

First quarter 2022

6th of May 2022



Q1 2022

Solid profitability in an unstable market

- **Pandemic followed by war in Europe** – uncertainty in global growth as a result of instability in commodity markets, high inflation and increased interest rates abroad – but the Norwegian economy still looks good
- **Strong results in Q1** – high activity in the Norwegian economy after the pandemic. SMN delivers solid growth in new customers, loans and product sales
- **Hike in key policy rate to 0.75 in March** – SMN has raised its rates on mortgage loans with effect from May, but increased money market rates lowers the lending margins
- **Weak results from insurance in SB1 Gruppen** – strong returns from financial assets and stable cost development in the group
- **Low losses and a robust loan portfolio**, with improved outlook in the offshore sector
- **SMN with a strengthened position as the leading finance house in the region**



Net profit
NOK 698m (768)

Return on equity
12.5% (14.8)

CET1 ratio
18.3% (18.0)

Lending growth
2.4% (1.4) in Q1 and 7.9% (8.5) YoY

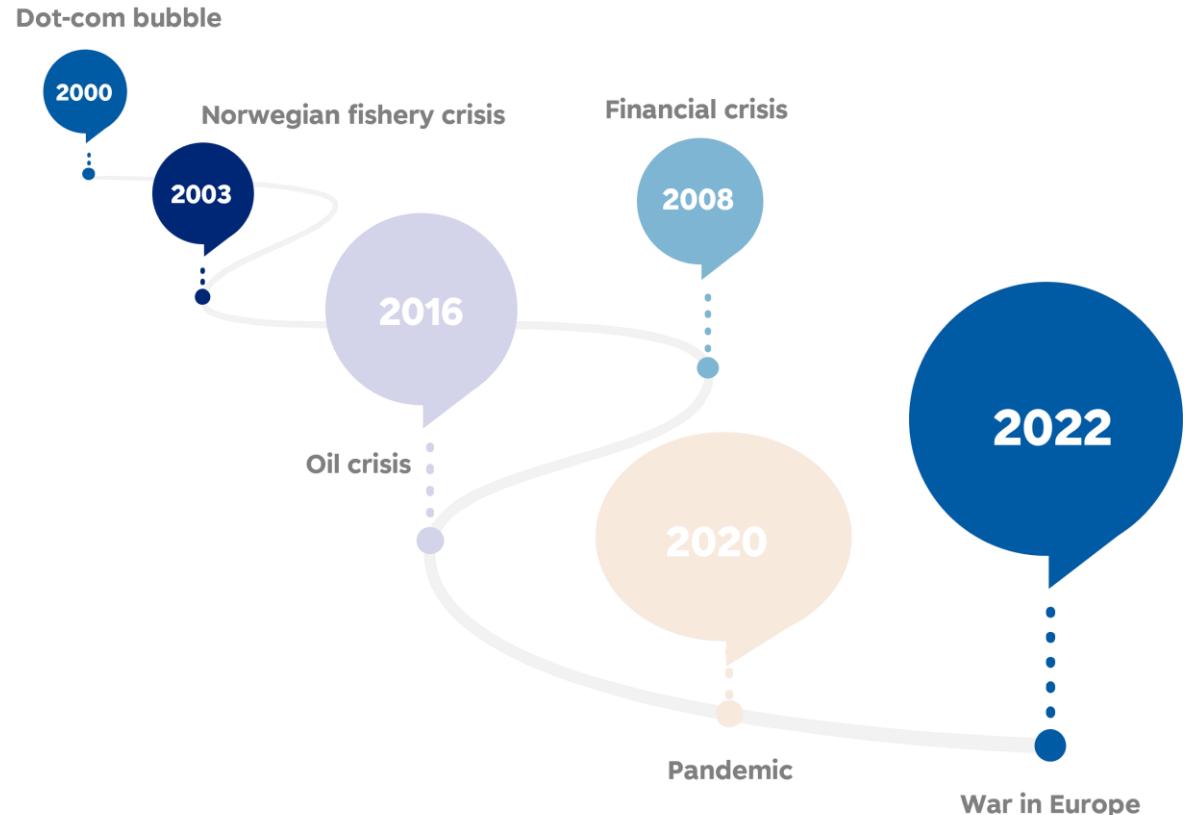
Deposit growth
2.5% (5.0) in Q1 and 11.4% (16.2) YoY

Loan losses NOK 0m (NOK 59m)

Book value per EC NOK 99.55 (96.70)
Result per EC NOK 3.20 (3.40)

SMN is used to handling crises

Pandemic followed by war in Europe



SMN establishes task force – but maintains normal banking and ambitious plans of growth in all business areas



Task force with experienced credit advisors who share information and gets increased authority when needed

The economy in Mid-Norway is still robust

Increased activity in oil, gas and offshore wind



Retail trade

Status ■ Outlook →



Construction

Status ■ Outlook →



Fisheries

Status ■ Outlook →

SpareBank
SMN 1

Industry indicator



Offshore

Status ■ Outlook ↗



Agriculture

Status ■ Outlook →



Aquaculture

Status ■ Outlook →



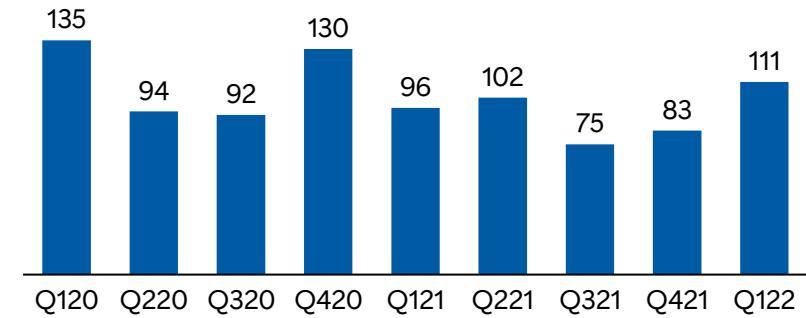
Commercial property

Status ■ Outlook →

Source: Industry Indicator SMN 1. half 2022

Normalized level of bankruptcies

Number of bankruptcies in Trøndelag, Møre og Romsdal



- An increase in the number of bankruptcies in Q1 2022 suggest that normalization is ahead
- Construction and service industry had the most bankruptcies in Q1 2022
- SMN's share of bankruptcies is 10.2 per cent last 12 months

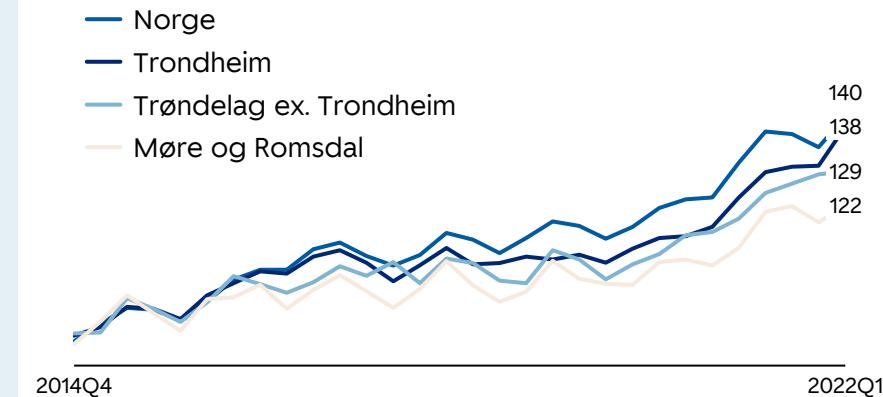
Housing market is changing

Reduced supply in the housing market

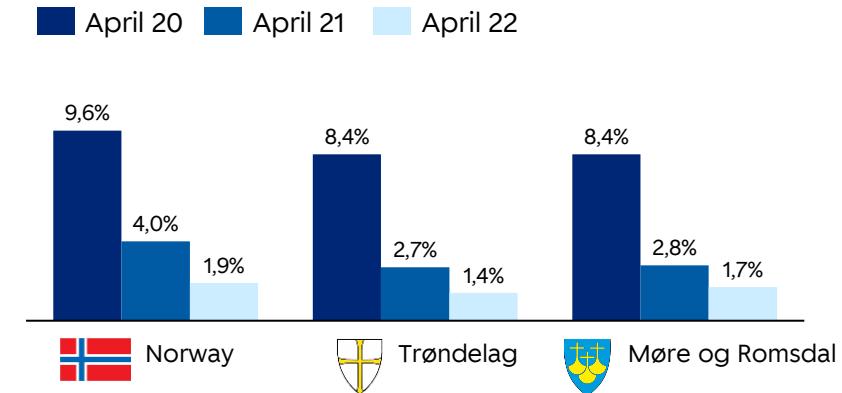


- Historically low number of properties for sale in Mid-Norway in first quarter
- Demand has somewhat decreased towards the end of first quarter, driven by increased interest rates and living costs, but a shortage in supply keeps the prices up and objects are selling fast
- The outlook is uncertain – expecting a more moderate development in the housing market

