank's exposures to more cyclical and volatile sectors, including commercial real estate, fisheries and fish farming.

SMN's problem loan ratio has remained broadly stable since 2023 (Exhibit 4), following the improvement in the credit quality of a number of oil and offshore loans, as well as the bank's proactive approach to restructuring these loans. Credit losses remain low overall, although provisions increased to 0.15% of average gross loans in 1Q 2026 from 0.03% a year earlier. Notwithstanding this increase, we expect asset quality to remain robust.

Exhibit 4
Stable problem loan ratio, with modest increase in provisions



Source: Issuer financials, Moody's Ratings

SMN's loan book mainly includes retail mortgages (Exhibit 5), including mortgages transferred to SpareBank 1 Boligkreditt (Aa3 stable). The sizeable mortgage book leaves the bank vulnerable to a significant decline in property prices, a characteristic it shares with other Norwegian savings banks.

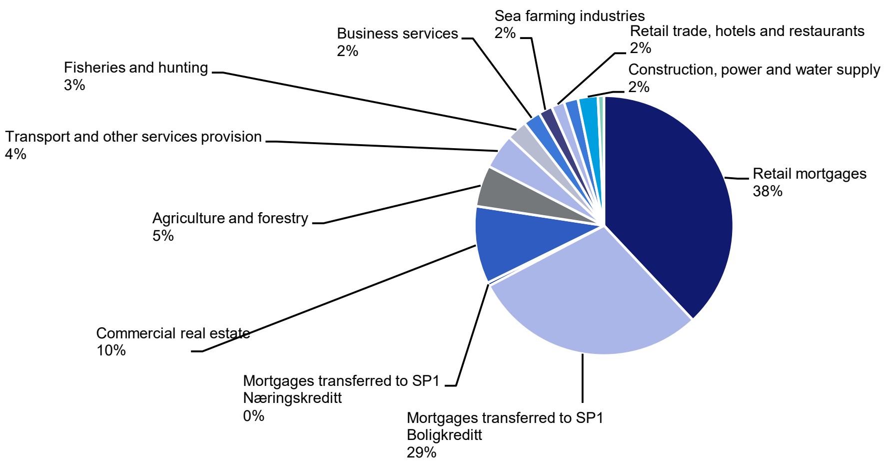
The rest of SMN's loan book includes corporate loans diversified across various sectors, with Commercial Real Estate (CRE) being the largest corporate segment, representing 10% of the bank's total loans. SMN's CRE exposure is primarily concentrated in income-generating rental properties (73% of total exposure), mainly in retail, industrial/logistics and office segments. While this moderates concentration risk, it still exposes the bank to cyclical dynamics in these sectors. Most of the remaining exposure is to real estate projects, which are typically more cyclical and higher risk.

SMN’s exposure to fisheries and hunting accounted for 3% of its total loans as of end-March 2026. The fisheries sector has been impacted by significantly reduced cod quotas; however, the decline in volumes has been mitigated by higher pricing, supporting fisheries’ cash flows.

