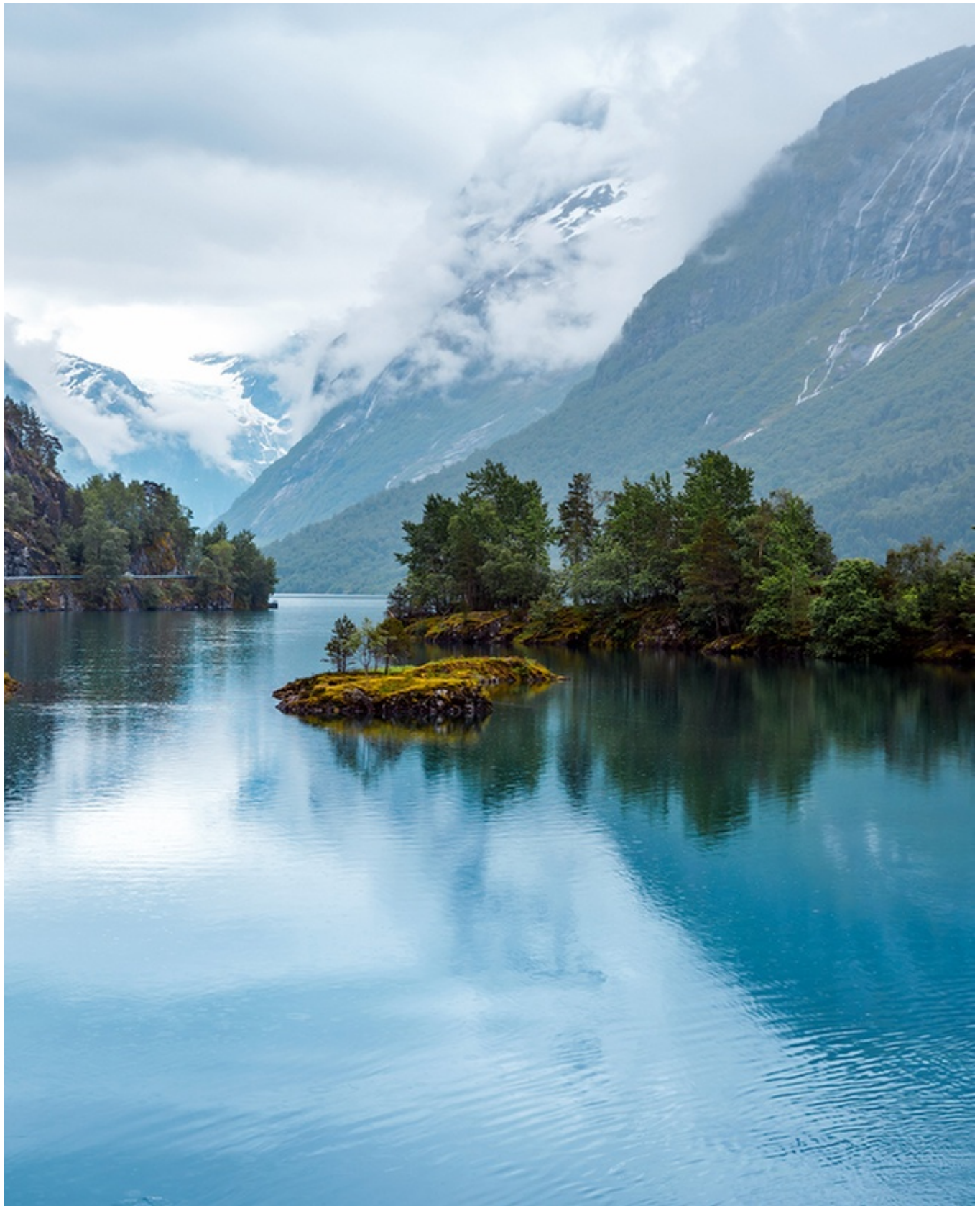


# About the group



## Statement by the Group CEO

Proudly celebrating 200th anniversary while giving back to investors and the community

Our anniversary year, no less, is now behind us, a year in which SpareBank 1 SMN marked 200 years together with customers and local communities throughout Mid-Norway. The year brought a record profit performance, and has been one of most eventful in the history of the bank. We have completed a strategically important savings bank merger, agreed mergers for key jointly-owned product companies, brought in a team from Danske Bank, strengthened our finance centres and established a presence in Oslo.

The merger with SpareBank 1 Søre Sunnmøre strengthens our position in Møre and Romsdal. It also confirms our aspiration to be a leading savings bank. At the same time it provides important experience for future mergers in a Norwegian banking market in which we expect consolidation to continue.

Consolidation is also taking place among the bank-owned product companies. The year started with an important merger in the payments sphere between Vipps and MobilePay. During the autumn agreements were presented concerning a merger between SpareBank 1 Kreditt and Eika Kreditt, and between Fremtind Forsikring and Eika Forsikring. The latter merger will make Fremtind market leader in personal insurance in Norway. Moreover, SpareBank 1 Markets has merged with the capital markets activities of SpareBank 1 SR-Bank og SpareBank 1 Nord-Norge. As a result, SpareBank 1 Markets has again become a company for the entire Alliance.

In the same year as SpareBank 1 SMN celebrated its 200<sup>th</sup> anniversary, and undertook offensive investments, news broke of Danske Bank's withdrawal from the personal market in Norway. In that connection we have recruited a large team of staff in the private banking and wealth management field. This is also a segment with close ties with the corporate market. We already see a substantial influx of new personal and corporate customers.

The finance centres are at centre stage in SpareBank 1 SMN's business model. Here we have assembled a complete offering of financial services for personal customers and the business segment alike. They cover everything from financing and investment, via insurance and pension to estate agency and accounting services. In recent years the focus on accounting services has become extra important through several dozen acquisitions under Regnskapshuset's auspices. At the same time the range of services has widened from account keeping to advice provision in areas such as sustainability, tax, HR and transactions.

In the course of 2023 many of SpareBank 1 SMN's finance centres have been upgraded and modified to enable them to house all services offered by the group. In addition we have established a presence in Oslo. Both presence and visibility have accordingly been strengthened. In parallel with this, the group has invested in digital solutions, including use of artificial intelligence. The combination of physical presence and digital focus is known as the phygital model.

The result for 2023 is also historic, with a net profit of almost NOK 3.7 billion. Moreover, a CET1 ratio of 18.8 per cent places us among by far the most solid banks in the country. That enables us to handle uneasiness and uncertainty at the same time as providing capacity for continued profitable growth. It also gives leeway to offer owners and investors a record dividend of 12 kroner per equity certificate.

With our unique ownership model, more than NOK 1 billion of net profit goes back to the regional community, either by direct allocations or via the foundations. In the last five years the net profit from SpareBank 1 SMN has supplied the Mid-Norwegian community with more than NOK 2.6 billion in community dividend. This has provided the basis for allocations to projects small and large across all of Mid-Norway, many under voluntary sector auspices.

In connection with the presentation of the results for the year, the board of directors resolved to set aside NOK 50 million to support neuroscience research at the Kavli Institute in Trondheim. Nobel laureates Edvard and May Britt Moser have together built up a world-leading research centre to investigate the brain and neural functions. Perhaps the funds will help the research centre find the answer to the mystery behind the chronic disease of Alzheimer's.

The actual anniversary celebrations have been devoted to honouring Jakob Roll and the 43 other citizens who put 1,596 spesiedaler on the table to set up a savings bank. Initially with a focus on saving, shortly afterwards combined with a credit facility.

Little did they know that they were laying the basis for a modern financial services group. A group that has tackled both upturns and downturns alike, and stood firm in headwinds and tailwinds.

The ability to handle market downturns is what we often term our 'calm and cool' strategy. This can come in handy in a world posing major challenges and great uncertainties. These include the climate crisis, war in Ukraine, turbulence in the Middle East and uncertainties in US politics. While this situation gives grounds for unease, it is reassuring to know that the savings bank model has stood firm for 200 years. At the start of the new year we therefore have offensive plans to further develop our position as undisputed market lead in Mid-Norway and a leading Norwegian savings bank.

We at SpareBank 1 SMN are proud of what we achieve as a team, and the close collaboration we enjoy with customers, partners and local communities. All under the vision *"Together we make things happen"*. A vision I believe those who founded the bank on a day in May in 1823 would have endorsed.