Increased housing prices



Low unemployment

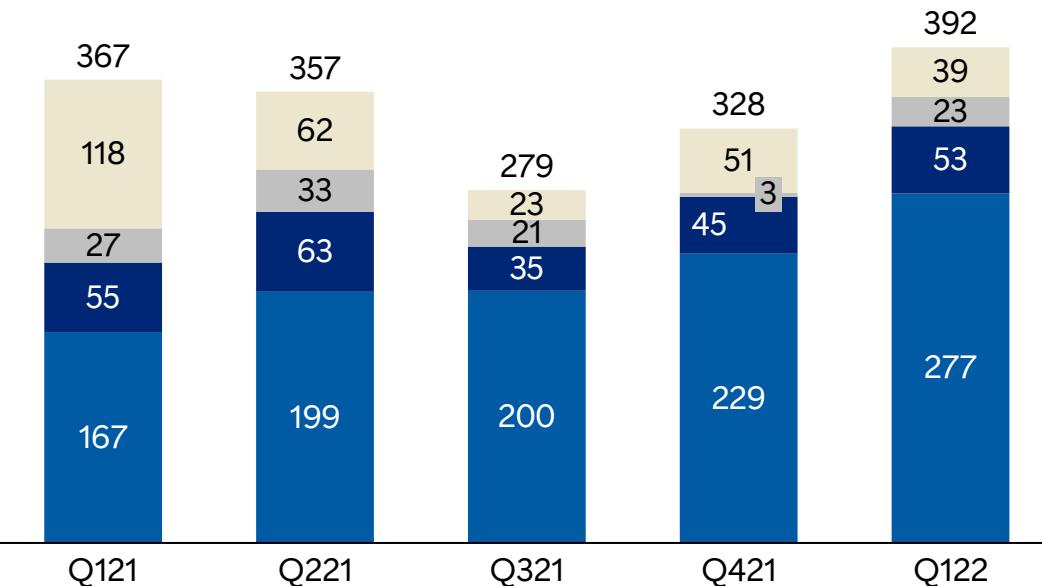


Strengthened position in the corporate market

Corporate Banking

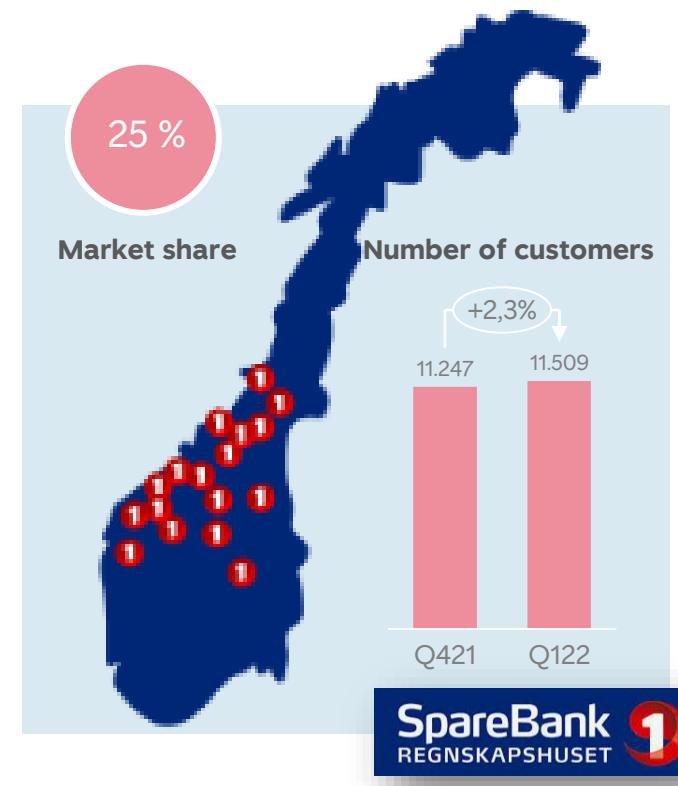
Result before tax (NOKm)

- SB1 Markets
- Regnskapshuset
- SMN Finans
- NL

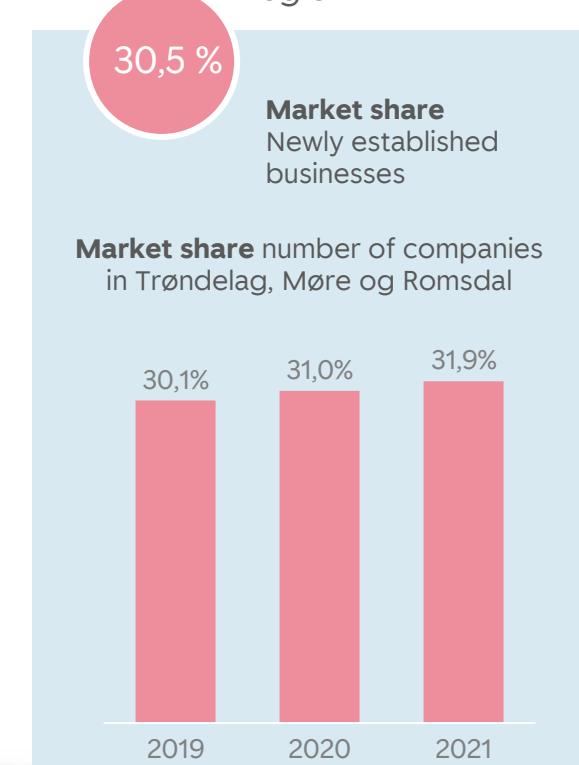


Regnskapshuset SMN

Increased organic growth - many new customers combined with reduced churn



Corporate Banking
Historically high market share amongst newly established businesses and market leader in the region

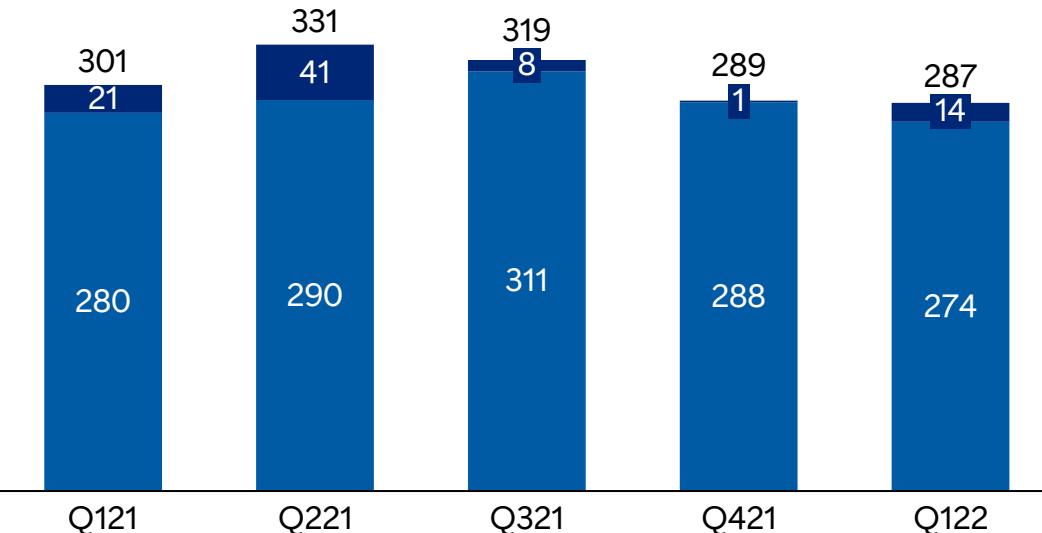


High activity and strong sale in the private market

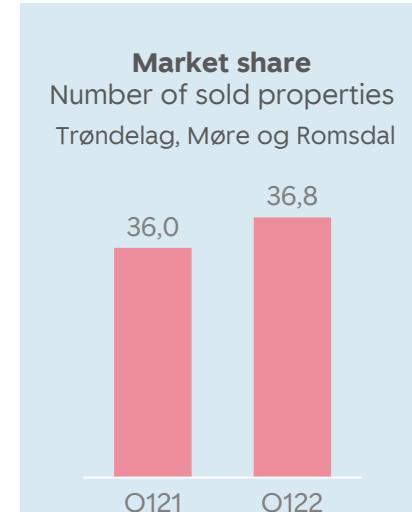
Personal Banking

Result before tax (NOKm)

EM1 PM



EiendomsMegler 1 Midt-Norge Strengthened market position



EiendomsMegler 1

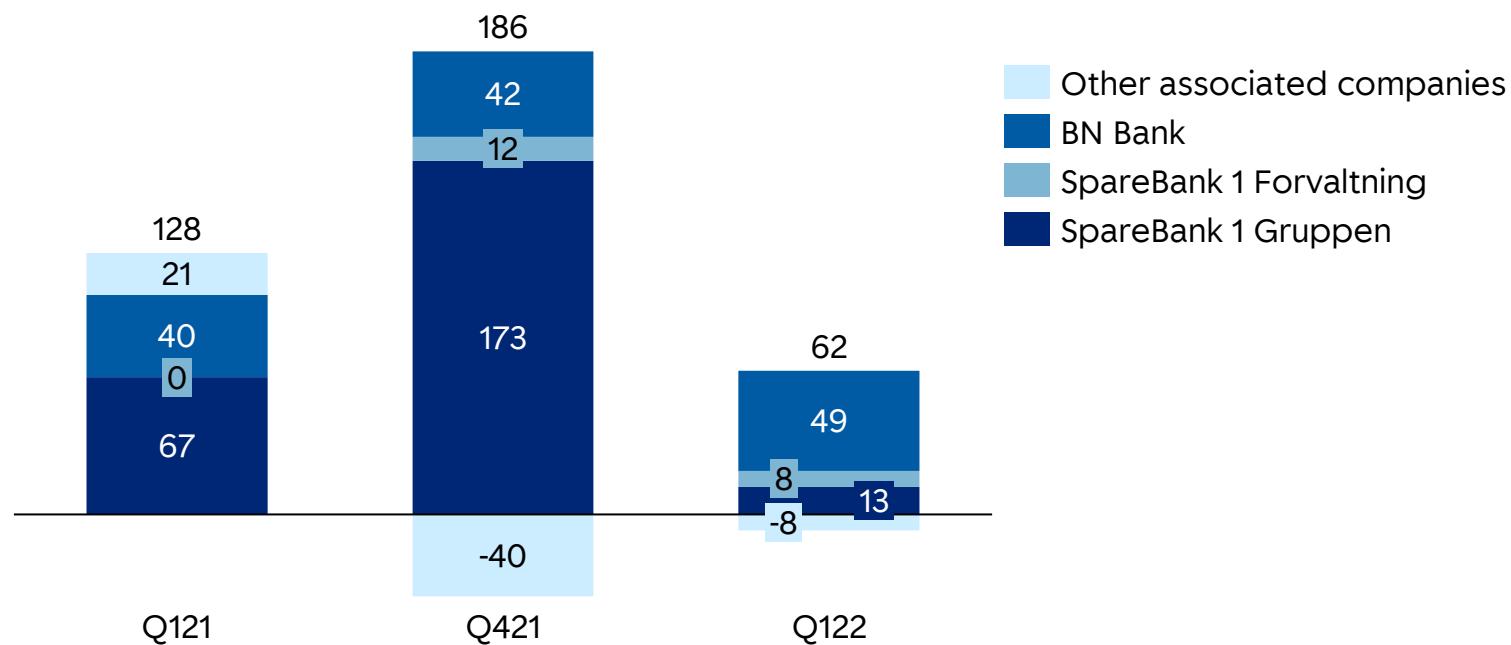
Personal Banking With a good development in new sales



Broad product range and considerable contributions from ownership interests

Ownership interests

Profits after tax (NOKm)



Strong brands

Fremtind



SpareBank 1
FORSIKRING

SpareBank 1
FACTORING



BN Bank

SpareBank 1
KREDITT

SpareBank 1 Gruppen

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

SpareBank 1 Forvaltning

ODIN Forvaltning
SpareBank 1 Kapitalforvaltning

SpareBank 1 Kreditt

SpareBank 1 Betaling

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

BN Bank

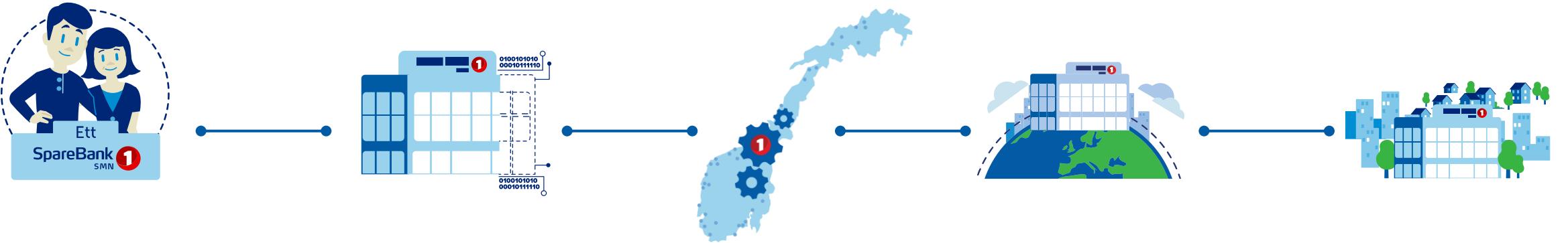
Nationwide bank in the retail and corporate market