Exhibit 5

SMN's loan portfolio composition

As of 31 March 2026



Source: Issuer financials

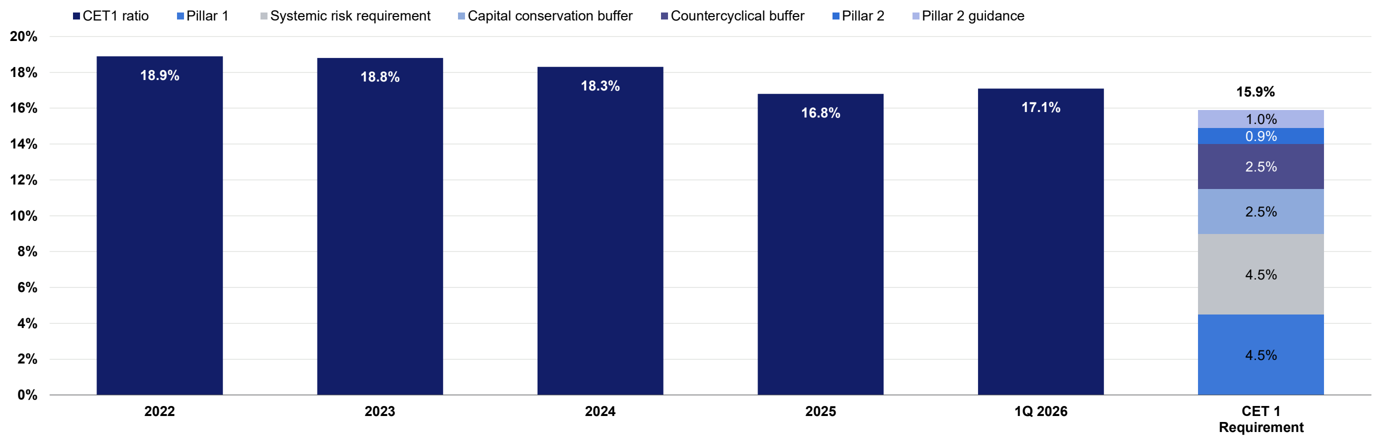
Sound capitalisation provides a solid buffer against potential credit losses

We assign an a1 score for capital that reflects our Tangible Common Equity to Risk-Weighted Assets ratio of 18.5%, which we consider to be Strong. The assigned score incorporates downward adjustments for the use of internal models for a significant portion of RWAs, which typically results in lower risk weights compared with the standardised approach, as well as for access to capital due to a substantial proportion of equity capital certificates (ECCs) in the bank's capital structure (67% of equity). SMN's use of ECCs may somewhat constrain the bank's capacity to raise equity, particularly during market stress, due to the bank’s dual ownership structure that combines investor-owned and ownerless capital. Partially mitigating this concern for SMN is its established track record of previous ECC issuances, along with participation from foreign investors. This adjustment is consistent with our approach for other rated Norwegian savings banks that have comparable capital structures, which could limit their capital management flexibility in volatile periods.

SMN's Common Equity Tier 1 (CET1) capital ratio declined to 17.1% by the end of March 2026 from 18.3% at year-end 2024 (Exhibit 6), driven by the increase in minimum risk weights for domestic residential mortgages to 25% from 20% for Norwegian banks using internal ratings based (IRB) models, which went into effect in July 2025, as well as the bank’s high dividend payout of 69% in 2025, well above its long-term target of approximately 50% of earnings. Notwithstanding the decline, SMN's CET1 ratio remains in excess of its minimum regulatory requirement of 15.9%, including a Pillar 2 Guidance of 1.0%.

The bank continues to maintain solid leverage, with the ratio of 7.0% as of March 2026, well in excess of the 3% minimum regulatory requirement.

Exhibit 6
SMN's CET1 capital ratio and capital requirements



Source: Issuer financials

Solid profitability, supported by diversified non-interest income

We assign an a3 score for profitability, reflecting our Net Income to Tangible Banking Assets ratio of 1.0%, which we consider to be Moderate, driven by reduced net interest income in 1Q 2026 amid lower interest rates as well as higher loan loss provisions. Return on tangible assets fell to 1.0% in the quarter from 1.2% a year earlier, while return on equity decreased to 11.4% from 14.0%, below the bank's stated target of above 13%. The profitability score is positively adjusted to incorporate our expectation that earnings will improve as loan loss provisions normalise and interest rates increase, although competitive pressures in the Norwegian banking system are likely to limit the extent of this improvement.

SMN's profitability benefits from a meaningful contribution from diversified non-interest income (around 40% of operating income), which reduces its sensitivity to interest rate movements and supports earnings stability. SMN's commission income, which includes fees on loans transferred to Boligkreditt and Næringskreditt, as well as from accounting, real estate brokerage, insurance and other service activities, accounted for 33% of income in 1Q 2026. The remainder comes from income and dividends from associated companies held via SpareBank 1 Gruppen.