*Jan-Frode Janson*

Group CEO at SpareBank 1 SMN

## Important events in 2023

### First quarter 2023

- Profit of NOK 778m after tax and a return on equity of 13%.
- Higher margins on lending strengthen revenues from the bank, in addition to good results from the accounting and estate agency businesses
- High inflation makes for increased costs
- SpareBank 1 SMN reports a hired-in substitute in the bank to the police for gross embezzlement. The person concerned is imprisoned and charged.
- In February the community dividend fund launches a support scheme for initiatives that promote equal opportunities for children and young people. The scheme's focus is on initiatives in the sphere of social inclusion, economic outsidersness and mental health

### Second quarter 2023

- Profit of NOK 923m after tax and a return on equity of 15.1%.
- Solid capitalisation and good liquidity puts us in a good position for further growth.
- A legal merger with SpareBank 1 Søre Sunnmøre is carried out and is expected to strengthen our position in Sunnmøre and Fjordane.
- High interest earnings as a result of growth and repricing.
- In May we celebrated our 200<sup>th</sup> anniversary and invited local communities throughout Mid-Norway to join our celebrations. Through our community dividend we supported a number of projects designed to create value for many years ahead.
- We make our largest ever investment of community dividend resources with a contribution of NOK 150m to the establishment of Såkorn 1 Midt, a seedcorn fund.

### Third quarter 2023

- Profit of NOK 740m after tax and a return on equity of 11.1%.
- The result for the quarter is affected by seasonal variations and extraordinary events. A tax expense correction and an impairment write-down of a shareholding in SpareBank 1 Mobilitet Holding negatively impact the result, along with seasonal variations recorded by SpareBank 1 Regnskapshuset SMN, EiendomsMegler 1 Midt-Norge and SpareBank 1 Markets and a deficit at the SpareBank 1 Group in the quarter.
- The merger with SpareBank 1 Søre Sunnmøre has a positive impact on growth, revenues and financial soundness, although the result is affected by merger costs.
- We prepare for dampened demand ahead and focus our growth strategy on geographical locations, prioritised customer segments and increased synergies at the finance centres with the ambition of strengthening our market position.
- The bank is solid with a capital ratio well above regulatory requirements. Robust loan portfolios, solid capital adequacy and ample liquidity provide prospects for further growth and good dividend capacity.
- We recruit further private banking advisers from Danske Bank to our offices in Trondheim and Oslo, thereby strengthening our offering to the private banking customer segment.
- The high cost of living is starting to bite and more customers are struggling to cope with increased expenses. A financial health team is set up focusing on preventive measures to assist financially vulnerable households.

- We continue to mark our 200<sup>th</sup> anniversary with a jubilee voyage, festivities and jubilee concerts in several locations in the region. The crew for the voyage consists of intrepid young people from across the world who have participated in an eight-month-long sustainability project that we organised in collaboration with the United Nations Association of Norway and the World Federation of United Nations Associations (WFUNA).

#### Fourth quarter 2023

- Net profit of NOK 1,247m and a return on equity of 18.3 per cent.
- Norges Bank raised its base rate to 4.50 per cent in December and credit growth to households slowed further in the fourth quarter.
- In December 2023 the transaction whereby SpareBank 1 SR-bank and SpareBank 1 Nord-Norge joined SpareBank 1 Markets on the owner side was finalised. As a result SpareBank 1 SMN now owns 39.9 per cent of SpareBank 1 Markets while SpareBank 1 SR-bank owns 33.34 per cent and SpareBank 1 Nord-Norge owns 18.1 per cent.
- Fremtind Forsikring and Eika Forsikring enter an agreement of intent to merge. The merged company will be known as Fremtind Forsikring.
- SpareBank 1 Kreditt and Eika Kredittbank pool their credit businesses in order to strengthen competitiveness and credit practices. The merged company's business address will be in Trondheim.
- SpareBank 1 SMN received a new Pillar 2 requirement in the fourth quarter. The requirement was lowered to 1.7 percentage points and must be met with a minimum of 56.25 per cent CET1 capital. In light of the change, the group's long-term CET1 target is revised to 16.3 per cent.
- The group continued its employee savings programme in the bank's equity certificates in the fourth quarter. The programme is designed to motivate employees to become co-owners of the bank. As much as 74 per cent of the employees have now joined the programme.

# This is SpareBank 1 SMN

- a community builder for 200 valuable years

Our history goes back 200 years, all the way to 1823. Wealthy, powerful merchants held financial sway in Trondheim at the time, and a majority of the town's populace were servants or day labourers. Norges Bank had already been established here in 1816 but, contrary to expectation, was little used by the business community.

Trondheim was by then Norway's third-largest city, and was popular among Norwegian and foreign newcomers alike. Among them was the 32-year-old Jacob Roll from the south-east of Norway who settled here in 1815. He was both wealthy and powerful, and assumed a prominent position in the city right from his arrival. He was to be a highly important man in the history of the city, not least in our history.

The first savings banks in Norway saw the light of day in the 1820s, and in Trondheim the need for a bank started to become apparent. The need was felt both by the business community and by ordinary townsfolk who up to now were unable to earn interest on their savings.

Five men, headed by Jacob Roll, took the initiative to set up a savings bank. They were joined by more of the city's better-off men – men who were keen to build their community and to support business. In 1823, 44 of them put 1,596 speciedaler of their personal resources on the table, just over 400.000 kroner in today's money, to provide enough capital to start a savings bank.

Little did they know that this was to be the start of a long and proud history, a history still in the writing. On 26 May 1823 Trondhjems sparebank was founded, thanks to these citizens and their 1,596 speciedaler. This was the third savings bank to be established in Norway, and it is this bank that is SpareBank 1 SMN today.

The bank was to be for ordinary people. It was established in the best interest of working people and domestics, and men and women alike could deposit small sums which earned interest. The annual report from 1824 shows that deposits with the bank were made by two public foundations, four wives and widows, eight government officials, one merchant, 18 craftsmen, 26 prosperous citizens' children, 40 servants and eleven day labourers.

Between the 1820s and far into the 1900s new savings banks were established across the entire region. Many of them were amalgamated with what was once Trondhjems Sparebank. Trondhjems Sparebank became Trondhjems og Strindens Sparebank, which in turn became SpareBank 1 Midt-Norge and, in 2008, SpareBank 1 SMN.

In the 2000s we started to look beyond Trøndelag. The acquisition of Romsdals Fellesbank in 2005 was a highly important step in the transition from a bank for Trøndelag to a bank for the whole of Mid-Norway. Then, in 2008, followed the acquisition of the failing Icelandic bank, Glitnir Bank, which had previously bought up BN Bank and Kredittbanken in Ålesund. That provided us with the basis for a solid presence in Sunnmøre. On 2 May 2023 we merged with SpareBank 1 Søre Sunnmøre which has further entrenched our position in Møre and Romsdal.

The men who founded Trondhjems Sparebank were concerned to build their community and to play a part in helping the less well-off to accumulate savings. They also wanted the community to own the bank, and as

early as 1847 parts of its net profit were devoted to supporting projects that would benefit the local populace. In 1870 it was formally resolved to distribute one-tenth of actual profit to charitable causes, both social and cultural.

Over the course of 200 years both we and the community have changed. The project to which it was decided that the bank should make an annual contribution from 1847 onwards was the establishment of a forced labour institution, the public utility of which may be somewhat difficult to rally round today. What has not changed is that we still distribute parts of our net profit. Today more than 40 per cent is returned to the community each year. Known as the community dividend, it is invested mainly in five areas: art and culture, sports and outdoor recreation, innovation and value creation, community building and sustainability.

Moreover, today we are much more than a bank. We are the region's leading financial services group and can offer our customers a comprehensive and cohesive range of products and services in the banking, accounting and estate agency spheres, far beyond Trondheim.

Our head office remains in the city in which we were founded. We have kept to the same location since 1882, although the 'old bank' – which back in the day was capacious enough to house both Trondheim Art Society and a family along with the bank – has expanded along Søndre gate and now covers an entire block. Today we have offices throughout the region, from Rørvik in the north to Førde in the south and Røros in the east. In 2023 we also opened an office in Oslo.

The set of values dating from 1823 has been with us throughout our history and stands strong to this day. Our main objective is, and has always been, to provide good financial advice to people and businesses in good and bad times alike. The community remains our largest stakeholder and each year receives its rightful share of our net profit.

We have a big heart for the local communities across our region, and an unwavering belief that *Together we make things happen*. Not least, we have an unwavering belief that 'value' means far more than money. Together with people, businesses, clubs, organisations and local communities we have created value for 200 years. This we shall continue to do.

## Our ambition

SpareBank 1 SMN's aspires to be the leading financial services group in Mid-Norway and among the best performers in the Nordic region. We aim to create financial value, to build the regional community and to assume our share of the responsibility for a sustainable development.

## Our goals

With our strong customer relationships and high return over time, we have a good foundation on which to build further. We have clear-cut objectives in terms of profitability, financial position and efficiency.