Mortgage companies

SpareBank 1 Boligkreditt
SpareBank 1 Næringskreditt

SpareBank
SMN 1

SpareBank 1 SMN's strategic priorities



Create 'One SMN'

Increase digitalisation
and use of insight

Head up the
development of
Norway's savings
bank system

Integrate sustainability
into the business

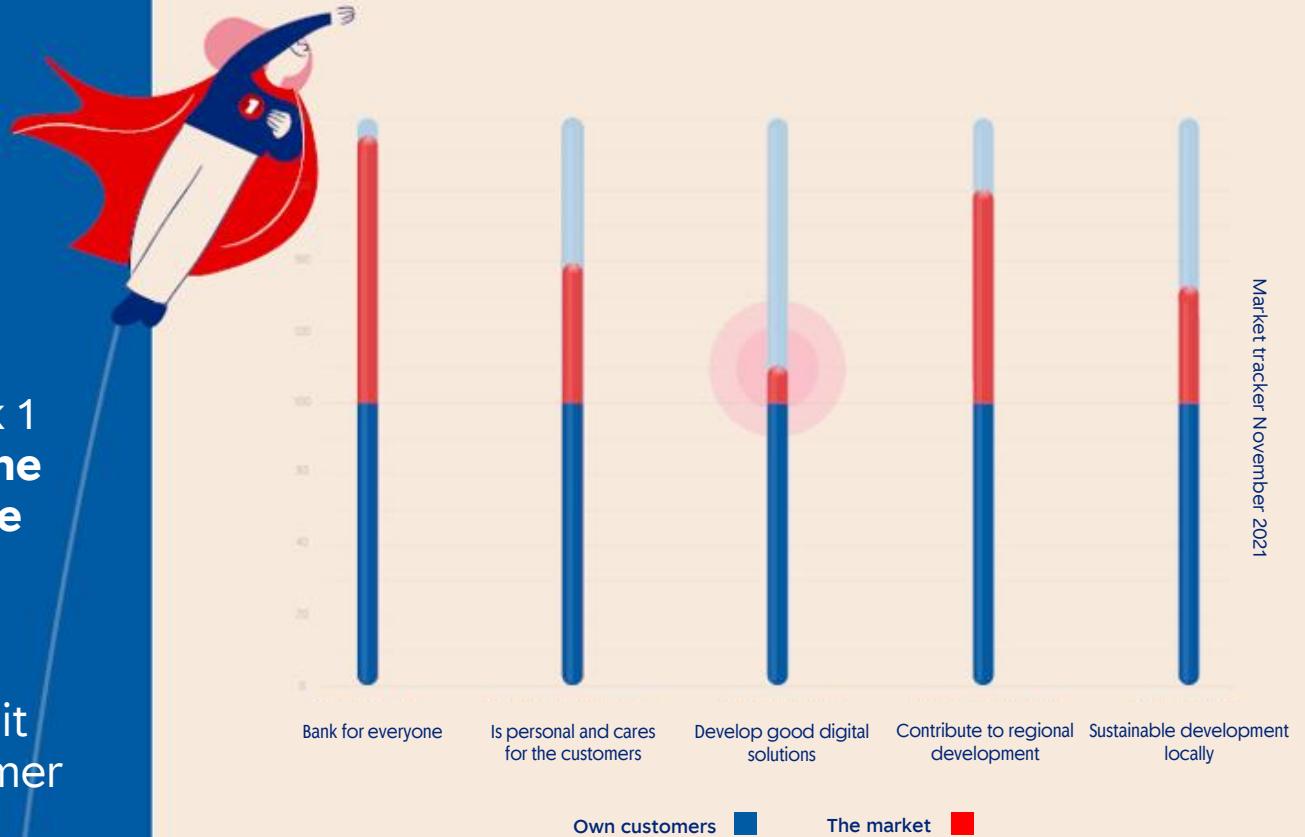
Exploit the power in our
ownership model

Norway's most personal mobile bank

With support from SpareBank 1 Utvikling, SpareBank 1 shall take the position as **the banks that develop the best digital solutions. And the best evidence is the mobile bank**

The position survey concludes that SpareBank 1 has the best mobile bank in the Norwegian market, but it is too little known outside SpareBank 1's own customer base

- **It's SpareBank1's best unknown product**



We are not better than our weakest link and the current situation is a paradox when we know that the digital bank is one of our best products!

Source: Kantar Survey June 2021. The results are indexed according to the bank's main bank shares, so a score of 100 is equivalent to a result equal to the main bank share.

Sustainability in Q1



Næringsdriv with
sustainability on the
agenda

Signed Women in
Finance Charter

SMN becomes first
depositor in SINTEF's
climate fund

SINTEF-fund supports new climate change mitigation technologies

Support from a large bank

«By being first-mover into the climate fund, we in SpareBank 1 SMN hope to show the way and to bring along many other companies both in Mid-Norway and nationwide. Look at it as a challenge»

CEO Jan-Frode Janson





We care about the local community

Each year the community dividend contributes to non-profit purposes that makes Mid-Norway better and more sustainable

The community dividend is invested into
community – sports and outdoor life– art and culture – innovation and value creation – sustainability

Activities in Q122

Record high distribution of the talent scholarship

Recognition of 40 young, Mid Norwegian talents within culture, sports and business

Creates meeting spots in 100 neighborhoods

Through providing benches, flower boxes and lean-to shelters

Together for the Ukrainian people

Aid scheme for contributing to integrate refugees in Mid-Norway



SpareBank 1 SMN (MING) - an attractive investment

1

High return over time and solidly capitalised. Efficient banking operations and unrealised income and cost synergies in the group. Shareholder-friendly dividend policy

2

Strong position and good growth in an attractive region and in all business lines. Diversified customer portfolio and income base

3

A good brand with development potential based on ownership model, presence and sustainability

4

Substantial underlying value through ownership positions in and outside SpareBank 1-alliansen

5

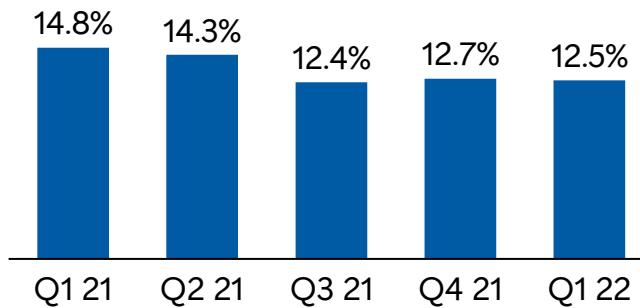
Well positioned in regards to consolidation among Norwegian savings banks

Financial information

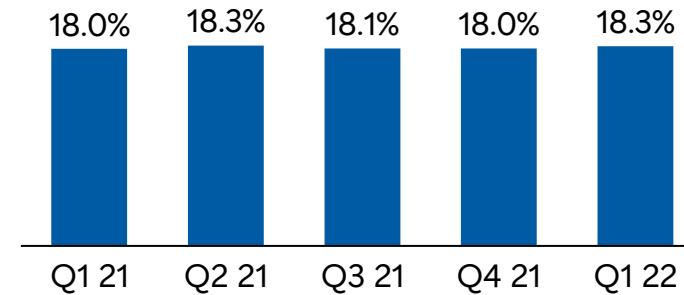


Profitable and solid

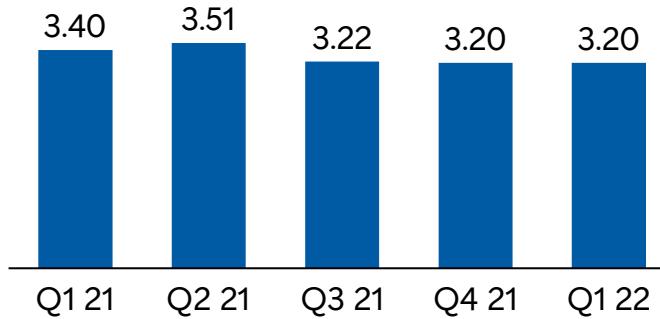
Return on equity



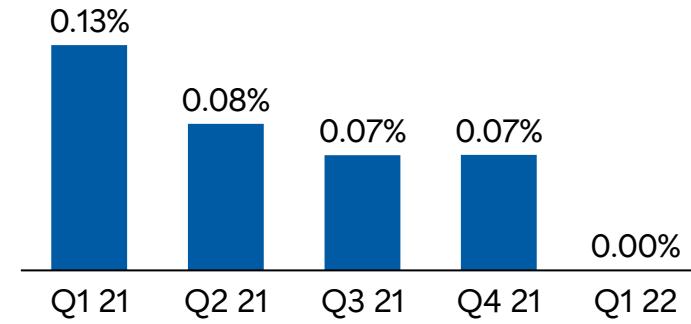
CET1 ratio



Earnings per equity certificate



Loan losses in per cent of total lending



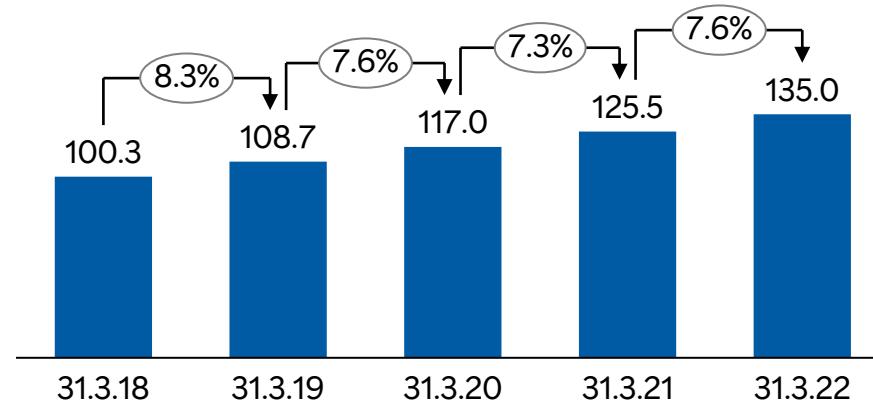
Lending

Total loans NOK 200bn,
YoY growth of 7.9 per cent

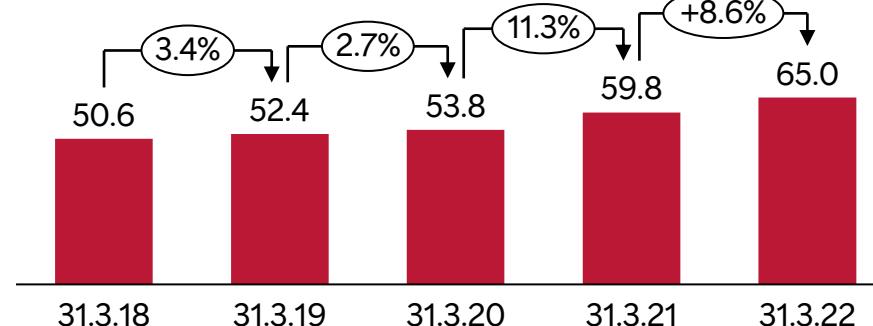
Market growth in mortgages
5.0 per cent (C2) last 12 months
(February 2022)

