

## This is SpareBank 1 SMN

The story of SpareBank 1 SMN extends back to 1823 when 44 of Trondheim's better-off men paid a total of 1,596 speciedaler to found a savings bank. The men wished to develop their community, and they saw that the community needed a bank.

The bank's founders wanted the community to own the bank, and as early as in 1840 Trondhjems sparebank began to devote parts of its net profit to supporting projects that would benefit the local populace. Over the next hundred years savings banks were founded across the entire region. Since the 1990s many of these savings banks have been amalgamated with what was once Trondhjems sparebank, and now make up SpareBank 1 SMN.

The set of values dating from 1823 have been part of SpareBank 1 SMN's DNA for almost 200 years and the main objective is to provide good financial advice to secure the everyday finances of people and businesses, in good and bad times alike. Hard times are when people show what they are made of, and through almost two years of a Covid pandemic the bank's focus has been precisely on safeguarding customers' finances and helping them through the crisis.

Today SpareBank 1 SMN is far more than a bank. It is the region's leading finance centre and offers customers a full range of products and services in the banking, accounting and estate agency areas. In keeping with the wishes of the bank's founders, the local community is still the group's largest stakeholder and each year receives its rightful share of the net profit through the *community dividend*.

## Vision and values

"Together we make things happen" is the vision of SpareBank 1 SMN, supported by the following values: *wholehearted, responsible, likeable and capable*.

The companies making up the SpareBank 1 SMN group currently embrace differing visions and values. The group's ambition is to assemble all companies under the same vision and values ahead of the anniversary year 2023.

## Strategic direction towards 2023

SpareBank 1 SMN is the leading financial services group in Mid-Norway, and among the best performers in the Nordic region. SpareBank 1 SMN aims to create financial value, build the regional community and assume its share of the responsibility for sustainable development.

The group has clear-cut objectives in terms of profitability, financial position and efficiency:

- **Profitable**, with a 12 per cent return on equity
- **Financially solid**, with a CET1 ratio of 16.9 per cent. Payout ratio about 50 per cent
- **Efficient**. Annual cost growth in the group limited to 2.0 per cent within existing business
- **Strengthened market position**. Ambition to be number 1 in the group's business lines
- **Increase in satisfied customers**. Ambition to have the most satisfied customers in all business lines and market areas

- **Proud and committed employees.** Ambition to have the most committed staff in the financial industry in Norway
- **Quality** in all our work

With strong customer relationships and high return over time, SpareBank 1 SMN has a good foundation on which to build further.

In 2020 five strategic priorities were highlighted as particularly important in the run-up to 2023. Work on all five priorities is well under way.