### Our goals for the coming period are:

- Profitable, with a 13 per cent return on equity
- Financially solid, with a CET1 ratio of 16.3 per cent. Payout ratio about 50 per cent

- Efficient. Annual goal of a cost-income ratio below 40 per cent at the parent bank, and below 85 per cent at subsidiaries
- Responsible. To achieve net zero emissions by 2050
- Strengthen our market position. Ambition to be number 1 in the group's areas of business
- More and more 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

## Strategic priorities

We highlight five strategic priorities as particularly important in achieving the group's vision and long-term goals. These strategic priorities have been at centre stage since 2020, and will stand firm through 2024:

- Create 'One SMN' with a strengthened customer offering and close interaction across the bank, subsidiaries and support functions.
- Increase digitalisation and use of insights to ensure relevant advice, leading digital solutions and efficient operations.
- Head up the development of Norway's savings banks by exploiting the developmental power present in the SpareBank 1 Alliance, in collaboration with regional and national partners in the financial industry.
- Integrate sustainability into the business in order to reduce risk, and to stimulate sustainable development of Mid-Norway.
- Exploit the power inherent in our ownership model in order to contribute to the region's value creation, strengthen local business and industry and instil pride and commitment among employees.



## SpareBank 1 SMN's organisational set-up

We are an independent regional savings bank and the region's leading financial services group. Together with our subsidiaries and affiliates, we are a complete financial centre catering to both the retail and the corporate market. With subsidiaries included, we have about 1,740 employees at the end of 2023.

SpareBank 1 SMN is one of six owners of the SpareBank 1 Alliance. Through this alliance and our own subsidiaries we offer competitive products in the fields of financing, savings and investment, insurance and payment services along with estate agency, leasing, accounting services and capital market services.

SpareBank 1 SMN is organised under the following structure:



Figure 1: Overview of business lines in SpareBank 1 SMN

Our head office is located in Trondheim and the group has altogether 63 offices.

Some offices are stand-alone and in many localities two business lines are co-located under the same roof. 15 offices are what we term finance centres in which banking, accounting and estate agency businesses are present in one and the same location.

Where to find us:



Figure 2: Overview of SpareBank 1 SMN's offices

The group's head office is located in Trondheim along with a number of offices offering banking, accounting and estate agency services on a stand-alone or co-located basis.

## Subsidiaries

### EiendomsMegler 1 Midt-Norge

EiendomsMegler 1 Midt-Norge is a subsidiary of SpareBank 1 SMN. SpareBank 1 Nordmøre is co-owner. 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, including Brauten Eiendom, has approx. 260 staff distributed across some 30 offices throughout Trøndelag and Møre and Romsdal, and focuses on existing homes, commercial property, new builds, rental and agricultural brokerage services. EiendomsMegler 1 Midt-Norge celebrated its 50<sup>th</sup> anniversary in 2023.

### SpareBank 1 Regnskapshuset SMN

SpareBank 1 Regnskapshuset SMN is a subsidiary of SpareBank 1 SMN. Other owners are SpareBank 1 Gudbrandsdal and SpareBank 1 Lom og Skjåk. The company has some 550 employees across 43 locations in Trøndelag, Møre og Romsdal, Innlandet and Oslo. 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 the company offers services in the fields of sustainability reporting, HR, transfer of ownership, taxes and duties, and IT.

### **SpareBank 1 Finans Midt-Norge**

SpareBank 1 Finans Midt-Norge is a subsidiary of SpareBank 1 SMN. Other owners are Sparebanken Sogn og Fjordane, SpareBank 1 Sørøst-Norge, SpareBank 1 Østfold-Akershus, SpareBank 1 Nordmøre, SpareBank 1 Hallingdal Valdres, SpareBank 1 Gudbrandsdal and SpareBank 1 Lom og Skjåk. The company offers leasing, commercial loans, vendor's lien and invoice sale services to about 38,000 retail customers and 6,200 corporate clients. The company markets its products through parent banks, car dealers and direct sales. SpareBank 1 Finans Midt-Norge has total assets of NOK 12.4bn and is represented in the counties of Trøndelag, Møre and Romsdal, Vestland, Vestfold and Telemark along with Innlandet and Viken.

The proportion of financed objects with electric transmissions is growing strongly in the retail and corporate market alike. The company's credit policy sets clear guidelines for various requirements on businesses, products and sectors and takes particular account of sustainability so as to set the stage for customers to opt for more sustainable options when procuring new objects.

### **SpareBank 1 SMN Invest**

SpareBank 1 SMN Invest AS is a wholly owned subsidiary of SpareBank 1 SMN, and holds shares and units in regional growth companies and funds. Activity in the company has been reduced, and it will not investing in new individual companies. The portfolio will accordingly be scaled back over time. The company's securities portfolio is worth NOK 536m at the end of 2023.

## **SpareBank 1 Alliance's companies**

The SpareBank 1 Alliance consists of 13 independent savings banks that collaborate on a shared platform and brand. The collaboration is organised through the jointly owned companies SpareBank 1 Group and SpareBank 1 Utvikling with subsidiaries, in addition to a number of companies directly owned by the SpareBank 1 banks.

SpareBank 1 SMN's has a stake of 19.5 per cent in the SpareBank 1 Group. The SpareBank 1 Group wholly owns SpareBank 1 Forsikring, SpareBank 1 Factoring and SpareBank 1 Spleis. The SpareBank 1 Group holds a 65 per cent stake in Fremtind Forsikring and 50 per cent of Kredinor. In addition, SpareBank 1 SMN, together with other SpareBank1 banks, directly owns SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, SpareBank 1 Kreditt, SpareBank 1 Betaling, SpareBank 1 Forvaltning and BN Bank.

# Board of Directors and Group Management

## Board of Directors



### **Kjell Bjordal (1953), board chair**

Advanced Management Program at Wharton Business School (1989). MBA from the Norwegian School of Economics and Business Administration NHH (1976) and law studies.

Board member since 2007 and board chair since 2013. Member of the remuneration committee since 2012 and committee chair since 2013.

Own business.

Experience as CEO of EWOS Group and head of Cermaq's fish food division. CEO of NorAqua, finance director and group CEO of the Glamox Group. Board chair of the Nordlaks aquaculture group, Axio and Norsk Landbrukskjemi.

Attended 22 of 22 board meetings in 2023.

Holds 130,000 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



### **Christian Stav (1968), deputy chair**

Master of Business Administration from NHH (2003), Certified European Financial Analyst (AFA) NHH (2003). State authorised public accountant (1994) and business economist NHH (1991). Master of Accounting NHH (1992).

Board member since 2019. Head of the internal audit committee, member of the risk committee since 2019.

Group CEO at Nord-Trøndelag Elektrisitetsverk (NTE)

Experience from accounting and advisory services, partner at EY Transaction Advisory Services, CFO at NTE.

Chair of NTE Energi AS, NTE Marked AS, NTE Elektro AS and NTE Telekom AS

Attended 21 of 22 board meetings in 2023

Holds 35,000 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



### **Mette Kamsvåg (1971)**

Business economist from the BI Norwegian School of Management (1994).

Board member since 2018. Member of the audit and risk committee as from 2018.

Self-employed.

Fifteen years' experience from IT and payment systems through various management positions with the Norwegian banks' payment and clearing house (BBS) and Nets. CEO at Nets from 2011 to 2014.

Board chair at Maritech Systems AS, WebMed AS and group.ONE. Board member of Wordline SA. Industry adviser to Ferd AS.

Attended 19 of 22 board meetings in 2023.

Holds 5,600 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



#### **Tonje Eskeland Foss (1971)**

Post graduate degree in petroleum economics (1996).

Board member since 2018. Member of the remuneration committee as from 2018.

CEO at Frøy AS.

Prior experience as director of strategy at Enova 2020-2022 and as regional director at Atea Region Nord. Nineteen years' experience in the petroleum industry in various positions and companies, including with AkerBP ASA.

Attended 17 of 22 board meetings in 2023.

Holds no ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).

#### **Ingrid Finboe Svendsen (1961)**

Business graduate from BI Norwegian Business School (1990) and training in municipal administration from the Norwegian Municipal and Social College (1983).

Board member as from 2023, chair of the risk committee and member of the internal audit committee from the same point in time.

Director of Thomas Angell Stiftelser. Experience as director of the Norwegian Labour Inspection Authority. Several public sector positions, most recently as chief executive of Trondheim Municipality, and as director at Sør-Trøndelag county authority.

Board chair of Trondheim Spektrum, board member of the Olavsfestdagene festival and board member of E.C. Dahls stiftelse.

Attended 12 of 17 possible board meetings in 2023.

Holds 300 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



#### **Kristian Sætre (1961)**

Master of Science from the Norwegian Institute of Technology NTH (1987). Mechanical engineer from Ålesund Engineering College (1982),

Board member as from 2023.

Extensive prior experience from various roles with AS Volda Mekaniske Verksted/Scana Volda, including 11 years as managing director of Scana Volda AS. Managing director of Ulstein Verft AS in the period 2013-2019, subsequently CEO of A-K maskiner. Currently senior vice president at Vard Group AS.

Deputy board chair of SpareBank 1 Søre Sunnmøre in the period 2008-2014 and alternate member in the period 2022-2023.

Extensive board experience with a number of companies in Norway and elsewhere.

Attended 14 of 17 possible board meetings in 2023.