Good growth spread both
geographically and across a
wide range of customers

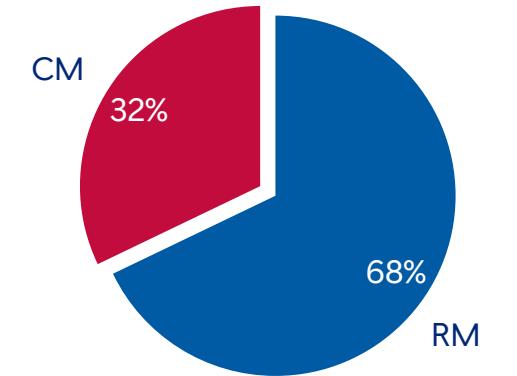
Lending growth RM 7.7% (CAGR)



Lending growth CM 6.4% (CAGR)



Share of lending, CM and RM



Lending margins

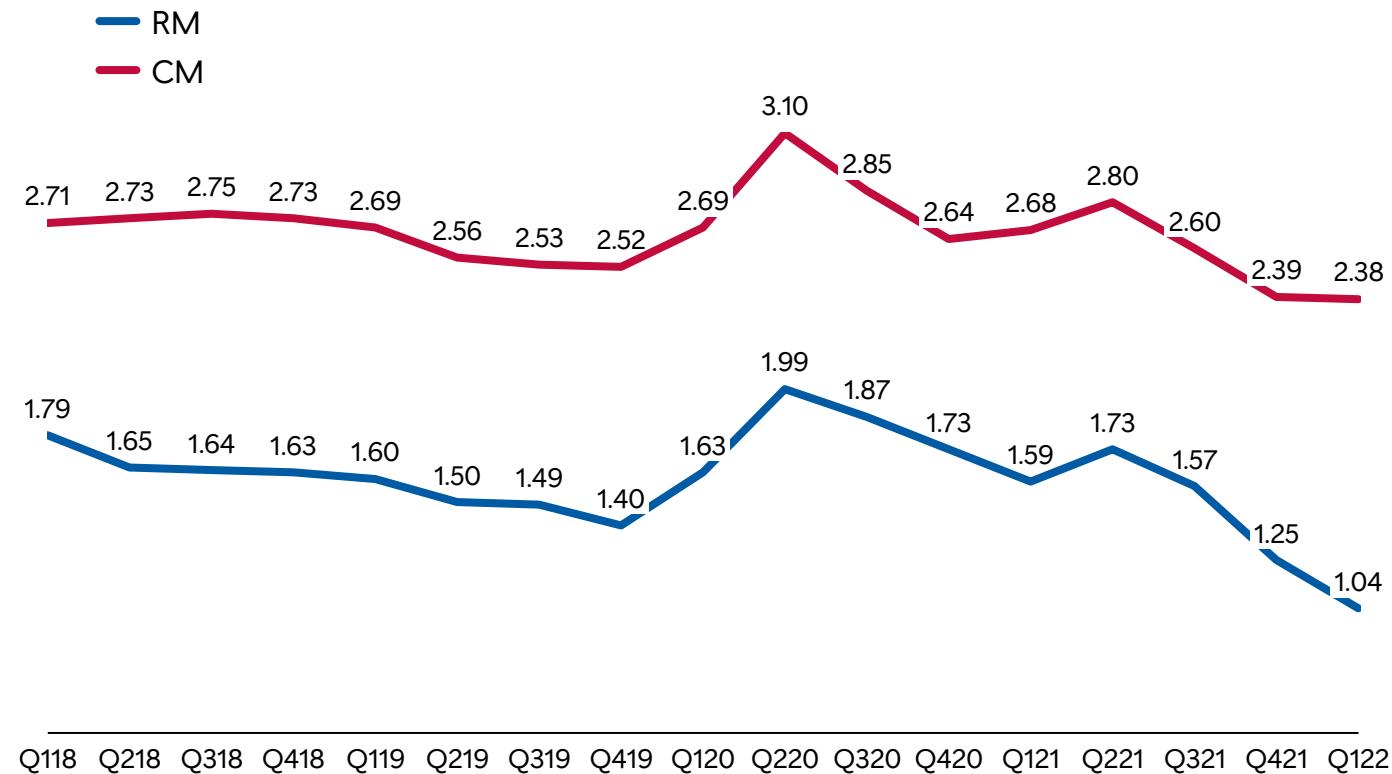
Norges Bank increased the key policy rate to 0.75 % in March 2022

Repricing of mortgages with effect from mid-November 2021, February 2022 and May 2022

Increased NIBOR from the second half of 2021 has weakened margins

Norges Bank has signalled further rate hikes

Lending margins versus 3M NIBOR



Deposits

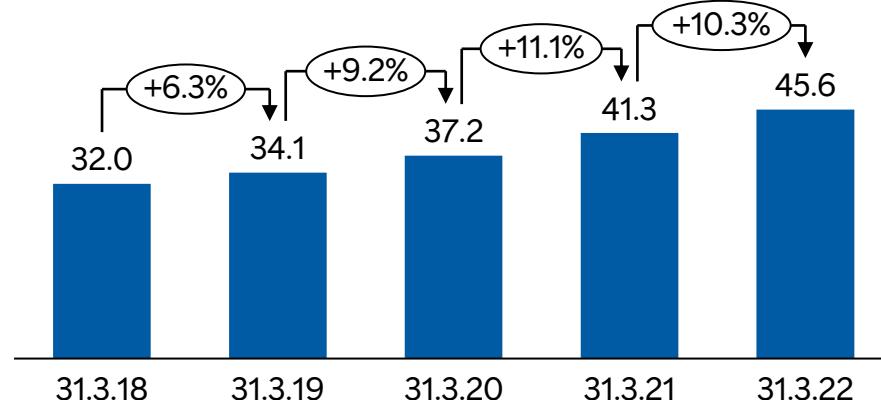
Total deposits of NOK 114bn,
growth of 11.4 per cent YOY

Good growth in deposits by
retail customers and corporate
customers alike.

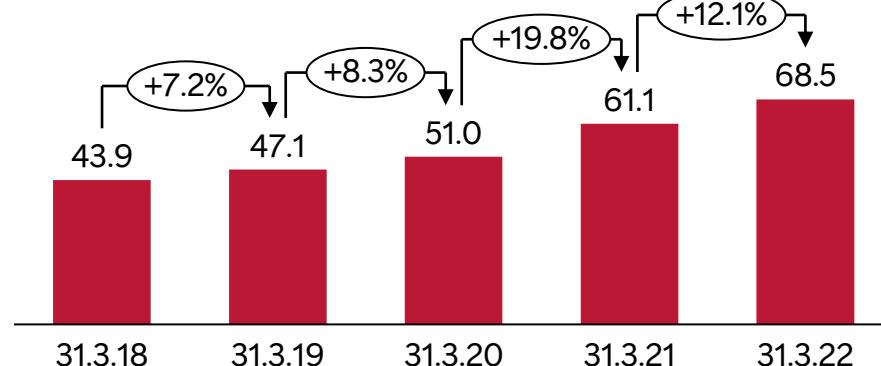
High growth in deposits by
corporates, both from public
sector customers and private
businesses

Deposit-to-loan ratio 57 per cent
(55 per cent)

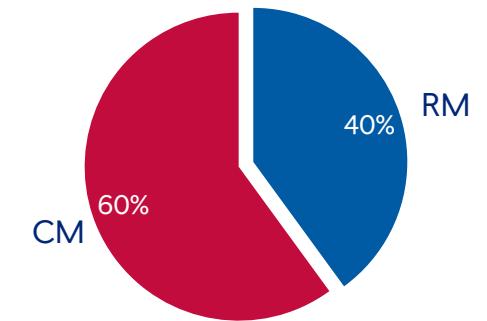
Deposit growth RM 9.2% (CAGR)



Deposit growth CM 11.7% (CAGR)