#### The five strategic priorities are:

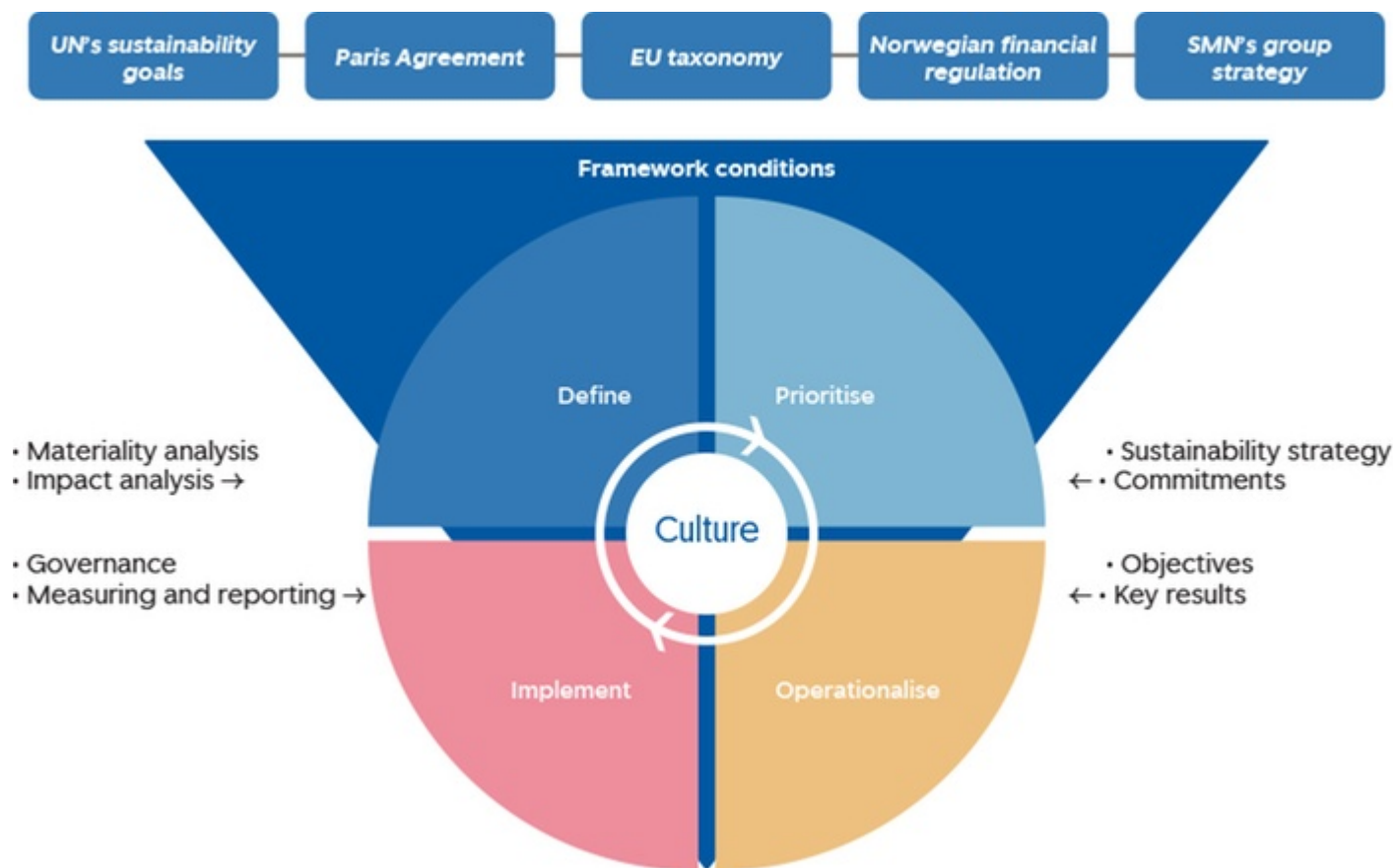
1. **Create 'One SMN'** through improved interaction between support functions, business lines and subsidiaries
2. **Increase digitalisation and use of insight** to ensure relevant and future-oriented solutions
3. **Take a leading role in the development of Norway's savings banks** by challenging partners and competitors alike and exploiting the developmental power present in SpareBank 1-alliansen
4. **Integrate sustainability into the business** and stimulate sustainable development of Mid-Norway by being a driver for the green transition, a partner for the inclusive development of society and a guide for responsible business culture.
5. **Exploit the power inherent in the ownership model** to instil pride and commitment among employees and people in general through contributing to the region's development and value creation.

## Sustainability

### Overall group standard

As the region's largest financial services group, SpareBank 1 SMN aims to stimulate the sustainable development of Mid-Norway. Sustainability is one of five strategic priorities in the group's business strategy, and the means of working towards sustainability are concretised in the sustainability strategy adopted by the board of directors. The strategy builds on the materiality and impact analyses carried out in autumn 2020 and is operationalised through objectives and key results in all business lines. Coordination and development of an overall group standard for sustainability rests with the group's steering committee for sustainability.

SpareBank 1 SMN has systematised sustainability, taking the UN Principles for Responsible Banking as its basis. More information on these principles is available at <https://www.unepfi.org/banking/bankingprinciples>. The group shares and publishes reports, certifications, guidelines and other relevant documents emanating from this work in an open, accessible sustainability library at [smn.no/barekraft](https://smn.no/barekraft).