Holds 300 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



**Freddy Aursø (1972)**

MBA from the University of Newcastle (2003). Engineer from the Norwegian University of Science and Technology (NTNU, 1998),

Board member since 2022.

CEO at Lighthouse8.

Background as managing director of Global Media, Bigmouthmedia and LBi.

Chairman of Lighthouse8 AS, Lighthouse8 Pte Ltd, Lighthouse8 Pty Ltd and Lighthouse8 Ltd. Previously chair and board member of several companies in and outside Norway.

Attended 20 of 22 board meetings in 2023.

Holds no ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).

**Inge Lindseth (1963)**

Graduate in IT Management from Sør-Trøndelag University College (HiST) and in Project Management from BI Norwegian Business School.

Board member since 2019. Board member of the Finance Sector Union, region Trøndelag, as from 2020. Regularly attending deputy representative to the national executive of the Finance Sector Union.

Chief union representative as from 2019.

Previously employee representative on the supervisory board. Previously specialist-in-charge / service desk manager in the technology, operations and security areas. Employed by SpareBank 1 SMN since 1982 in various positions and functions.

Attended 21 of 22 board meetings in 2023.

Holds 10,913 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).

**Christina Straub (1974)**

Bankakademiet stage 1 and Insurance.

Board member since 2019.

Deputy head of the Finance Sector Union's branch at SpareBank 1 SMN from 2019. Employed at Vår Bank & Forsikring (part of SpareBank 1 SMN from 2000) from 1998 to 2001, and at TietoEvry from 2001 to 2006. Has held various functions at SpareBank 1 SMN since 2006, in recent years as brand manager (payments) and staff representative on various committees.

Four years' experience as pre-school director at Saxenborg Barnehage. Board position at Strindheim Håndball since 2015.

Attended 21 of 22 board meetings in 2023.

Holds 1,082 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).

**Runar Gretland (1978) Observer**



Corporate adviser at SpareBank 1 SMN, previously chief union representative and board member at SpareBank 1 Søre Sunnmøre.

Attended 14 of 17 possible board meetings in 2023.

Holds 140 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).

## Group Management

### Jan-Frode Janson (1969)



#### Group CEO

PhD in Industrial Economics and Technology Management from the Norwegian University of Science and Technology NTNU (1996). Master of Science in Business from the Graduate School of Business in Bodø (1992).

Group CEO of SpareBank 1 SMN since 1 May 2019. Previously Group CEO of SpareBank 1 Nord-Norge and deputy managing director of Fokus Bank/Danske Bank. Has also held senior positions with Orkla and ABB.

Chairman of SpareBank 1 Betaling AS, Mavi XV AS and of SpareBank 1 SMN's subsidiaries EiendomsMegler 1 Midt-Norge AS and SpareBank 1 Regnskapshuset SMN AS. Board member of SpareBank 1 Gruppen AS, SpareBank 1 Utvikling DA, Vipps AS, VIPPS Holding AS, BankID BankAsept AS, Fremtind Forsikring AS and NTNU. Chair of Sector Committee, Banking and Capital Markets (BBK).

Holds 49,166 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).

### Trond Søråas (1968)



#### Executive director – Group Finance and Governance

Authorised financial analyst (AFA) from Norwegian School of Economics and Business Administration NHH (2006) and MBA from the same institution (1994).

Joined SpareBank 1 SMN in February 2022. Previous experience from KLP Banken AS and BN Bank ASA, most recently as director, Economy and Finance, BN Bank ASA.

Chairman of SpareBank 1 SMN Invest AS and Gma Invest AS. Deputy chair of SpareBank 1 Markets AS. Board member of SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

Holds 10,267 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).

### Astrid Undheim (1980)



#### Executive director – Technology and Development

Doctorate in Communications Technology from the Norwegian University of Science and Technology (NTNU) (2009). Master of Science in Communications Technology from NTNU (2004).

Joined SpareBank 1 SMN in 2020, prior long experience with Telenor, latterly as head of the research department at Analytics & AI.

Member of the Council of Statistics Norway, member of the 'Norway towards 2025 Commission' (2020-2021). Previous experience from several public committees.

Holds 744 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).





**Ola Neråsen (1965)**

**Executive director – Risk Management**

State authorised public accountant from NHH School of Economics and Business Administration (1994). MBA from the BI Norwegian School of Management (1990).

Joined SpareBank 1 SMN in 1997; executive director, Risk Management, since 2009. Previously with Deloitte and the Norwegian Armed Forces.

No board positions.

Holds 43,764 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



**Rolf Jarle Brøske (1980)**

**Executive director – Communications and Brand**

Studies in political science and history at Molde University College and the Norwegian University of Science and Technology (NTNU).

Joined SpareBank 1 SMN in 2016. Previously industrial policy director at Det norske Oljeselskap, and on the management team of Danske Bank (Fokus Bank). Adviser to earlier minister of trade and industry, Børge Brende, and to the mayor of Trondheim. Has held a number of political positions.

Board chairman of Brøske & Bianchi Wine Import AS. Board member of SpareBank 1 Spleis AS, Trøndelag Høyre, Sør-Trøndelag Høyre and the Nidaros Cathedral Boys Choir.

Holds 15,713 in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



**Vegard Helland (1975)**

**Executive director – Corporate Banking**

Authorised financial analyst (AFA) from the Norwegian School of Economics and Business Administration NHH (2007) and MBA from the Bodø Graduate School of Business (1999).

Joined SpareBank 1 SMN in 2003, and has focused primarily on the corporate market. Executive director of Corporate Banking since 2010. Previously internal audit staff member and adviser with KPMG and analyst with Fontiera AS.

Chairman of SpareBank 1 Finans Midt-Norge. Board member of SpareBank 1 Markets AS, SpareBank 1 Factoring AS, SpareBank 1 Regnskapshuset SMN AS, Kreditor AS and Mavi XV AS.

Holds 36,202 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



**Nelly S. Maske (1975)**

**Executive director – Retail Banking**

Master of Science from South Bank University in London (2000), bachelor's degree in business and administration from Sør-Trøndelag University College (1998).

Joined SpareBank 1 SMN in 2013. Executive director, Retail Banking, since 2018. Previously executive director, Organisation and Development (2015-2018), and assistant executive director, Retail Banking (2013-2015). Prior broad experience with the professional services firm Ernst & Young, latterly as director at Ernst & Young Advisory (2010-2013).

Chair of SpareBank 1 Gjeldsinformasjon AS. Board member of EiendomsMegler 1 Midt-Norge, SpareBank 1 Forvaltning AS and Julmas AS.

Holds 21,876 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



**Stig Brautaset (1959)**

**Executive director – Sunnmøre og Fjordane**

MBA from BI Norwegian Business School and law studies at Oslo University.

Joined SpareBank 1 SMN in May 2023. Previous experience from various management positions at DNB, Sparebanken Møre and Danske Bank. Managing director of SpareBank 1 Søre Sunnmøre from 2016 until the bank merged with SpareBank 1 SMN on 2 May 2023.

Board member of EiendomsMegler 1 Midt-Norge AS and of SpareBank 1 Regnskapshuset SMN AS.

Holds 1,407 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



**Arne Nypan (1970)**

**CEO – SpareBank 1 Regnskapshuset SMN**

Master of Business Administration (MBA) from Lund University, Sweden (1997). Bachelor of Business Administration (B.Sc.) from Copenhagen Business School (1995). Officer training from the Norwegian Military Academy (1992).

CEO of SpareBank 1 Regnskapshuset SMN since June 2020. Previously CEO of SpareBank 1 Finans Midt-Norge (2013-2020), head of Customer Concept at SpareBank 1 SMN (2013), general manager at SpareBank 1 SMN (2003-2012). Previously with Innovation Strategic Consulting and Fokus Bank (Danske Bank).

Board member at SpareBank 1 Kreditt AS.

Holds 33,948 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).



**Kjetil Reinsberg (1961)**

**CEO – EiendomsMegler 1 Midt-Norge**

Graduate in real estate brokerage from BI Norwegian Business School (2008).

CEO of EiendomsMegler 1 Midt-Norge since 1999. Previously with Storebrand Bank, Notar and Bedre Råd, and several years' experience from the construction industry.

Chairman of Brauten Eiendom AS. Board member of EiendomsMegler 1 Norge, Agri Eiendom AS, Eiendom Norge Holding AS and Eiendom Norge.