Share of deposits, CM and RM

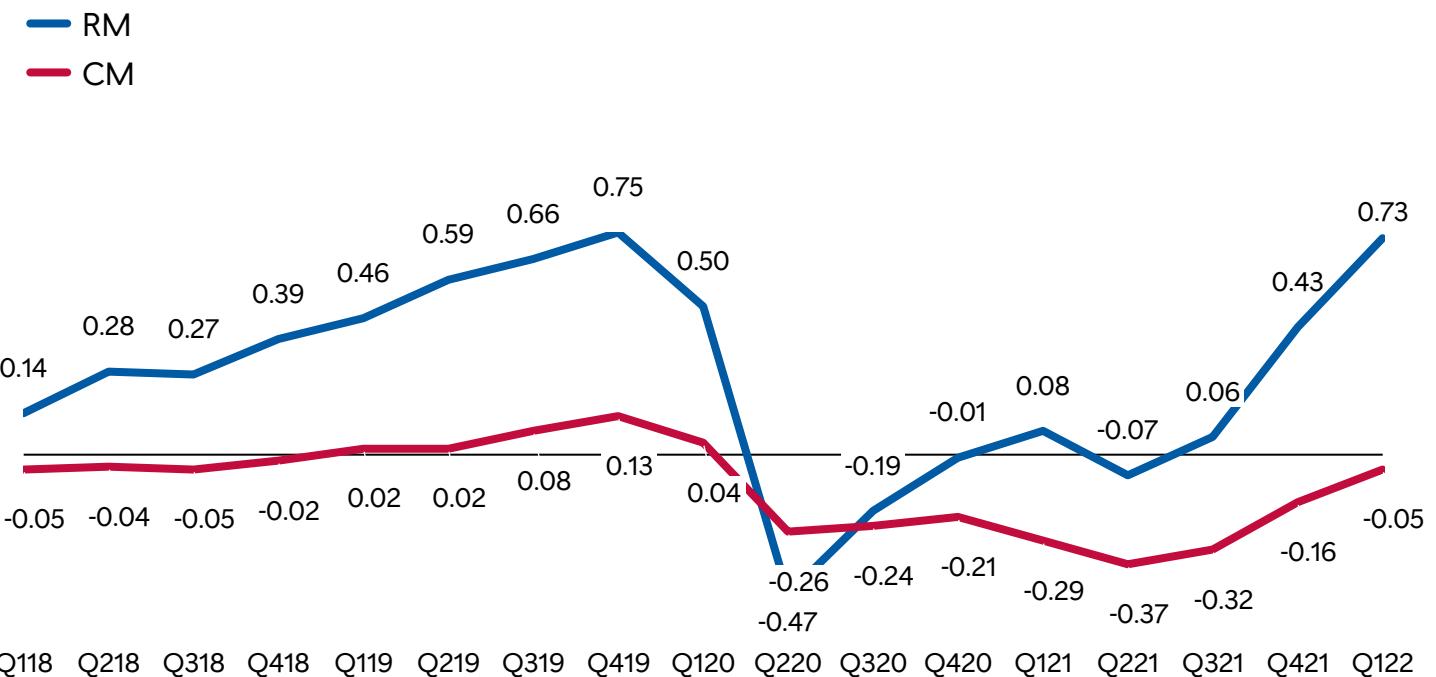


Deposit margins

Increased NIBOR strengthened deposit margins

Deposit rates increased following Norges Banks rate hikes

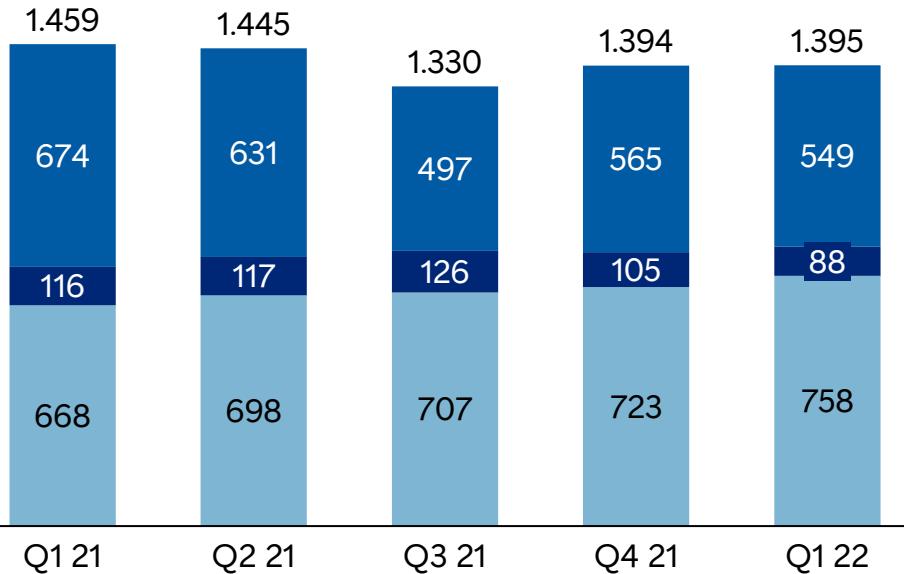
Deposit margins versus 3M NIBOR



Robust income platform

Net interest income and other income

- Commission income
- Boligkreditt and Næringskreditt
- Net interest income



Commission income

NOK mill

	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
Payment transmission income	60	72	61	56	49
Credit cards	16	14	14	13	14
Commissions savings and asset mgmt	9	13	17	14	15
Commissions insurance	57	55	54	53	52
Guarantee commissions	18	22	13	14	14
Estate agency	94	100	107	131	103
Accountancy services	156	114	114	154	148
Securities	124	158	110	182	275
Other commissions	14	17	7	14	5
Commissions ex. Bolig/Næringskreditt	549	565	497	631	675
Commissions Boligkreditt (cov. bonds)	84	102	123	113	112
Commissions Næringskreditt (cov. bonds)	4	3	3	4	4
Total commission income	637	671	623	748	790

Costs

Costs on same level in first quarter 22 as in fourth quarter 21

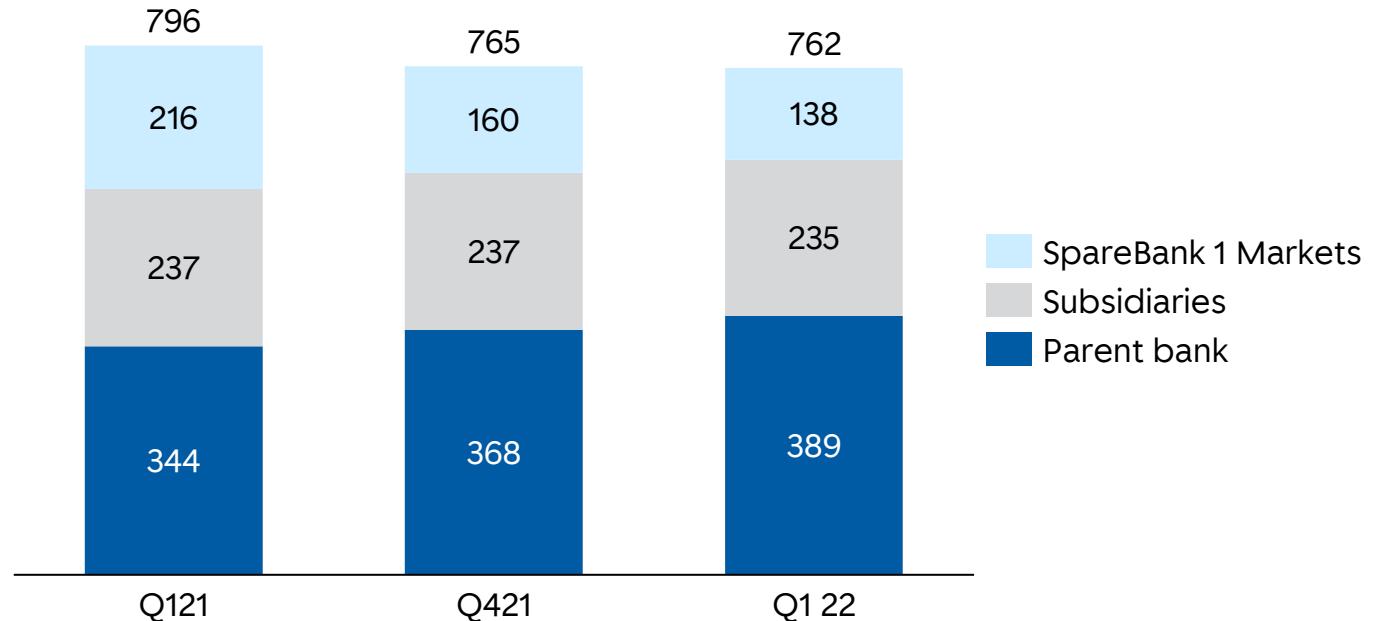
SpareBank 1 Markets has lower costs in the quarter with an equivalent normalized income. Stable costs in other subsidiaries.

The costs has increased in the bank. Compared to first quarter of 2021, the main cost increase relates to

- Technology development
- Anti-Money Laundering
- Customer related activities

In addition, some costs has been posted earlier in 2022 than in 2021

Total quarterly costs (NOK mill)



Reduced losses

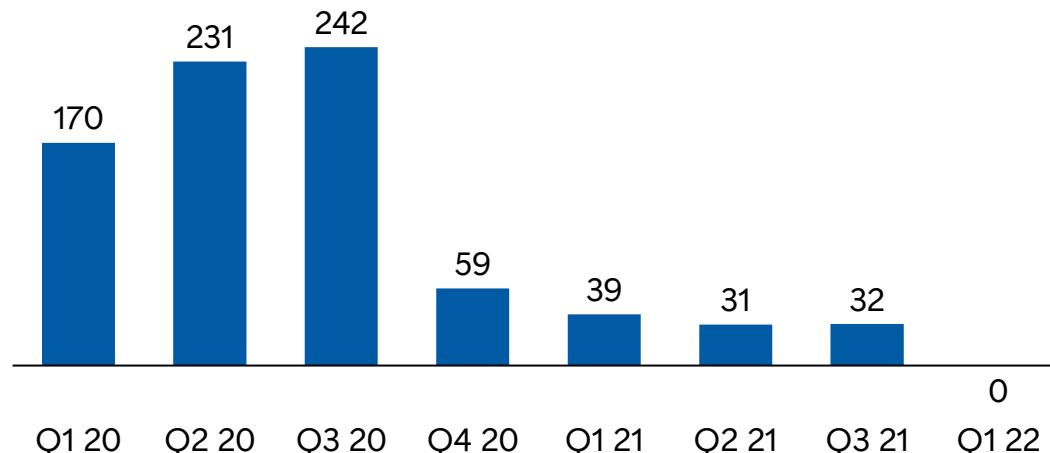
Zero losses in first quarter of 2022

An improvement of the offshore portfolio. Zero losses from offshore last 12 months and a significantly reduction in other write-downs

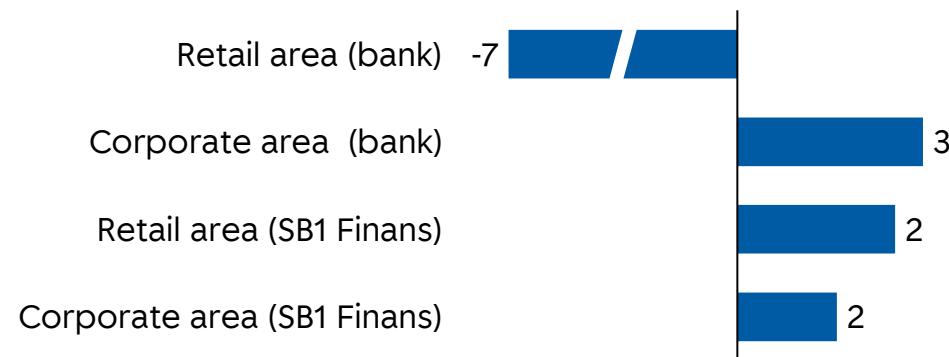
The portfolio is not very affected by the after-math of the pandemic or by the war in Ukraine

Small number of bankruptcies in Mid-Norway in 2021 and so far into 2022. The number of bankruptcies in 2021 was down by 21 per cent compared to 2020 and 41 per cent lower than in 2019

Loan losses (NOKm)

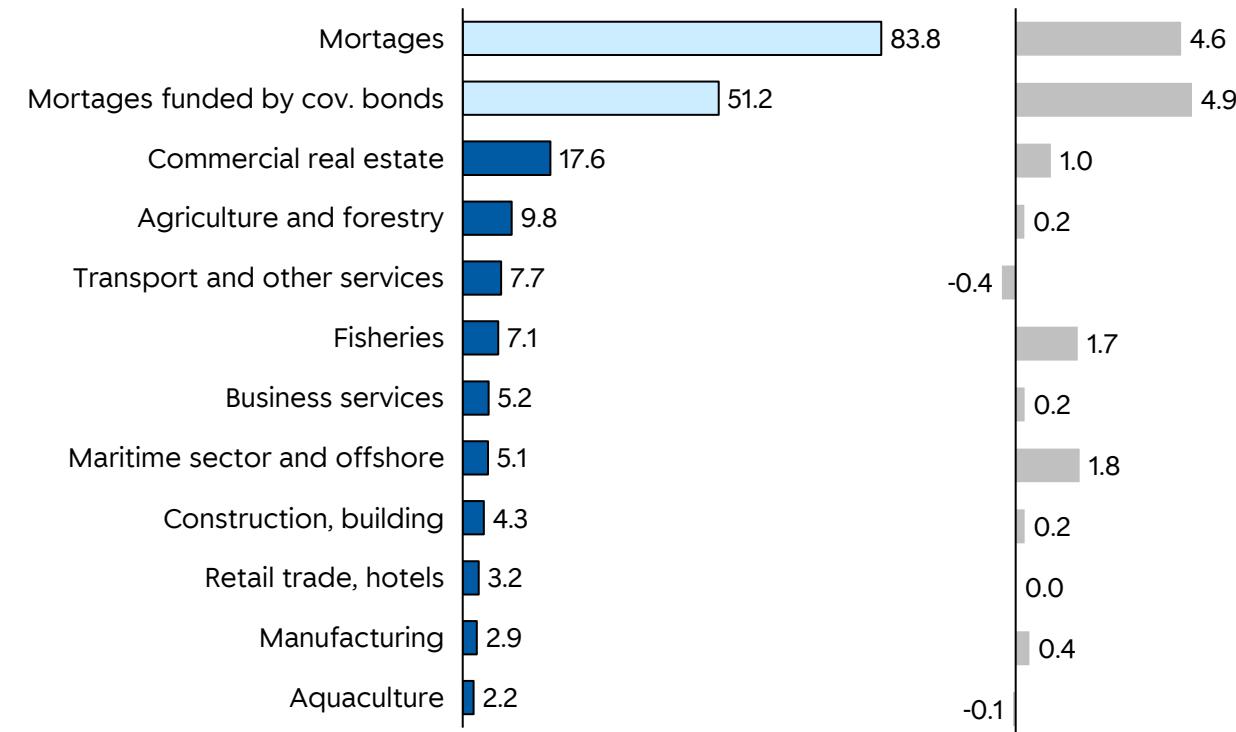


Distribution of losses (NOKm)