*Sustainability systematised in the SpareBank 1 SMN group*

### Focus on value creation – Possibilities and risk

SpareBank 1 SMN develops its business models and risk management framework on a continuous basis, both to support its own growth ambitions and the EU's six environmental goals (see [ec.europa.eu](https://ec.europa.eu)) and to comply with applicable laws and regulations. The development work has a bearing on the group's customer offering and aims to:

- Increase customer value by providing value-based advice and customer offerings that accelerate the green transition among people and businesses in general
- Increase employee value by attracting and retaining committed employees that deliver the best customer experience
- Increase shareholder value by achieving goals for profitable growth with minimal cost to the climate

### Next step – Goals and measures in 2022

Central goals and measures in the group's work plan for 2022 are to:

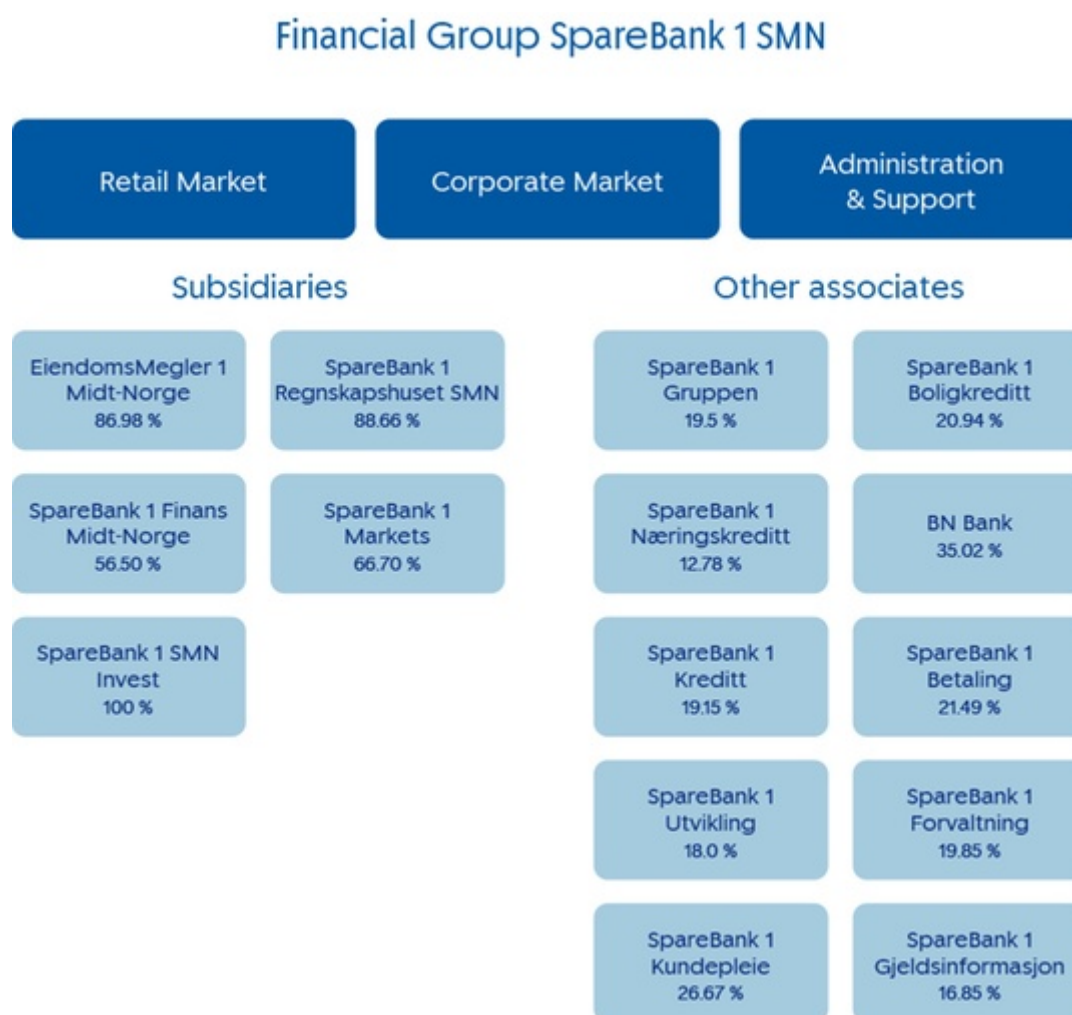
- Increase the proportion of loans/turnover that qualify as sustainable economic activity (Green Asset Ratio, GAR)
- Measure and report on the trend in contributions to climate change for existing and new customers in the portfolio
- Reduce the group's direct climate footprint by 8 per cent through digitalisation, electrification and reuse
- Strengthen social rights and equal opportunity for all in the group's customer offering
- Stimulate innovation and competence development in the group's market areas