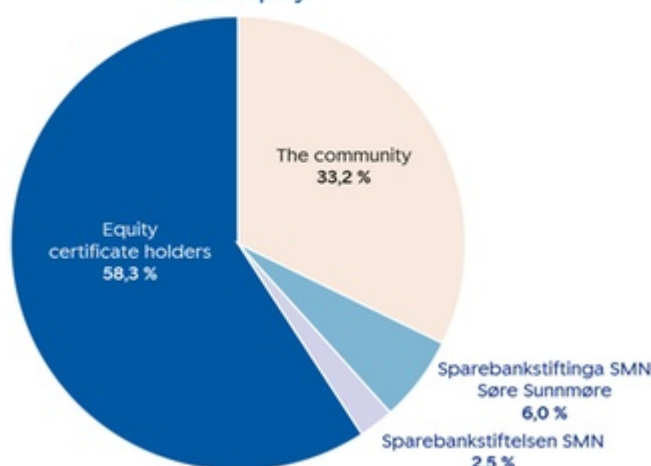
Holds 29,141 ECs in SpareBank 1 SMN as at 31 December 2023 (including any ECs held by related parties).

## Community dividend

The Mid-Norwegian community is our largest single owner, and local communities' share of our net profit is known as community dividend. Community dividend has long traditions at SpareBank 1 SMN; ever since 1847 parts of the net profit have gone to non-profit and charitable causes which build and develop the region.

As the region's leading financial services group we live in close proximity to the people in the region of which we are a part. We are passionately devoted to the development of the entire region, from Rørvik in the north to Førde in the south, and have a big heart for the local communities. We applaud all the wonderful things happening around us – ranging from voluntary sector activities, fostering of talented individuals and cultural events, to creating an attractive place to live and caring for the community. We attach particular importance to future generations and, for that reason, focus much attention on initiatives and activities that benefit children and young people.

The community is SpareBank 1 SMN largest owner  
Total equity



The community dividend moneys go to supporting worthy projects that build and develop Mid-Norway and make the region a better place to live and work. We aim to strengthen social and business development through building knowledge, an innovation culture and capital. That enables new investments to be made and a basis for new jobs to be laid.

### One of the largest private contributors in our region

In 2023 the community dividend totalled NOK 474m. Of this, NOK 230m was allocated to investments in various projects in the region. A further NOK 244m was transferred to the foundation Sparebankstiftelsen SMN, which is the community's 'savings account'.

As a step in the merger with SpareBank 1 Søre Sunnmøre, the foundation Sparebankstiftinga Søre Sunnmøre was established with a capital of NOK 1.341m. This substantially strengthens our ability to support local communities in Mid-Norway where community ownership stands at 41.7 per cent. This is distributed on the community (33.2%) and the two savings bank foundations Sparebankstiftelsen SMN (2.5%) and Sparebankstiftelsen Søre Sunnmøre (6%).

In December 2023 the strategy for community dividend was renewed with minor changes for the period 2024-2026. The strategy defines the regional community, sports and outdoor recreation, art and culture, driving the green transition along with innovation and value creation as focal areas each in their own right. Among the changes for the new strategy period is a shift in the distribution of community dividend moneys in a more sustainable direction in order to underpin the role of driver of the green transition in Mid-Norway.

Our ambition is strengthen Mid-Norway through awards which help to:

- prevent outsidersness
- create living local communities
- make the region a leader in sustainable innovation and green transition

We have stepped up our endeavour to ensure that Mid-Norway also has plentiful, and good, workplaces in the future. We want to be an important actor for entrepreneurs in Mid-Norway – ranging from budding entrepreneurs at upper secondary school to more established entrepreneurial entities – and to heighten our commitment to the role of arena builder, innovator, investor and driver of green transition through collaboration with good partners and business associations.

## 200 valuable years

Trondhjems Sparebank was established on 26 May 1823 – and has progressed from being a local bank to a cornerstone institution, with projects of benefit to society demonstrating that values are more than money. In 2023 the bank has accordingly celebrated its 200<sup>th</sup> anniversary in a spirit of added commitment across the entire region and with a number of sizeable projects. Some of these are the following:

A support scheme entitled ‘Equal opportunities’: In the spring many clubs and associations received support amounting altogether to NOK 30m under the caption ‘equal opportunities’, along with larger projects creating lasting value for future generations.

### **Birthday and popular festival**

In May we celebrated our birthday in all our offices and in market squares across Mid-Norway, creating a festival atmosphere together with people in the local community and clubs/associations. We had well over 10,000 visitors at events in September and 6,000 visitors to the tall ship Statsraad Lehmkuhl which was the base for the jubilee voyage along Norway’s coastline stopping off in Ålesund, Molde, Nærøysund, Verdal and Trondheim. In the Trondheim Spektrum arena we extended an invitation to a substance-free anniversary concert which attracted more than 8,000 visitors. All ticket revenues went exclusively to the non-profit organisations Miljøagentene, Mental helse ungdom and Livsglede for eldre.

### **Young people for the future**

Over the course of the anniversary year we wished to enable more young people to translate words into action for a better world. In conjunction with the United Nations Association of Norway and the World Federation of United Nations Associations (WFUNA) we carried through an eight month long sustainability programme for 100 young people from all over the world. About half the participants were from Mid-Norway. They learned about sustainability and project management, and carried out projects themselves in their local communities. We assembled them all as crew aboard the Statsraad Lehmkuhl and sailed along the coast of Mid-Norway on our voyage for the future.

In our ports of call we engaged more than 3,000 school students in innovation activities for the future, together with the non-profit organisations Ungt Entreprenørskap and MOT and the United Nations Association of Norway. Among other things we extended an invitation to the youth conference ‘Action, Please’, where young people themselves were asked to find solutions to challenges as regards plastic waste, outsidersness and recycling.

### **Documenting the story**

In order to preserve our, and the community's, 200 year long history for posterity, a magazine and a book have been produced, along with a podcast series entitled 'Bank, bank'. In addition, Sverresborg Trøndelag Folkemuseum has opened a splendid historical bank museum, supported by our community dividend.

## **Larger initiatives in 2023**

### **Establishment of "Såkorn 1 Midt"**

As an initiative for innovation and value creation we have established a foundation – Såkorn 1 Midt. An allocation of NOK 150m has been made for the purpose of contributing capital to green start-ups in an early phase to enable more ideas and businesses to see the light of day and become established in the region. Efforts are under way to raise a matching amount from other investors in the region.

### **Competence as the key to green transition**

As a driver for green transition for business and industry we held a course in innovation for small and medium-sized businesses in Mid-Norway in 2022 and 2023. The course attracted a total of 60 participating firms in Trøndelag and in Sunnmøre in these two years and the initiative will continue in spring 2024.

### **"Dagsturhytta"**

We have granted up NOK 11.4m to "Dagsturhytta" – a project to encourage more people to exercise by taking walking trips to recreational chalets in all 38 municipalities in Mid-Norway. Our object is to promote public health in the run-up to the World Ski Championships in 2025. The project is a collaboration with Trøndelag county authority, which is contributing a matching amount. Local authorities are chipping in and will engage volunteers to assist in running the project and encourage commitment at local level.

### **Young voices**

In collaboration with the LO and the NHO we have established a programme for talented young people in the region. The object is to help to build, develop and ensure a diversity of talented young managers and employee representatives in the region, with the aim that more of them will contribute to the social debate on tomorrow's business and industry, and make their voices heard in national arenas. Based on good experience gained with 15 young participants in the pilot for 2022, we launched a new opportunity for new participants in 2023.

### **Talent scholarships**

NOK 2m was distributed in talent scholarships to 40 talented young people in the fields of culture, sports and business and social development in Mid-Norway.

### **Heart-warming initiative**

We are concerned with caring about other people, especially in demanding times. Ahead of Christmas we engaged employees in a "Christmas heartwarming" concept where we devoted NOK 2m to help organisations that do good deeds for the poorly off and/or those facing challenges related to outsidership.


**Applications and allocations 2023**

Allocations of community dividend came to NOK 230m in 2023. A total of 4,123 applications were processed in 2023, amounting in all to NOK 614m. Of these, 1,966 applications were granted. NOK 367m was allocated to socially beneficial causes in 2023 (including NOK 150m earmarked for Såkorn 1 Midt).

## Corporate governance

This statement describes how SpareBank 1 SMN complies with the 15 recommendations set out in the Norwegian Code of Practice for Corporate Governance (NUES).

The statement has been prepared in conformity with the Accounting Act section 3-3b<sup>1)</sup> (2) and the Norwegian Code of Practice for Corporate Governance as published on 14 October 2021. The Code of Practice is available at [nues.no](http://nues.no). There are no significant divergences from the Code of Practice.

SpareBank 1 SMN abides by provisions of the Financial Institutions Act (Finansforetaksloven<sup>2)</sup>) regulating the governance of financial institutions with appurtenant regulations and the issuer rules of  Euronext Growth Oslo Rule Book II<sup>3)</sup>.

SpareBank 1 SMN reports its compliance for each point of the Code of Practice. Where the Code of Practice is not followed, a justification for the deviation is given and the institution's arrangements are explained. Deviations are accounted for under point 6 and 7.

## Norwegian Code of Practice for Corporate Governance

The following explains how the 15 points set out in the Norwegian Code of Practice for Corporate Governance of 14 October 2021 are complied with.