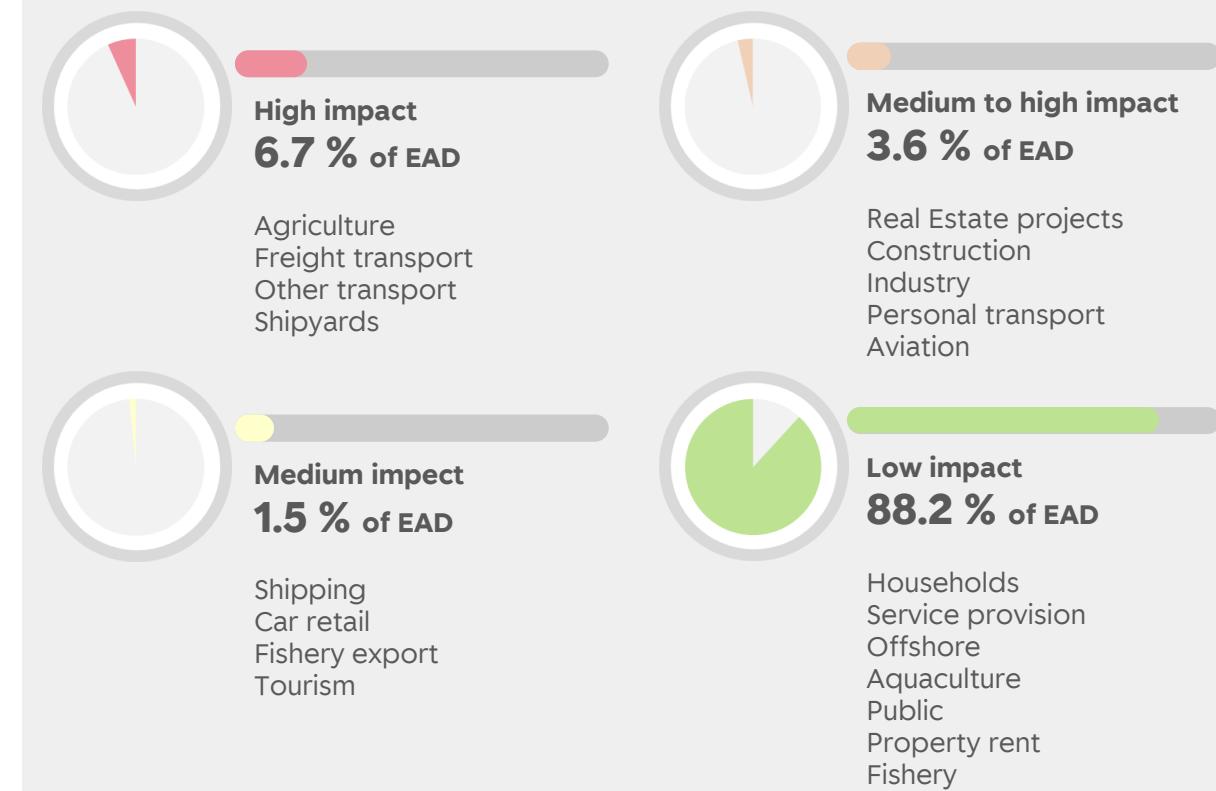
Robust loan portfolio

Lending per 31.3.22 and change YoY (NOKbn)



The portfolio is dominated by mortgages, and the corporate portfolio reflects the composition of Mid-Norway's business sector

The loan portfolio is not particularly affected by uncertainty linked to the pandemic and war in Europe



New target CET1 17.2%

With effect from 30th of April 2022, SpareBank 1 SMN has received a new Pillar 2 requirement

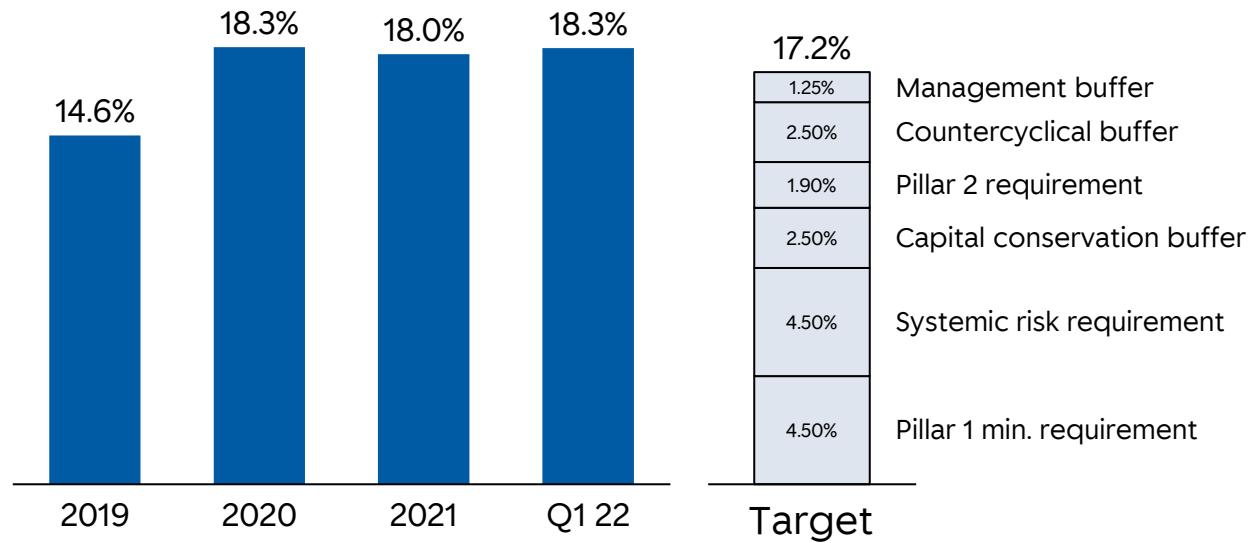
The 1.9 per cent requirement is unchanged, but SMN is required to have an additional 0.7 per cent in Pillar 2 requirement until the FSA has approved adjustments of the IRB-models

The FSA has decided that SpareBank 1 SMN shall have a pillar 2 guidance of 1.25 per cent above total capital requirements.

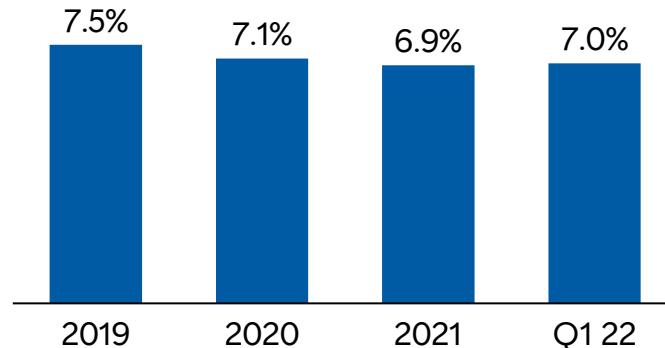
The group plans with a full countercyclical buffer and has a revised long-term goal of a CET1 of at least 17.2 per cent.

In connection with the introduction of CRD V / CRR 2, the SME rebate will be extended from 30 June 2022. The estimated effect of this is a strengthening of CET1 adequacy by 0.4 percentage points.

CET1



Leverage ratio



Funding and liquidity

The war in Ukraine has increased uncertainty and led to volatility in financial markets.

Credit spreads are somewhat higher than before the war. The bank has ample liquidity and the markets for the bank's financial instruments are functioning satisfactorily.

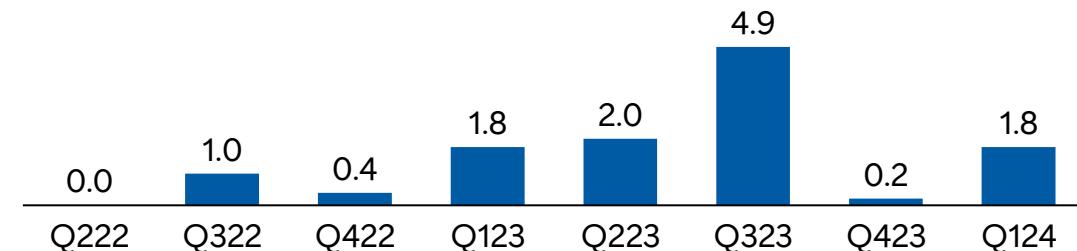
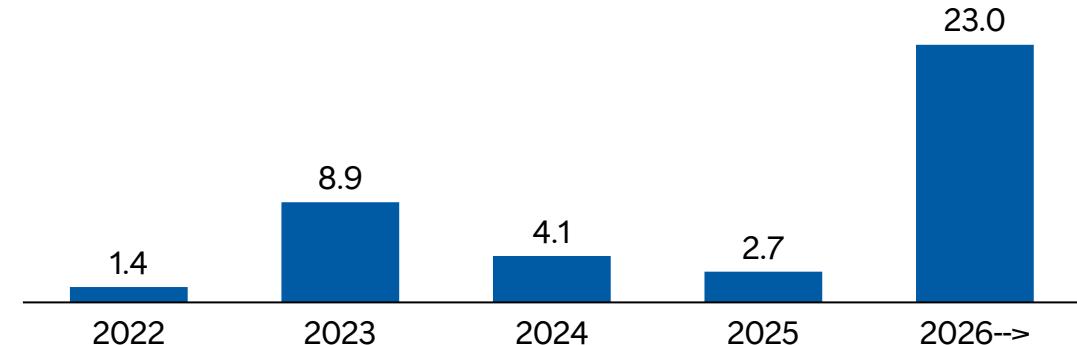
The bank has a conservative liquidity strategy. The LCR is 155 per cent as at 31 March 2022 (190 per cent).

The bank's funding sources and products are well diversified. SpareBank 1 Boligkreditt and Næringskreditt are important funding sources. Loans totalling NOK 53bn (48bn) had been sold to these mortgage companies as at 31 March 2022.

In the first quarter SpareBank 1 SMN issued a senior bond of NOK 2.8bn with a five-year maturity and MREL funding of NOK 0.5bn.