SMN's net interest margin (NIM) declined to 1.63% in 1Q 2026 from 1.78% a year ago, reflecting lower interest rates. The bank's NIM remains at the lower end of peers, driven by a high share of residential mortgages in its loan book and competitive dynamics in central Norway.

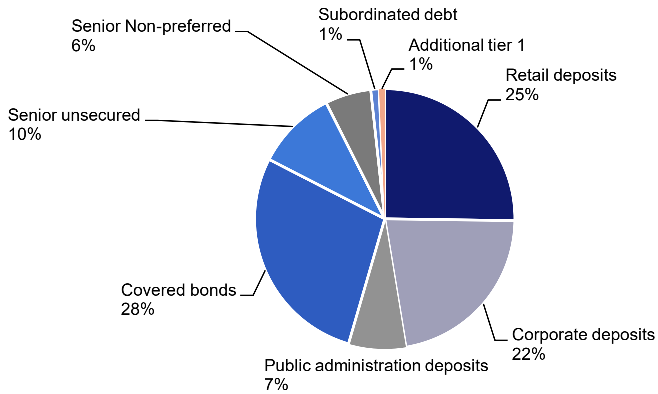
We view SMN's cost efficiency as solid, however at the higher end of the peer range, reflecting the bank's ownership of the estate agency and accounting businesses, as well as other companies with a high cost base. The bank's cost-to-income ratio weakened to 50% in 1Q 2026 from 45% a year ago primarily due to the decline in net interest income.

Limited reliance on short-term and less stable funds

We assign an a1 score for funding structure that reflects our Less Stable Funds to Tangible Banking Assets ratio of 12.3%, which we consider to be Strong, reflecting a high proportion of longer-dated covered bonds in SMN's funding mix, and is adjusted for off-balance sheet covered bond debt maturities not captured in the initial ratio. SMN's high reliance on covered bonds, which are issued through specialised companies that it owns jointly with other members of the SpareBank 1 Alliance, is typical of Norwegian rated savings banks. While we view the diversification benefit of covered bond funding positively, its extensive use increases the amount of pledged assets unavailable to unsecured bondholders and depositors in liquidation, a consideration we incorporate into the assigned score. The assigned score also reflects SMN's well-laddered debt maturity structure and sizeable deposit base with a meaningful proportion of granular retail deposits.

Deposits represented approximately 54% of SMN's non-equity funding as of end-March 2026, comprising corporate and public sector deposits, as well as retail deposits (Exhibit 7).

Exhibit 7
SMN's non-equity funding mix



Funding amounts include covered bonds primarily issued by Boligkreditt for residential mortgages, as well as a smaller portion issued by Næringskreditt for commercial mortgages.
Source: Issuer financials

Sound liquidity buffers in relation to funding needs

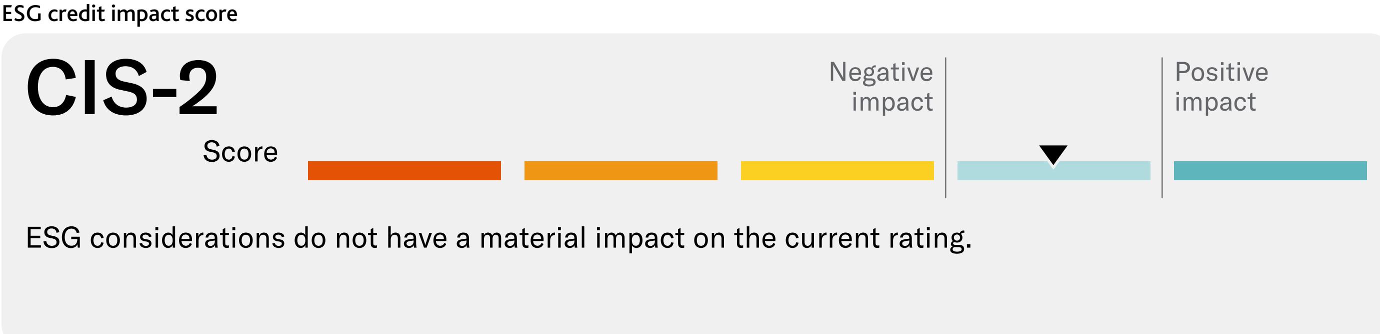
We assign a baa2 score for liquid resources that reflects our Core Banking Liquidity to Tangible Banking Assets ratio of 10.1%, which we consider to be Moderate. This level is broadly consistent with that of other savings banks and provides ample buffers relative to the bank's funding needs.