### Point 1: Report on corporate governance

The board of directors has adopted a corporate governance policy and explains the company's corporate governance through the present document. SpareBank 1 SMN adheres to the Norwegian Code of Practice for Corporate Governance. The present document also accommodates the requirements of the Accounting Act section 3-3b.

Through its corporate governance policy the bank aims to assure sound management of its assets and to give added assurance that its stated goals and strategies will be realised. Good corporate governance encompasses the values, goals and overarching principles by which the bank is governed and controlled with a view to securing the interests of EC holders, depositors and other stakeholder groups.

Through its corporate governance the bank gives special emphasis to:

- a structure assuring targeted and independent management and control
- systems assuring monitoring and accountability
- effective risk management
- full information and effective communication
- non-discrimination of EC holders and a balanced relationship with other stakeholders
- compliance with laws, rules and ethical standards

*Deviations from point 1 of the Code of Practice: None*

### Point 2: Operations

SpareBank 1 SMN is a financial services group and part of the SpareBank 1 Alliance. SpareBank 1 SMN has enshrined the object of the business in article 1 of the articles of association, which is "to carry on

activity as a bank and moreover to pursue and participate in activities that the savings bank is entitled to engage in under licences held and legislation in force at any and all times.”

The group is organised with subsidiaries and related companies, as shown by the illustration below.

## Financial Group SpareBank 1 SMN



Figure 3: Overview of business lines in SpareBank 1 SMN

### Vision and strategy, goals and risk profile

SpareBank 1 SMN's vision is "together we make things happen". The vision is about creating energy, results, change and development in collaboration with employees, customers, suppliers, partners and local interests. SpareBank 1 SMN's values are: wholehearted, responsibly minded, likeable and capable.

SpareBank 1 SMN's strategy is laid out in the annual report, in which the strategic priorities are also described.

SpareBank 1 SMN aspires to be among the best performing banks in the Nordic region, and its overarching financial goal is deliver a return on equity of 13 per cent over time. The long-term CET1 target is 16.3 per cent, and for the group the objective is to keep the cost-income ratio below 40.



The board of directors sets the risk appetite to be adopted by the group each year, most recently in December 2023. More information about the company's risk profile is provided in point 10.

### Sustainability and corporate social responsibility

Corporate social responsible is a part of the group's DNA, and sustainability is a highly important aspect of the group's corporate social responsibility.

SpareBank 1 SMN works across the entire range of the UN sustainability goals and ESG. The group has endorsed the Science Based Targets initiative as a follow-up to the group's strategic objective of net zero emissions by 2050. The sustainability library at smn.no provides further information about the group's sustainability work.

Goals, strategies and risk profile are evaluated annually by the board of directors.

### Governance structure

The group's governance structure is shown in the model below. Risk management and compliance have the opportunity to report directly to the board of directors should the need arise.

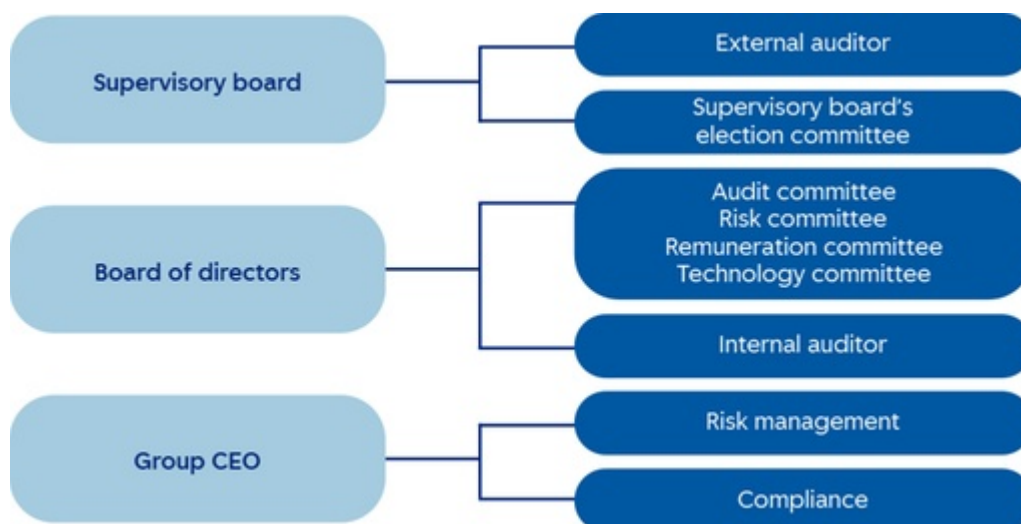


Figure 4: Governance structure

*Deviations from point 2 of the Code of Practice: None*

### Point 3: EC capital and dividends

The board of directors assesses the capital situation in light of the group's goals, strategy and desired risk profile. As at 31 December 2023 SpareBank 1 SMN's common equity tier 1 (CET1) ratio was 18.8 per cent, and its total capital ratio was 23.0 per cent.

For detailed information on capital adequacy, see the relevant note in the annual report. For a further account of the rules governing capital adequacy and the principles on which SpareBank 1 SMN bases its assessment of capital need, see the Pillar 3 report published at smn.no.

### Dividends

SpareBank 1 SMN aims to provide EC holders with a good return through dividend and a rising value of the bank's EC. The net profit for the year is distributed between the equity certificate capital (eierkapitalen) and

the ownerless capital (grunnfondskapital) in accordance with their respective shares of the bank's total equity capital. About one half of the net profit for the year is disbursed in dividends while the remainder goes to non-profit causes or is transferred to the foundation Sparebankstiftelsen SMN. The dividend payout is determined by the bank's supervisory board, account being taken of the expected profit trend, external framework conditions and the need for tier 1 capital.

The dividend policy is published on the bank's website.

#### **Acquisition of treasury equity certificates**

SpareBank 1 SMN's board of directors are authorised to buy treasury ECs for up to 5 per cent of the bank's owner capital. Such purchases shall be made by trading on the securities market via the Oslo Stock Exchange. The total volume of ECs held by the bank and/or in which it has a consensual security interest may not exceed 5 per cent of the bank's owner capital. Each EC may be bought at prices between NOK 1 and NOK 300. The authorisation is valid for 18 months as from the adoption of the resolution at the supervisory board's meeting on 28 March 2023.

#### **Increase of capital**

Authorisations to the board of directors to increase the bank's EC capital are given for specific and defined purposes. As at 31 December 2023 no such authorisation had been given.

*Deviations from point 3 of the Code of Practice: None*

#### **Point 4: Non-discrimination of shareholders**

SpareBank 1 SMN assures equal treatment of EC holders through its articles of association and management practice. All ECs confer an identical voting right, and the bank abides by provisions of the Financial Institutions Act regulating holdings and voting rights insofar as these provisions apply to savings banks with equity certificates. SpareBank 1 SMN has one equity certificate class.

In 2023 the employees were able to purchase equity certificates through a savings programme offering a bonus for continued ownership and employment. With a view to strengthening the equity certificate the bank's articles of association require a qualified majority for amendments concerning the owner capital (eierkapitalen).

In the event of an increase of the EC capital, existing EC holders have pre-emptive rights unless special circumstances call for deviation from this rule. Any such deviation will be substantiated in a stock exchange notice.

In 2023 the employees were invited to enter savings agreements in equity certificates involving an optional annual amount of NOK 6,000, 12,000, 24,000 or 36,000 respectively. Each quarter the group purchases ECs for the amount saved, doing so through Oslo Stock Exchange at market price. SpareBank 1 SMN awards one free EC for every two ECs purchased through the arrangement. Allocation of 'bonus ECs' takes place two years after commencement of saving on condition that the employee still owns the originally saved ECs and is still employed by the group. 1,054 employees availed themselves of the offer in 2023.

In order to strengthen the equity certificate as an attractive financial instrument and to increase investors' influence over decisions affecting the EC capital, the bank's articles of association require that a qualified majority of the representatives of the equity certificate holders vote in favour of amendments concerning the owner capital in addition to a qualified majority of the supervisory board. A list of the matters to which this

applies is set out in article 10-1 of the bank's articles of association which can be found on the bank's website.

*Deviations from point 4 of the Code of Practice: None*

#### **Point 5: Shares and transferability**

The bank's equity certificate is quoted on the Oslo Stock Exchange under the MING ticker symbol and is freely transferable. The articles of association contain no restrictions on transferability.

*Deviations from point 5 of the Code of Practice: None*

#### **Point 6: General meeting**

For financial institutions which are not public limited companies or private limited companies, the Financial Institutions Act Section 8-1(3) permits a term other than 'general meeting' to be prescribed for the company's highest body. According to article 3-1 of the articles of association, the bank's highest body shall be the supervisory board.

#### **Supervisory board**

The group's highest body is the supervisory board. The supervisory board shall see to it that the bank operates in line with its mission and in conformity with law, its articles of association and decisions of the supervisory board.

The composition of the supervisory board is established in article 3-3 of the articles of association and shall reflect the savings bank's owners, customer structure and stakeholder groups as well as its social function.

