

Statement by the Group CEO

SpareBank 1 SMN's 200th anniversary – on a steady course with the wind in its sails

I often reflect on the legacy managed by SpareBank 1 SMN and the responsibility we hold. On the one hand it's about continuing our DNA – about maintaining our presence, local-level decision making and active social commitment. On the other it's about evolving to meet a world in rapid change and more uncertain than for a long time.

The vision of the 44 persons who founded Trondhjems sparebank on 26 May 1823 was clear. They wished to make the city and the region a better place for those that lived and worked here. More people should save money in order to get established, start businesses and provide for their families. The founders invested their own funds in the bank, relinquishing ownership, and any future profit was to be shared with the local community.

Little did the founders know that their efforts would form the basis for the region's largest, and leading, finance centre which today counts just short of 1,700 employees. And although SpareBank 1 SMN is a large stock exchange listed company, the Mid-Norwegian community remains its largest owner. En route we have stood by people and businesses through thick and thin, in good times as in bad. Lately through a global pandemic, followed by war in Europe. On this occasion too we have gained market share in increasingly uncertain times.

2022 has been an unusually active and eventful year in the history of the bank. In the first quarter we reached a lending volume of NOK 200bn for the first time ever. An important and symbolic milestone at the start of the year in which the bank celebrates its 200th anniversary. The retail segment continues to account for the largest share of lending volume. However, the bank has seen a change in its pace of growth in the corporate market. Looking at the profit figures, the group's overall profit for business-oriented activities exceeds the corresponding figure for the retail market.

Much effort has been given to improving the interaction between business lines in recent years. This is what we call "One SMN". An important aspect of this effort involves the co-location of enterprises. Another has been to coordinate development and support functions to build better processes and customer journeys. This is a journey we shall continue to work on in 2023.

SpareBank 1 SMN has for many years been a driver for the development of collaboration in SpareBank 1-alliansen. It is therefore a matter of pride for SpareBank 1 Markets to be taking over the capital market activities of both SpareBank 1 SR-bank and SpareBank 1 Nord-Norge. The process involves an increase in the two banks' holdings in the company, while SpareBank 1 Markets is to switch from being a subsidiary of SpareBank 1 SMN to become a jointly controlled entity in true alliance spirit. The transaction is to reach completion in the second quarter of 2023.

Another jointly controlled entity is Vipps. This company has changed Norwegians' payment habits through innovation. In 2022 the company reached a new milestone. The merger with MobilePay united the leading digital wallets in Norway, Denmark and Finland. The new company has from the outset 11 million retail customers and 400,000 corporate customers. This makes Vipps the market leader in the Nordic region and a contender on the European stage.

SpareBank 1 SMN also aspires to play an active role in the anticipated consolidation among Norwegian savings banks. The approval in November of the merger between SpareBank 1 SMN and SpareBank 1 Søre Sunnmøre was accordingly a historical milestone. The merged entity will hold a strong market position, and a fine basis for offensive growth in Sunnmøre and in Fjordane.

In recent years the bank has substantially ramped up its ambitions and the volume of its community dividend. Last year we allocated more than half a billion kroner to community dividend, of which half went to the foundation Sparebankstiftelsen SMN while the remainder was distributed among projects small and large. Never before have so many known about our ownership model, and never before have so many received community dividend grants. In 2022 we received more than 4,000 applications, and almost half were approved.

We have set ourselves the goal of being a driver for green transition in Mid-Norway, and the group has substantially raised its ambitions in the sustainability sphere. Regnskapshuset now offers sustainability competencies in demand from more and more customers, and the bank is financing ever more of its funding by way of green bonds. Last autumn we conducted a double materiality analysis as basis for prioritising our efforts in the sustainability sphere. Indeed, as from this year, the annual report is structured along the same lines as the materiality analysis.

Our 200th anniversary will be commemorated throughout the year. Our planning started out from the founders' vision of creating a brighter future for coming generations in their local community. Hence a solid dose of history will permeate the anniversary year, at the same time as the future will remain in focus. The latter involves activities for young people, and a clear footing in sustainability. Among the activities is an excursion for the future aboard the training ship Statsraad Lehmkühl – symbolising a savings bank on a steady course into the future and with the wind in its sails.

Jacob Roll and the other founders would no doubt also have been proud to witness the fruits of the small savings bank they established on a day in May early in the 1800s. At the same time they, like us, would probably have been concerned by the turbulence in the world around us. So it is reassuring to know that we have a 200-year-old tradition of handling change, with a cool head and a warm heart.

Jan-Frode Janson

Group CEO at SpareBank 1 SMN