Read more about SpareBank 1 SMN's sustainability effort at [smn.no/sustainability](https://smn.no/sustainability)

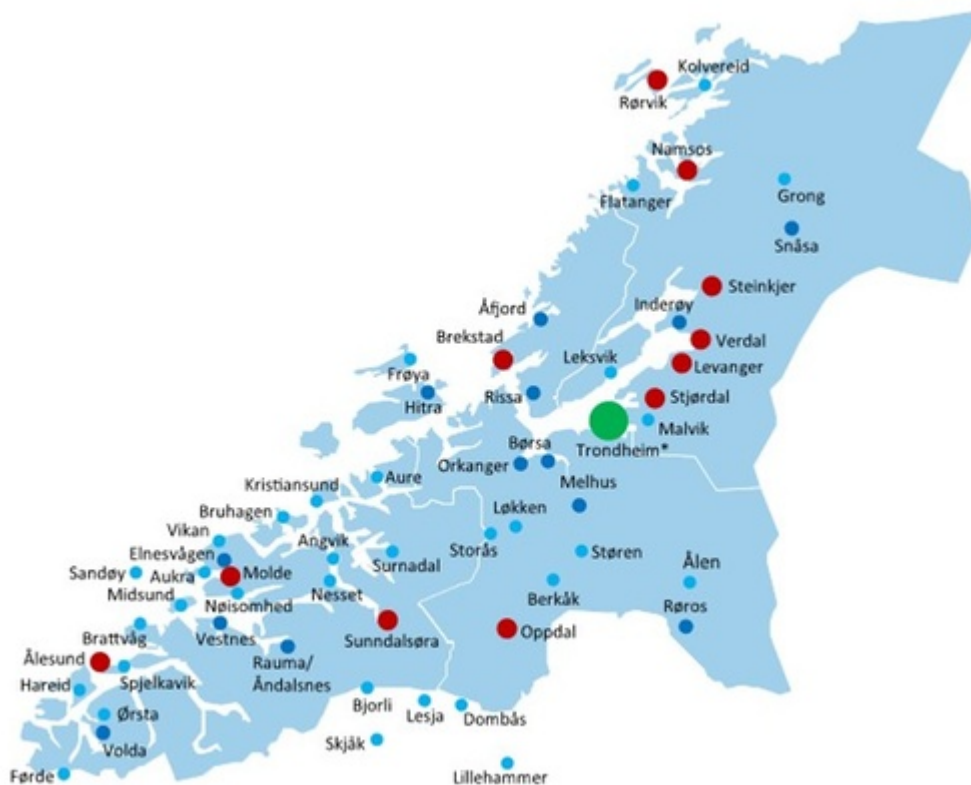
## SpareBank 1 SMN's organisational set-up

SpareBank 1 SMN is an independent regional savings bank with a local footing and one of six owners of SpareBank 1-alliansen. Through the SpareBank 1 Alliance and its own subsidiaries, SpareBank 1 SMN offers competitive products in the fields of financing, savings and investment, insurance and payment services along with estate agency, leasing, accounting and capital market services.

SpareBank 1 SMN is organised under the following structure:



SpareBank 1 SMN is the region's leading financial services group and caters to both the retail and corporate market. It is headquartered in Trondheim and the group has some 65 offices across the region. 14 of these are finance centres in which banking, accounting and estate agency businesses are present in the same location. With its subsidiaries included, the group has about 1,650 employees.



- The group's head office is located in Trondheim plus a number of offices offering banking, accounting and estate agency services separately or on a co-located basis
- Locations marked with red dots are finance centres
- At locations marked with dark blue dots, two offices are co-located
- In addition to the above office locations, SpareBank 1 Markets has an office in Oslo

## Subsidiaries

### EiendomsMegler 1 Midt-Norge

EiendomsMegler 1 Midt-Norge is a wholly-owned subsidiary of SpareBank 1 SMN, SpareBank 1 Nordmøre and SpareBank 1 Sunnmøre. EiendomsMegler 1 Midt-Norge owns Brauten Eiendom and is part of EiendomsMegler 1-alliansen, the country's largest provider of estate agency services. The company has more than 300 employees distributed across more than 30 offices throughout Trøndelag and Møre and Romsdal, and offers commercial property, new construction, rental and agricultural brokerage services.