The supervisory board has 32 members and 30 alternates with the following representation:

- EC holders: 12 members and 10 alternates
- the county councils of Trøndelag
- and of Møre and Romsdal: 3 members and 3 alternates
- customers: 9 members and 9 alternates
- employees: 8 members and 8 alternates

The supervisory board's tasks are set out in article 3-10 of the articles of association.

Notice of meetings is sent to the supervisory board, the board of directors, the CEO and the auditor 21 days ahead of the meeting. The notice contains all case documents to be considered at the meeting, including proposed resolutions. The documents are published on the bank's website and by stock exchange notice, as well as by e-mail and the board portal.

Article 3-8 of the articles of association enables the savings bank to require that absence from the meeting shall be notified at least 5 days ahead of the meeting, which is considered to be the closest possible date to the meeting in terms of assuring the attendance of alternates.

Further, article 3-9 of the articles of association states that the meeting shall be presided over by the supervisory board chair or, in the latter's absence, by the deputy chair.

The minutes of the meetings are made available on the bank's website.

A list of supervisory board members can be found at smn.no.

*Deviations from point 6 of the Code of Practice: the supervisory board votes over the election committee's recommendation for members of the board of directors as a whole, out of consideration for the collective competence of the board of directors. This practice deviates from the NUES which recommends voting over the candidates one by one.*

### **Point 7: Election committee**

According to article 5-1 of the articles of association the bank shall have an election committee consisting of five members and five alternates who are elected by the supervisory board for a two-year term. The election committee shall mirror the composition of members of the supervisory board and be composed as follows:

- Two members with two alternates shall be elected from among the members elected by the representatives of the equity certificate holders
- One member with one alternate shall be elected from among the members elected by the representatives of the customers
- One member with one alternate shall be elected from among the members elected by the representatives of the county councils
- One member with one alternate shall be elected from among the members elected by the representatives of the employees

The supervisory board elects the chair of the election committee, its members, establishes instructions for the work of the election committee and determines the election committee's remuneration.

The election committee conducts annual discussions with all members of the board of directors and the group CEO in order to ascertain the competency needs of the board, and to obtain proposals for likely candidates for board positions.

The election committee shall prepare the customers' and the equity certificate holders' election of members and alternates to the supervisory board.

The election committee shall also prepare the election of:

- the chair and deputy chair of the supervisory board
- members of the board of directors
- the chair and deputy chair of the board of directors. These are elected at separate elections
- the members of the board of directors that are elected by supervisory board
- the chair, members and alternates to the election committee

The election committee shall give grounds for its nominations and the grounds given shall in each case contain information about the candidate's competence, capacity and independence, along with age, education and work experience. The grounds given should also contain any owner interests in the company, other assignments for the group and significant positions in other companies or organisations. In the event of re-election the nomination shall also provide information on the candidate's length of service with the company and their attendance at meetings.

The bank's website lists the members of the supervisory board's election committee, deadlines for submitting nominations, the date of the next election and a description of how nominations can be submitted.

The election committee proposes fees for all members of the respective bodies and submits the matter to the supervisory board for decision.

*Deviations from point 7 of the Code of Practice: All members of the supervisory board's election committee are appointed from among the groups represented on the supervisory board, in accordance with provisions of the articles of association.*

#### **Point 8: Board of directors, composition and independence**

According to the Financial Institutions Act section 8-6, *"The board of directors shall ensure that the requirements on the organisation of the institution and on the establishment of adequate governance and control systems are complied with"*.

According to article 4-1 of the articles of association, the board of directors shall consist of seven to nine members, and two members of the board of directors shall be elected by and from among the employees, if the employees so demand. The article also establishes that the board's members and alternates shall be elected for a two-year term. Members of the board of directors are appointed for two years at a time and can hold office for a maximum of 20 years, but not more than 12 years continuously in the same position; see article 7-1 of the articles of association.

As of 31 December 2023 the board of directors consists of nine regularly attending members and an observer. Of the board of directors' nine members, two are elected by and from among the employees. There are no senior employees on the board of directors. The seven members of the board of directors that are elected by the supervisory board are independent, both of the company and of the company's largest owners. The members of the board of directors are encouraged to own the bank's equity certificates.

The composition of the board of directors shall be based on the bank's articles of association and the election committee's instructions, and the company's competency needs. The election committee attaches importance to competence, capacity and diversity when considering potential candidates for board positions. The individual director's background, participation in board meetings and their holding of equity certificates is described in the annual report and at smn.no.

The board of directors acts as a collegiate body and adopts its decisions on a joint basis.

A liability insurance policy has been taken out for board members and the CEO.

*Deviations from point 8 of the Code of Practice: None*

#### **Point 9: Work of the board of directors**

The board of directors' work and procedures are regulated by the Financial Institutions Act, Chapter 8 II. The board of directors adopts all material strategies, including the bank's business strategies, risk management strategies and sustainability strategies. Moreover, the board of directors sets financial goals, market and organisational objectives and risk profile. It is the board of directors that appoints and dismisses the group CEO.

The board of directors has established instructions for the work of the board and the CEO, both adopted most recently on 20 June 2023. The instructions contain provisions on how agreements with related parties are to be handled. Details are given in the second paragraph under "independent consideration" below.

The board of directors receives regular reports on profit performance and market developments, the risk situation, compliance risk, on the status regarding anti-money laundering, the status regarding personal data protection and the status regarding information security in the group, as well as reports from the internal control function.

The board of directors conducts an annual evaluation of its work and of its own competence. It reviews its work format, procedures, meeting structure and prioritising of tasks, all of which in turn provides a basis for any changes and measures needed.

### **Independent consideration**

The board instructions stipulate that a director is barred from participating in the consideration of, or decision in, any matter whose significance to him/herself or to any related party is such that the director is to be regarded as having, directly or indirectly, a personal, financial or other vested interest in that matter. The same follows from the group's ethical guidelines. Each director is obliged to personally verify that he or she is not disqualified from participating in the consideration of a matter. The board opens each board meeting by clarifying whether circumstances are present calling for procedural adjustments.

Any agreement between the bank and a director or the group CEO must be approved by the board of directors, as must any agreement between the bank and a third party in which a director or the group CEO has a particular interest. Directors are required to disclose on their own initiative any interest that they personally or any related party may have. The board's assessments of legal (in)capacity issues shall be duly recorded.

Agreements of substantial financial significance between the bank and other group companies shall be presented to the board of directors for consideration.

### **Board committees**

The board of directors prepares matters through the statutory committees – the compensation committee, audit committee and risk committee. In addition the board has a technology committee to prepare technology cases. All committees have different chairs. The members are appointed for a two-year term. The board of directors establishes the committees' mandates.

### **Audit committee**

Pursuant to the Financial Institutions Act, section 8-19 subsection (2), the audit committee's tasks are:

- to prepare the board of directors' follow-up of the financial reporting process,
- where the undertaking's financial reporting is concerned, to monitor the internal control and risk management systems and the bank's internal audit
- issue an opinion on the election of the auditor,
- have ongoing contact with the bank's appointed auditor regarding the audit of the annual accounts,
- assess and monitor the auditor's independence and objectivity

The audit committee meets at least five times yearly ahead of the board of directors' consideration of the quarterly and annual reports.

### **Risk committee**

The risk committee's tasks are regulated in the Financial Institutions Act section 13-6(4) and the Financial Institutions Regulations section 13-2. The risk committee shall contribute to ensuring that risk management and capital management support the group's strategic development and goal attainment, and at the same time ensure financial stability and sound asset management. The risk committee shall contribute to ensuring that the group's management and control arrangements are appropriate to the risk level and scale of the business.

The committee shall inter alia:

- contribute to ensuring that risk management is in keeping with best practice and the board of directors' level of ambition
- review risk management strategies and policies as preparation for consideration by the board of directors
- contribute to ensuring that the group's capital adequacy is satisfactory in terms of the adopted group strategy
- contribute to ensuring that laws and regulations and internal rules that regulate the group are identified, implemented, complied with and overseen.

The risk committee meets at least five times yearly.

### **Remuneration committee**

The board of directors has established a remuneration committee which shall consist of at least three directors, one of whom shall be elected by the employees. The board chair is a permanent member of the committee and also chairs the committee.

The committee prepares and presents matters to the board relating to the group's remuneration arrangements, including:

- Remuneration policy
- Report on the implementation of remuneration arrangements
- Declaration regarding the determination of pay and other emoluments to senior employees that is submitted to the supervisory board
- Remuneration of the group CEO

The committee meets when convened by the chair, but at least once yearly and otherwise as and when required. The attendance of at least two members of the committee is required.

### **Technology committee**

In 2021 the bank established a technology committee as a preparatory body for the board of directors in matters related to the group's strategic investments in technology.

The technology committee consists of at least two directors who are not employed in the SpareBank 1 SMN group. The board of directors shall also appoint the chair of the technology committee.