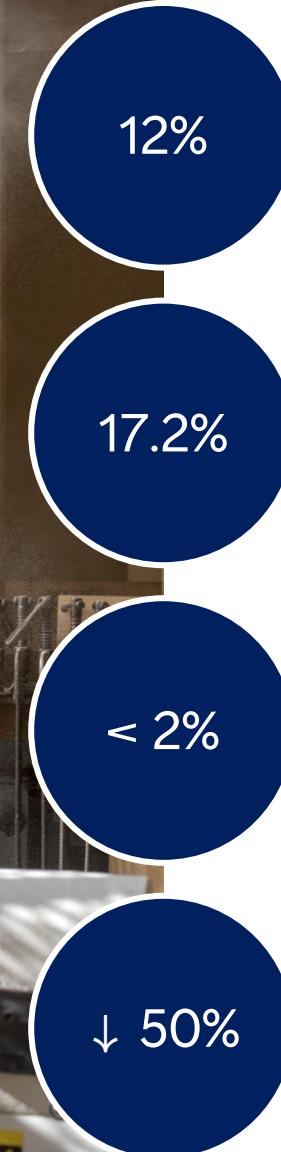
As at 31 March 2022 SpareBank 1 SMN held NOK 4.0bn in senior non-preferred debt (MREL). SpareBank 1 SMN will meet the MREL requirements by the end of 2023.

Maturity structure as at March 31 2022 (NOKbn)



Goals

SpareBank 1 SMN aims to be the leading finance house in Central Norway and among the best performers in the Nordic region



Profitable

Return on equity 12%

Solid

CET1 ratio 17.2%

Payout ratio approx. 50%

Efficient

Annual growth in group costs limited to 2% within existing business

Responsible

Aims to halve the group's climate footprint by 2030
Reduction of 8% per year

SpareBank 1 SMN

CEO Jan-Frode Janson

Tel +47 909 75 183

E-mail jan-frode.janson@smn.no

CFO Trond Søraas

Tel +47 922 36 803

E-mail trond.soraas@smn.no

SpareBank 1 SMN

Tel +47 915 07 300

Internet address

www.smn.no

First quarter 2022



Appendix



Profits

Quarterly numbers

NOK mill	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
Net interest income	758	723	707	698	668
Commission income and other income	637	671	623	748	790
Operating income	1.395	1.394	1.330	1.445	1.459
Total operating expenses	762	765	698	735	796
Pre-loss result of core business	632	629	633	711	663
Losses on loans and guarantees	0	32	31	39	59
Post-loss result of core business	632	597	601	672	604
Related companies	62	186	179	212	128
Securities, foreign currency and derivates	173	33	69	59	161
Result before tax	868	816	849	942	893
Tax	169	112	175	191	131
Result investment held for sale	-1	0	1	4	6
Net profit	698	703	675	755	768
Return on equity	12,5 %	12,7 %	12,4 %	14,3 %	14,8 %

Commission income

Quarterly numbers

<i>NOK mill</i>	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
Payment transmission income	60	72	61	56	49
Credit cards	16	14	14	13	14
Commissions savings and asset mgmt	9	13	17	14	15
Commissions insurance	57	55	54	53	52
Guarantee commissions	18	22	13	14	14
Estate agency	94	100	107	131	103
Accountancy services	156	114	114	154	148
Securities	124	158	110	182	275
Other commissions	14	17	7	14	5
Commissions ex. Bolig/Næringskreditt	549	565	497	631	675
Commissions Boligkreditt (cov. bonds)	84	102	123	113	112
Commissions Næringskreditt (cov. bonds)	4	3	3	4	4
Total commission income	637	671	623	748	790

Product companies in SpareBank 1-alliansen

Quarterly numbers

Profit share after tax

NOK mill, SMN's share in parentheses	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
SpareBank 1 Gruppen (19.5%)	13	173	83	148	67
SpareBank 1 Boligkreditt (20.9%)	-5	-2	11	3	4
SpareBank 1 Næringskreditt (12.8%)	0	0	-1	4	3
BN Bank (35.0%)	49	42	40	42	40
SpareBank 1 Kreditt (19.2%)	3	2	10	1	0
SpareBank 1 Betaling (21.5%)	-5	-9	0	-5	-1
SpareBank 1 Forvaltning (19.9%)	8	12	13	8	0
Other companies	-1	-32	-2	11	14
Sum associated companies	62	186	179	212	128

Subsidiaries

Quarterly numbers

Profit before tax

NOK mill, SMN's share in parentheses	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
EiendomsMegler 1 Midt-Norge (87 %)	14	1	8	41	21
SpareBank 1 Regnskapshuset SMN (89 %)	23	3	21	33	27
SpareBank 1 Finans Midt-Norge (56,5 %)	47	45	35	63	55
SpareBank 1 Markets (67 %)	39	51	23	62	118
SpareBank 1 SMN Invest (100%)	132	-4	61	21	109
Other companies	1	0	1	2	1
Subsidiaries	257	97	149	223	330

Return on financial investments

Quarterly numbers

<i>NOK mill</i>	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
Net gain/(loss) on stocks	137	15	36	23	102
Net gain/(loss) on financial instruments	-10	-9	14	-4	20
Net gain/(loss) on forex	37	1	2	8	20
Net gain/(loss) on stocks and stock derivatives SB1 Markets	172	32	68	42	158
Net return on financial instruments	172	32	68	42	158

Equity certificate, key figures

Key figures	Q1 22	2021	2020	2019	2018
ECC ratio	64,0 %	64,0 %	64,0 %	64,0 %	64,0 %
Total issued ECCs (mill)	129,39	129,39	129,39	129,30	129,62
ECC price	141,20	149,00	97,60	100,20	84,20
Market value (NOKm)	18.270	19.279	12.629	12.956	10.914
Booked equity capital per ECC	99,55	103,48	94,71	90,75	83,87
Post-tax earnings per ECC, in NOK	3,20	13,31	8,87	12,14	9,97
Dividend per ECC		7,50	4,40	6,50	5,10
P/E	11,05	11,19	11,01	8,26	8,44
Price / Booked equity capital	1,42	1,44	1,03	1,10	1,00

Change in net interest income

Change from Q4 21 to Q1 2022

Net interest Q1 22	758
Net interest Q4 21	723
Change	35

Obtained as follows:

Fees on lending	10
Lending volume	5
Deposit volume	0
Lending margin	-45
Deposit margin	59
Equity capital	23
Funding and liquidity buffer	-17
Subsidiaries	-1
Change	35

Change from Q1 2021 to Q1 2022

Net interest Q1 22	758
Net interest Q1 21	668
Change	89

Obtained as follows:

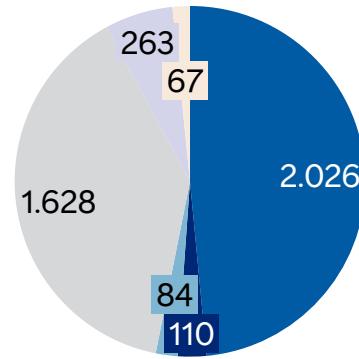
Fees on lending	14
Lending volume	52
Deposit volume	-1
Lending margin	-154
Deposit margin	118
Equity capital	35
Funding and liquidity buffer	12
Subsidiaries	14

Balance sheet

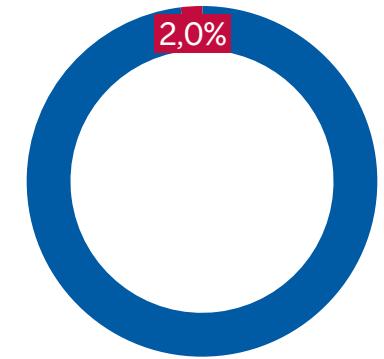
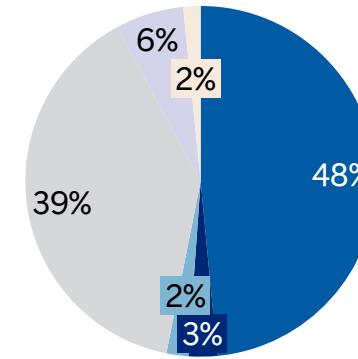
	31.3.22	31.3.21	31.3.20
Funds available	42,7	40,4	35,5
Net loans	145,8	135,9	126,1
Securities	2,6	2,1	1,4
Investment in related companies	7,5	7,4	6,7
Goodwill	0,9	0,9	0,9
Other assets	7,6	7,2	14,6
Total Assets	207,0	193,8	185,2
Capital market funding	56,6	59,4	62,5
Deposits	114,1	102,4	88,2
Other liabilities	12,2	8,5	12,9
Subordinated debt	1,8	1,8	2,1
Equity ex hybrid bonds	21,2	20,5	18,3
Hybrid bonds	1,3	1,3	1,3
Total liabilities and equity	207,0	193,8	185,2
In addition loans sold to Boligkreditt and Næringskreditt	52,9	47,9	43,5

Offshore supply vessels constitutes a decreasing part of total exposure

EAD per segment (mill NOK)



Offshore share of overall EAD



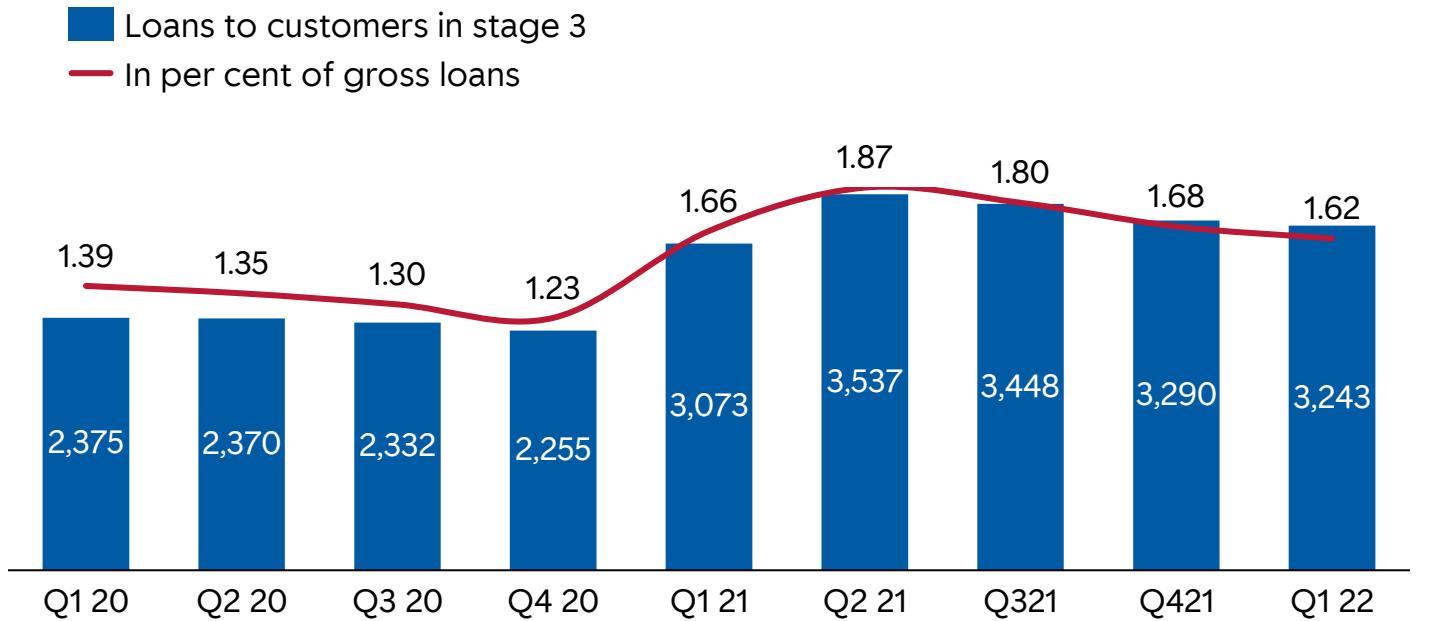
Distribution	EAD	Loans	Stage 3	Stage 1/2	Total impairments	Total Share of EAD
Low risk	483	655		1	1,1	0,2 %
Medium risk	1.536	1.094		105	105	6,8 %
High risk	488	471		53	53	10,8 %
Obligors with impairments/ defaulted	1.670	1.406	373	159	373	22,4 %
	4.178	3.626	373		532	12,7 %