### SpareBank 1 Regnskapshuset SMN

SpareBank 1 Regnskapshuset SMN is a subsidiary of SpareBank 1 SMN, SpareBank 1 Søre Sunnmøre, SpareBank 1 Gudbrandsdal and SpareBank 1 Lom og Skjåk. SpareBank 1 SMN is the largest owner and the company has some 500 employees dispersed across more than 40 locations in Trøndelag, Møre og Romsdal and Innlandet. The company is a fully fledged finance and technology centre and is one of the three largest operators in the accounting industry in Norway. In addition to traditional accounting services and systems the company offers services in the fields of pay, human resources, taxes and duties, transfer of ownership and IT. In cooperation with the bank they also offer the service 'Banking+Accounts' which enables a business to manage its entire finances in one place.

**SpareBank 1 Markets**

SpareBank 1 SMN Markets AS is an investment firm offering a complete range of products. The company's aspires to be a leading Norwegian capital market institution able in collaboration with its parent banks to deliver all capital market services. Advisory services and facilitation of external and equity financing for clients are important service areas. Client trading and proprietary trading in shares and derivatives, fixed income and currency instruments along with bonds is also undertaken. SpareBank 1 SMN holds a 66.70 per cent stake in the company.

In 2021 the company strengthened its market position and posted considerable income growth. 2021 brought increased incomes in particular in investment banking and stockbroking. Collaboration with the parent banks was good, generating incomes in all business areas. SpareBank 1 Markets has acquired a substantial position for raising capital for technology companies and companies that contribute to a sustainable economy. In total, the company participated in stock issues in a nominal amount of NOK 35bn, and a bond issue worth a nominal NOK 6.9bn in these sectors. At the end of 2021 the company had 169 employees.

**SpareBank 1 Finans Midt-Norge**

SpareBank 1 Finans Midt-Norge offers leasing, vendor's lien and invoice sale services to about 35,000 retail customers and 5,000 corporate clients. The company markets its products through parent banks, car dealers and to some extent makes direct sales. SpareBank 1 Finans Midt-Norge has total assets of NOK 10bn and is represented in the counties of Trøndelag, Møre and Romsdal, Vestland, Vestfold and Telemark, Innlandet and Viken.

The proportion of financed objects with electric or hybrid transmissions is growing strongly in the case of leasing and vendor's liens alike. A good 11 per cent of the portfolio comprises electric or hybrid transmissions, and the share is rising in both the retail and corporate market. SpareBank 1 Finans Midt-Norge aims to offer competitive products through green financing and is also co-owner of the car subscription company Fleks. The company's credit policy sets clear guidelines as to various requirements on businesses, products and sectors. Moreover, particular account is taken of sustainability both as regards objects and customers, and ESG is an important aspect of the templates employed in the company's credit assessments.

**SpareBank 1 SMN Invest**

SpareBank 1 SMN Invest' strategy has been to invest in regional seedcorn, venture and private equity funds, and directly in growth companies with national and international potential. The company holds shares worth NOK 592m at the end of 2021. Investing in shares is no longer part of the group's strategy, and the focus ahead will be on managing the current portfolio together with other long-term shareholdings of the bank.

**SpareBank 1-alliansen's companies**

SpareBank 1-alliansen consists of 15 independent savings banks that collaborate on a shared platform and brand. The collaboration is organised through the jointly-owned companies SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA with subsidiaries, in addition to a number of directly owned companies of the SpareBank 1 banks.

SpareBank 1 SMN's has a stake of 19.5 per cent in SpareBank 1 Gruppen. SpareBank 1 Gruppen wholly owns SpareBank 1 Forsikring AS, SpareBank 1 Factoring AS, Modhi Finance AS and SpareBank 1 Spleis

AS. SpareBank 1 Gruppen holds a 65 per cent stake in Fremtind Forsikring AS. In addition, SpareBank 1 SMN, together with other SpareBank1 banks, directly owns SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kreditt AS, SpareBank 1 Betaling AS, SpareBank 1 Forvaltning AS and BN Bank ASA.