

## Retail Banking

Greater corporate social responsibility and more personal customers.

**SpareBank 1 SMN leads the market both in real estate agency and banking services for the retail market. In 2020, 37 per cent of all dwellings sold in Central Norway were sold by a real estate agent from EiendomsMegler 1 Midt-Norge. And 28 per cent of all mortgage borrowers at the turn of 2021 were customers of EiendomsMegler 1 Midt-Norge. Despite the enormous strain inflicted on the world by the Covid-19 pandemic, 2020 proved to be a good year for SpareBank 1 SMN with increased market shares both for the bank and the real estate agency.**

Once the lockdown of society was an established fact on 12 March 2020, all resources were directed at giving customers good advice while at the same time devising solutions to help people through the crisis.



*"The period has seen a large influx of customers worried about income loss, investments and failing ability to service loans. Our most important responses have been mortgage payment holidays and advances of unemployment benefit. Good information and advice through the year have been at centre-stage. All in all we have, in conjunction with our customers, tackled the coronavirus pandemic well."* These are the words of Nelly Maske, executive director, Retail Banking.

SpareBank 1 SMN was the first to offer advance payments of unemployment benefit along with mortgage payment holidays to customers hit by the consequences of Covid-19, such as dismissals and layoffs. About 8,500 borrowers applied for mortgage payment relief. However, the volume of mortgages with forbearance at the turn of 2021 was down to about a third of the level in effect after 12 March. The demand for advances of unemployment benefit was smaller (200 applicants), but was highly appreciated since it took some time for the authorities to put their own arrangements in place.

### **2020 – Better everyday finances and more money for housing**

Deposit growth of 17 per cent pertinently illustrates customers' lower spending on consumption, experiences, travel and the like. More people are spending a larger share of their income on housing, refurbishment and mortgage repayment. Moreover, substantial growth is noted in sales of recreational properties with sales of cabins up by as much as 40 per cent. This is an apt picture of how 2020 developed.

About 500 new mortgage customers joined the bank each month in 2020. An important factor behind this good trend is SpareBank 1 SMN's agreement with the LO (Norwegian Trade Unions Configuration). The group anticipates continued high growth in urban areas with a particular focus on Trondheim and Sunnmøre, and expects the positive trend to continue in 2021.



Kjetil Reinsberg, CEO of EiendomsMegler 1 Midt-Norge AS, describes 2020 as a special year for house sales with a 'reverse' sign.

*"The year was impacted by Covid-19 and restrictions but, for house sellers, market conditions were surprisingly favourable", he states.*

Norges Bank lowered its base rate to 0 per cent at an early point in the crisis. A natural consequence was very low mortgage interest rates. As soon as the shock of the first wave of infection abated, the entire region experienced high activity in the housing market. The upshot was an unprecedented volume of house sales in Central Norway in 2020, accompanied by rising house prices. On average, houses in Trøndelag were sold at prices 6 to 7 per cent higher than in 2019. The pace of house sales was also higher in 2020 compared with previous years.

SpareBank 1 SMN launched the financing product 'tryggere boligbytte' ('safer and securer house purchase') in 2021 together with EiendomsMegler 1 Midt-Norge. The object is to provide house sellers with a more flexible, and cheaper, arrangement that provides them with favourable mortgage terms in the period when they have two dwellings on their hands. This enables more borrowers to buy before selling, which makes for a well-functioning housing market in Central Norway.

*"This is a good example of One SMN. The bank offers favourable financing solutions which our colleagues at the real estate agency also communicate to borrowers. In sum, this encourages more people to buy a new house or flat before selling their existing one: a safer and securer purchase/sale process for the borrower, a healthier housing market and a larger number of new mortgage borrowers for the bank,"* says executive director Nelly Maske.

Through personal and good advice, a highly accessible customer call centre whose aim is to find a solution upon initial contact, and continual refinement of digital services, the bank promotes good everyday finances for people in Central Norway. 2020 also saw the launch of a legal services facility in collaboration with Justify. This service enables customers to enter into agreements such as cohabitation contracts and to set up future power of attorney and wills in a flexible and inexpensive manner.

Furthermore, SpareBank 1 SMN aspires to increasing the proportion of saver customers to 80 per cent by 2023 – chiefly by getting non-savers to start saving, and small savers to save more. In 2021 the bank can look back on a formidable increase in mutual fund saving and investment, and a gratifying increase in saving among young people. Of particular note is the 50 per cent increase in sales volume compared with previous years – taking into account the uncertain situation brought about by the Covid pandemic and other external factors.

### **2021 – A group with wind in its sails**

SpareBank 1 SMN assumes and expects good activity, a well-functioning housing market and continued low interest rates in 2021.

The group estimates strong growth in lending to retail borrowers in 2021. At the same time somewhat lower deposits are expected as a result of more normalised consumption. The patterns will depend on the effectiveness of the vaccination programmes and on how the Covid situation pans out over the course of the year.

Strong relations with people and local communities have been the group's most important competitive edge for almost 200 years. These relations will be further reinforced once the intra-group collaboration gains strength and scope through the banking and estate agency operations under the project One SMN.

While local presence is important, customers also expect SpareBank 1 SMN to be at the forefront of the evolution of digital services. The development of intuitive, user-friendly services providing an improved customer experience is accordingly given added priority by simplification, speed and accessibility along with overview and control. Through One SMN the group will also have a greater focus on advisers with particular expertise in their respective fields.

A broad range of green products has been developed for the group's retail customers in the past year, such as green mortgages – the bank's most reasonably priced mortgage. Through 2020 SpareBank 1 SMN has also worked together with the Trondheim-based company Ducky on visualisation of carbon footprints in the internet bank, based on the individual's consumption. Over the course of the first half of 2021, carbon footprint visualisation will be rolled out to all SpareBank 1 SMN's retail customers. The aim of visualisation is to encourage the individual to change his or her habits and make more sustainable choices, through green banking products as well as consumer habits. Work on sustainability labelling of green mutual funds also progressed in 2020, with market launch taking place at the start of 2021.

These are SpareBank 1 SMN's green products for the retail customer:



Ambitions for 2021 are substantial, both at Retail Banking in SpareBank 1 SMN and at EiendomsMegler 1 Midt-Norge.

*"We have the wind in our sails. Our intimate knowledge of the property market in Central Norway is unique. Not only in terms of traditional house sales but also rental brokerage and agricultural property. Our objective is that at least 50 per cent of house purchases taking place through us should be financed by SpareBank 1 SMN,"* says Kjetil Reinsberg, CEO of EiendomsMegler 1 Midt-Norge AS.

Nelly Maske, executive director of Retail Banking, has a similarly offensive stance. *"We intend to create a shared culture, an even greater understanding of customer needs, and to coordinate more of our services and customer advice,"* she adds.

<b>Retail Banking</b>	<b>2020</b>	<b>2019</b>
Deposits	47.5 bn	41.6 bn
Loan	129.1 bn	119.4 bn
No. of customers	245,697	226,422
No. of FTEs	369	353
Profit before tax	1,093 bn	1,270 bn
<b>EiendomsMegler 1</b>	<b>2020</b>	<b>2019</b>
No. of properties sold	7,164	6,652
No. of FTEs	227	230
Profit before tax	52 m	1 m