Potential problem loans

New regulatory definition of default increased stage 3 loans from 2021

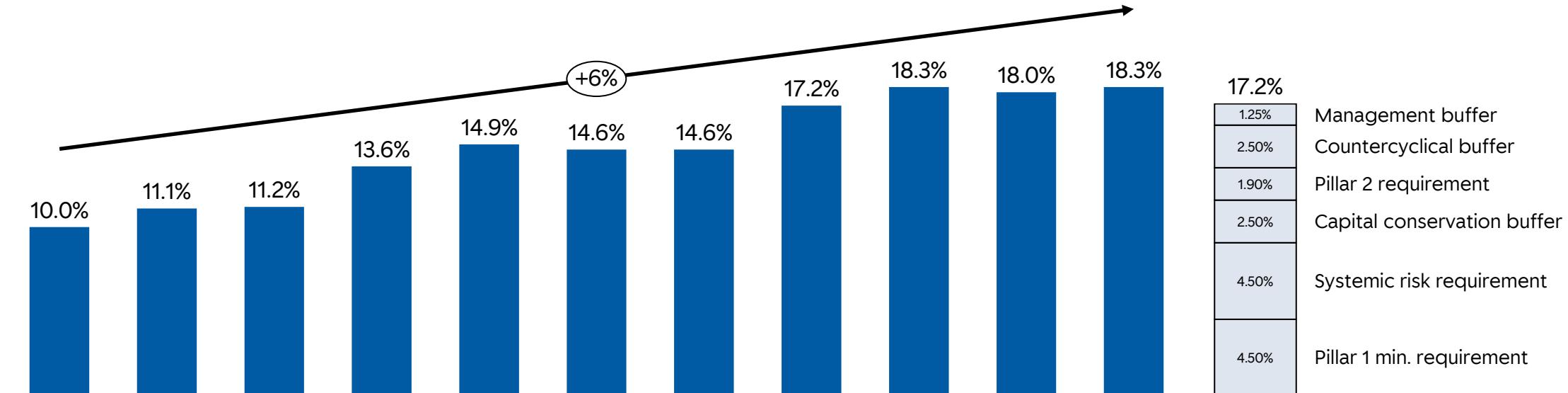
Stable numbers last quarters

Loans to customers in stage 3



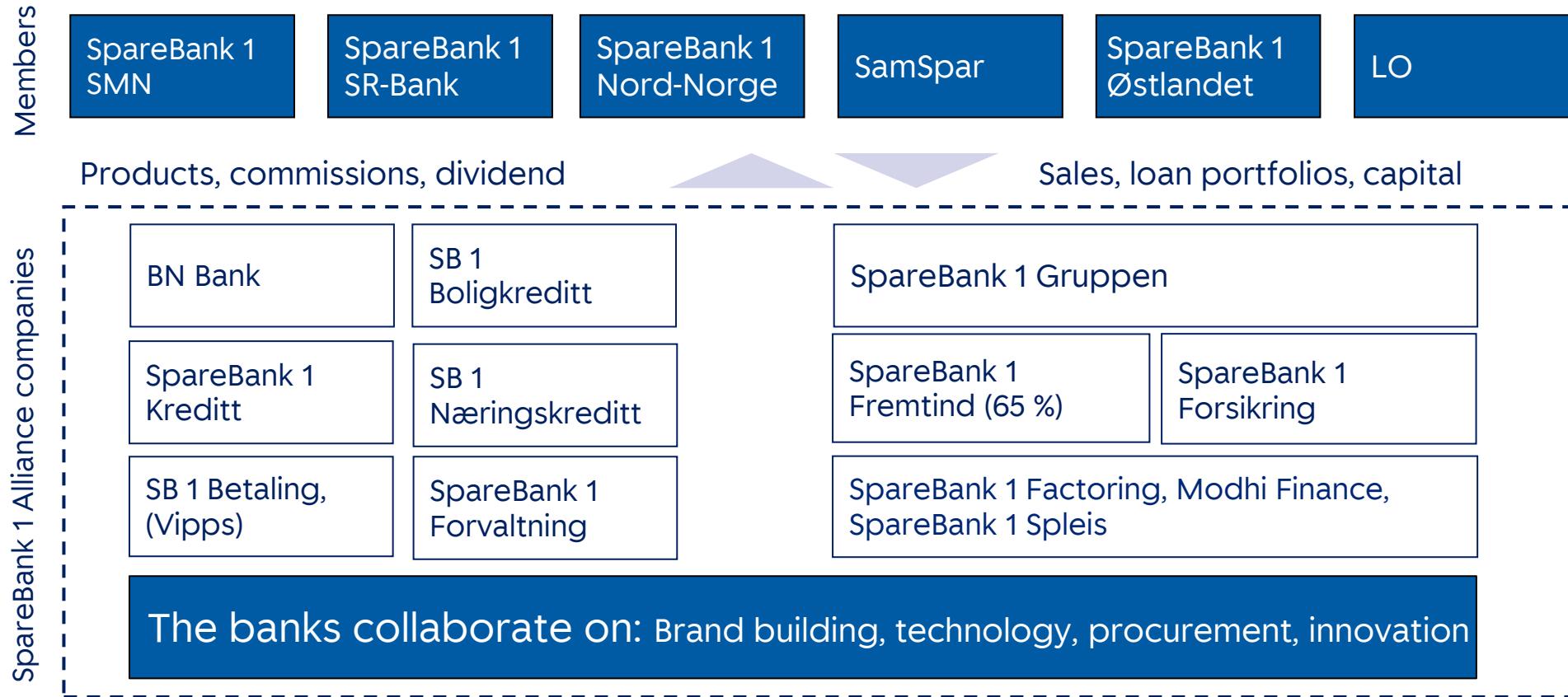
Development in CET1 capital and capital adequacy

CET1 ratio in per cent



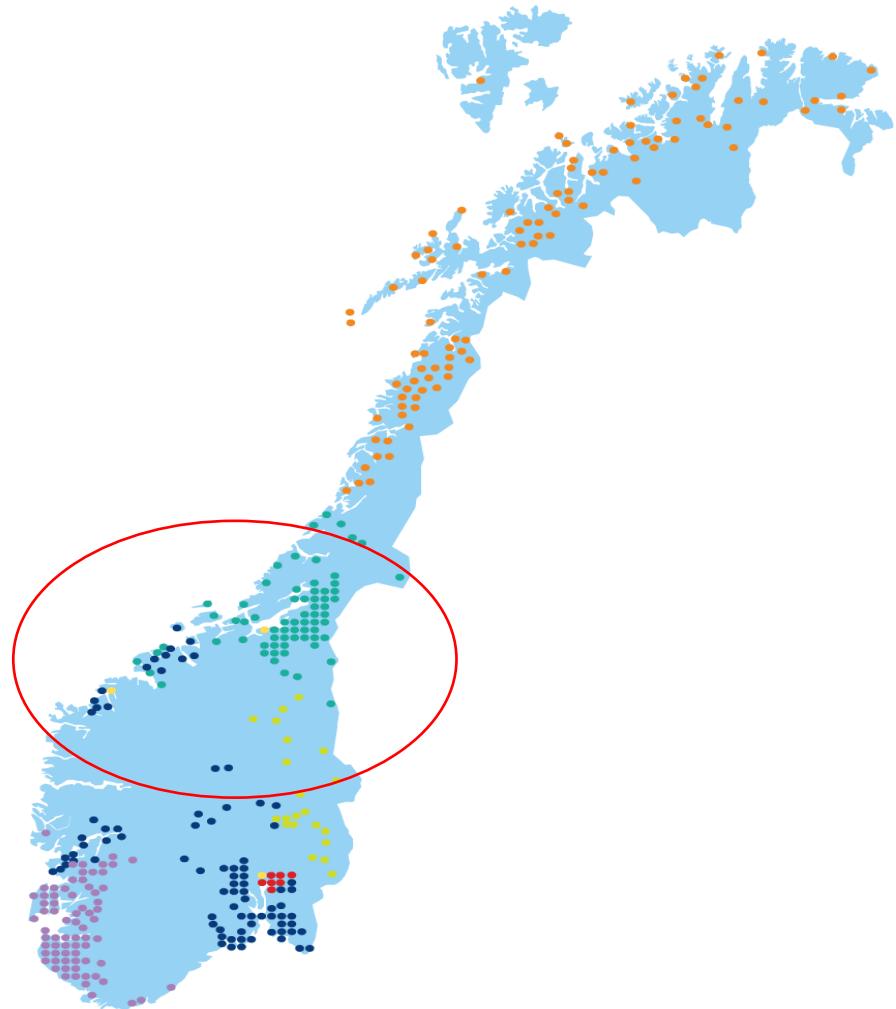
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Q1 22	Target
CET1	8.254	9.374	10.679	12.192	13.223	13.820	14.727	15.830	17.041	17.790	18.229	17.2%
ROE	11.7%	13.3%	15.1%	10.7%	11.3%	11.5%	12.2%	13.7%	10.0%	13.5 %	12.5 %	
RWA	82.450	84.591	95.322	89.465	88.786	94.807	101.168	91.956	93.096	98.664	99.847	

The SpareBank 1 Alliance



The SpareBank 1 Alliance

Strong position nationally, regional focus



- SpareBank 1-alliansen consists of 15 banks
- Operates exclusively in Norway
- The bank grouping in Norway with the most bank branches
- The SpareBank 1 banks are on the forefront of digitalisation and technological development
- The SpareBank 1 banks are independent banks in their respective regions
- They are market leaders in their most important regional market areas
- The largest of them (~ 80% of total assets) have the following rating:

Sr. unsec. ratings	Moody's
SpareBank 1 SMN	A1 / P-1
SpareBank 1 SR	A1 / P-1
SpareBank 1 SNN	Aa3 / P-1
SpareBank 1 Østlandet	Aa3 / P-1