SMN's high-quality liquid assets primarily comprise government-related securities and covered bonds. As of end-March 2026, SMN reported a Liquidity Coverage Ratio (LCR) of 172% and a Net Stable Funding Ratio (NSFR) of 124%, both comfortably above the regulatory minimum of 100%.

ESG considerations

SpareBank 1 SMN's ESG credit impact score is CIS-2

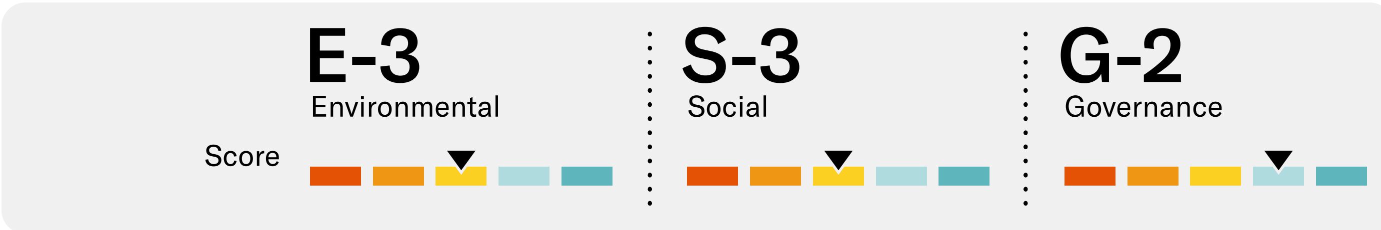
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

SpareBank 1 SMN's **CIS-2** indicates that ESG considerations do not have a material impact on current ratings. This reflects the limited credit impact of environmental and social risk factors on the ratings to date, and the low governance risks.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

SpareBank 1 SMN faces moderate environmental risks primarily because of its portfolio exposure to carbon transition. These risks are primarily related to its corporate portfolio, however, exposures to the oil, offshore and shipping business are limited. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, the bank is developing its climate risk and portfolio management capabilities.

Social

SpareBank 1 SMN faces moderate social risks related to customer relations and associated regulatory and litigation risks, requiring high compliance standards. The exposure to customer relation risks is lower than its international peers, given the bank's untarnished customer conduct track record supported by the social mandate of the Savings Bank's model. SpareBank 1 SMN is a digitally advanced bank in Norway, with a robust IT infrastructure and strong capabilities to mitigate cyber and personal data risks, supported by its participation in the SpareBank 1 Alliance.

Governance

Sparebank 1 SMN's governance risks are low. Despite sectoral and geographical concentrations due to its limited reach, the bank benefits from strong underwriting standards which mitigate some of these concerns. The bank has an established track record of sound capital and liquidity management and earnings stability while losses have been low, even at times of market turbulence. Being a regional savings bank, 41% of the bank is owned by the central Norwegian community and 59% by Equity Certificate (EC) holders. The bank's Supervisory Board comprises EC holders, employees and representatives of the public authorities. Related governance risks are however mitigated by Norway’s developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure and additional notching

Norway implemented the EU's Bank Recovery and Resolution Directive (BRRD) on 1 January 2019, and subsequently, BRRD2 was incorporated into Norwegian law on 1 June 2022, which has resulted in lower subordination requirements for non-preferred senior volumes. For our resolution analysis, we assume residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, a 25% run-off in “junior” wholesale deposits, and a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in-line with our standard assumptions. We apply a standard assumption for the large European banks that 26% of deposits are junior.

Our Advanced LGF analysis indicates that SMN's long-term deposits and senior unsecured debt are likely to face extremely low loss-given-failure because of the loss absorption provided by subordinated debt and the volume of deposits and senior debt. This results in a Preliminary Rating Assessment (PRA) of aa3 for deposit and senior unsecured ratings, three notches above the bank's a3 BCA. For SMN's junior senior securities (senior non-preferred debt), our LGF analysis indicates a moderate loss level, positioning the rating at the same level as the bank's a3 BCA. The PRA for SMN's junior securities includes additional downward notching from the BCA, reflecting coupon suspension risk ahead of a potential failure.

Government support

We assume low probability of government support for the bank's deposits and senior unsecure debt, resulting in no rating uplift from the BCA.

Rating methodology and scorecard factors

Exhibit 10

Rating Factors

Macro Factors		
Weighted Macro Profile	**Very Strong -**	**100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.9%	aa2	↔	a1	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	18.5%	aa2	↔	a1	Recognition of risk-weighted assets	Access to capital
Profitability						
Net Income / Tangible Assets	1.0%	baa1	↑	a3	Expected Trend	
Combined Solvency Score		aa3		a1		
Liquidity						
Funding Structure						
Less-stable Funds / Tangible Banking Assets	12.3%	aa3	↔	a1	Term structure	Funding diversification
Liquid Resources						
Core Banking Liquidity / Tangible Banking Assets	10.1%	baa2	↔	baa2	Expected trend	
Combined Liquidity Score		a2		a3		
Financial Profile		a1		a2		
Qualitative Adjustments				Adjustment		
Business and Geographic Diversification				-1		
Complexity and Opacity				0		
Strategy, Risk Appetite and Governance				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				a3		
Affiliate Support notching				0		
Adjusted BCA				a3		

Balance Sheet	in-scope (NOK Million)	% in-scope	at-failure (NOK Million)	% at-failure
Other liabilities	115,586	35.5%	130,997	40.3%
Deposits	151,089	46.5%	135,678	41.7%
Preferred deposits	111,806	34.4%	106,216	32.7%
Junior deposits	39,283	12.1%	29,462	9.1%
Senior unsecured bank debt	28,143	8.7%	28,143	8.7%
Junior senior unsecured bank debt	15,864	4.9%	15,864	4.9%
Dated subordinated bank debt	2,828	0.9%	2,828	0.9%
Preference shares (bank)	1,996	0.6%	1,996	0.6%
Equity	9,758	3.0%	9,758	3.0%
Total Tangible Banking Assets	325,264	100.0%	325,264	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	27.1%	27.1%	27.1%	27.1%	3	3	3	3	0	aa3
Counterparty Risk Assessment	27.1%	27.1%	27.1%	27.1%	3	3	3	3	0	aa3 (cr)
Deposits	27.1%	9.4%	27.1%	18.0%	3	3	3	3	0	aa3
Senior unsecured bank debt	27.1%	9.4%	18.0%	9.4%	3	3	3	3	0	aa3
Junior senior unsecured bank debt	9.4%	4.5%	9.4%	4.5%	0	0	0	0	0	a3
Dated subordinated bank debt	4.5%	3.6%	4.5%	3.6%	-1	-1	-1	-1	0	baa1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	aa3	0	Aa3	Aa3
Counterparty Risk Assessment	3	0	aa3 (cr)	0	Aa3(cr)	
Deposits	3	0	aa3	0	Aa3	Aa3
Senior unsecured bank debt	3	0	aa3	0		Aa3
Junior senior unsecured bank debt	0	0	a3	0		(P)A3
Dated subordinated bank debt	-1	0	baa1	0		(P)Baa1

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 11

Category	Moody's Rating
SPAREBANK 1 SMN	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	Aa3
Senior Unsecured	Aa3
Junior Senior Unsecured MTN	(P)A3
Subordinate MTN	(P)Baa1

Source: Moody's Ratings

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454