The committee shall inter alia:

- Ensure adequate strategic investments in technology and digitalisation
- Ensure that strategic technology investments yield the desired value creation
- Assist the group management team in ensuring an adequate scope and pace of innovation

- Monitor and evaluate existing and future trends in technology/manufacturing which may impact the group's strategic plans

The committee meets when convened by the chair, but at least four times per year (once per quarter) and otherwise as and when required.

The bank will conduct an evaluation of whether the committee should be made permanent.

The committees are able to draw on resources within the administration, obtain advice and recommendations from sources outside the company, and they report from their proceedings to the assembled board of directors.

*Deviations from point 9 of the Code of Practice: None*

### **Point 10: Risk management and internal control**

SpareBank 1 SMN has a risk management function which reports to the group CEO and is entitled to report directly to the board of directors. The group has also engaged KPMG as internal auditor.

Sound risk and capital management are central to SpareBank 1 SMN's long-term value creation. Internal control shall help to ensure efficient operations and proper management of risks of significance to the attainment of business goals.

The group's report on capital requirements and risk management, the Pillar 3 Report, contains a description of risk management, capital management and capital calculation. The report is available at [smn.no](https://smn.no).

SpareBank 1 SMN aims to maintain a moderate risk profile and to apply risk monitoring of such high quality that no single event will seriously impair the bank's financial position. The bank's risk profile is quantified through targets for rating, risk-adjusted return, expected loss, necessary economic capital and regulatory capital adequacy.

The board of directors reviews the group's development in the main risk areas on a quarterly basis and reviews the internal control system on an annual basis. The board of directors has the main responsibility for setting limits to, and monitoring, the group's risk exposure. The bank's risks are measured and reported in accordance with the principles and policy which the board of directors has adopted and which underpin the group's strategic development and goal attainment.

The board of directors receives annually, from the internal auditor and external auditor, an independent assessment of the group's risk and internal control function. The board monitors compliance with adopted frameworks, principles, and quality and risk objectives through:

- quarterly reports from the group CEO and the risk management department
- quarterly reports from the compliance function
- quarterly reports/annual report from the internal auditor

SpareBank 1 SMN utilises the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework and the Control Objectives for Information and Related Technology (CobiT) framework as a basis for its principles for internal control and risk management.



Principles and boundaries for internal control and risk management are laid down in a separate policy. That policy sets out guidelines for the group's overall approach to risk management and aims to ensure that the group has an effective and appropriate process.

Managements at the various companies in the group are responsible for risk management and internal control with the aim of ensuring:

- targeted, safe, high-quality and cost-effective operations
- reliable and timely reporting
- compliance with applicable laws and regulations and with internal procedures and policies

### **Compliance**

The compliance function is organised independently of the business units and reports to the CEO. The function assesses the undertaking's policies, procedures and systems to ensure regulatory compliance, and provides advice on measures that should be taken to ensure compliance. The function assembles its observations in a quarterly report which is presented to the group management team and the board of directors.

The function shall also establish guidelines and processes for managing compliance risk and ensure that compliance is monitored and tested by means of a structured and well-defined monitoring programme.

Business lines, support functions and subsidiaries are required to attend to compliance by operationalising the policy for compliance and identified compliance risks adopted by the board of directors.

### **Internal control in relation to financial reporting**

The board of directors of SpareBank 1 SMN has adopted guidelines for the group's financial reporting. These conform to the current requirements imposed by the authorities and are designed to ensure relevant, reliable, timely and identical information to the bank's EC holders and the securities market in general.

Group Finance is headed by the CFO and is organised independently of the business lines. The unit attends to financial reporting at both parent-bank and group level, and establishes guidelines for monthly, quarterly and annual reporting from the various business lines and subsidiaries. The CFO assesses the business lines' financial results and goal achievement on an ongoing basis and sees to it that all entities perform in keeping with the group's overall financial objectives. The CFO reports directly to the group CEO.

The bank's Accounts Department and Strategy and Budget Management Department are organised under Group Finance and prepare financial reports for the group. The departments see to it that reporting is carried out in conformity with applicable legislation, accounting standards, the group's accounting policies and the board of directors' guidelines.

Group Finance has established processes to ensure that financial reporting is quality assured and that any errors and deficiencies are followed up on and rectified as and when identified. A number of control measures have been established to ensure that all financial reporting is correct, valid and complete.

Each quarter the external auditor conducts a limited audit of the group's interim financial statements. In addition a full audit is conducted of the group's annual financial statements.

For further information on risk management and internal control, see note 6 in the annual report concerning financial risk management and the group's report on capital requirements and risk management, the Pillar 3 report, which is available at [smn.no](https://smn.no).

### **Internal audit**

The internal audit function is a tool enabling the board of directors and the administration to oversee that the risk management process is targeted, effective and functions as intended. Internal audit services are delivered by KPMG. These services cover the parent bank and subsidiaries that are subject to the risk management and internal control regulations.

The internal audit function's main task is to confirm that the established internal control system functions as intended, and to ensure that risk management measures are adequate to the bank's risk profile. The internal audit function reports quarterly to the board of directors, and the internal audit's reports and recommendations are reviewed and improvements implemented on an ongoing basis.

The board of directors adopts annual plans and budgets for the internal audit function.

The internal audit function carries out the operational audit of units and business lines; it does not conduct a financial audit of the group. Annual audit plans are prepared which are discussed with the group management, considered by the risk committee and approved by the board of directors. The audit function's risk assessments determine which areas are to be reviewed. Separate audit reports are prepared containing results and proposed improvement measures which are presented to the responsible manager and the group management team. A summary of the reports is sent on a quarterly basis to the risk committee and the board of directors. Any consultancy services are provided within the scope of standards and recommendations applying to internal auditors (Institute of Internal Auditors Norway).

### **Ethics and whistleblowing**

Ethical guidelines have been drawn up for the group and its employees, and ethics is a standard topic at seminars for all new staff members. This helps to ensure that the group's values and ethical guidelines are properly communicated and made known throughout the organisation. Clear-cut guidelines have been established for reporting (whistleblowing) should any member of staff learn of circumstances that breach external or internal regulatory provisions or of other circumstances which are likely to harm the group's reputation or financial situation. How a report is to be handled is decided by the recipient of the report, in consultation with the HR manager and legal services director. The bank has an agreement with KPMG which ensures that a whistleblower can report anonymously. Whistleblowing via KPMG was utilised on three occasions in 2023.

*Deviations from point 10 of the Code of Practice: None*

### **Point 11: Remuneration to the board of directors**

Remuneration to the board of directors is prepared by supervisory board's election committee with a basis in market assessments, the board of directors' responsibilities, competencies, time spent and the group's complexity. The remuneration is fixed and not performance-related and no options are issued to the directors.

The board of directors' chair, the board's deputy chair and members of board committees are remunerated separately. None of the directors appointed by the supervisory board perform any task for the group beyond that of serving on the board of directors.

Further information on compensation to the board of directors and board committees is shown in the report on remuneration of senior employees which is published at smn.no.

*Deviations from point 11 of the Code of Practice: None*

### **Point 12: Remuneration to senior employees**

The group's remuneration policy is formulated in accordance with the Financial Institutions Act chapter 15 with appurtenant regulations. The board of directors' remuneration committee prepares the matter before the board of directors lays down the remuneration policy each year. The policy supports the group's overarching goals, risk tolerance and long-term interests.

The policy is moreover designed to achieve the following objectives:

- Promote prudent and effective management of risk and avoid unnecessary risk-taking
- Stimulate efficient use of capital
- Stimulate reduced risk of internal control failures

These rules also apply to other employees and senior personnel performing tasks of material significance for the group's risk exposure and to employees and senior personnel with control tasks.

The board of directors has a remuneration committee which prepares matters for the board. The remuneration committee deals with the remuneration arrangement, compensation to the group CEO and recommends guidelines for remuneration to senior employees (the group management). The remuneration policy was adopted by the board of directors most recently on 1 March 2023 and guidelines on remuneration to senior employees were adopted by the supervisory board on 28 March 2023.

A description of remuneration to the group CEO and senior employees is given in the report on remuneration of senior employees which is published at smn.no. Further details of the bank's remuneration arrangement are available on the bank's home page.

*Deviations from point 12 of the Code of Practice: None*

### **Point 13: Information and communication**

The bank's information policy is designed to underpin the relationship of trust between the bank's EC holders, board of directors and management team, and to ensure that the bank's stakeholders are at all times able to evaluate and relate to the bank. The bank's information policy is based on active dialogue in which openness, predictability and transparency are at centre stage.

The open information practice is in conformity with the bank's internal and external guidelines, with such limitations as follow from the duty of confidentiality and stock exchange rules in effect at any and all times.

Correct, relevant and timely information on the bank's progress and performance aims to instil investor market confidence. Information is communicated to the market via quarterly investor presentations, an investor relations area on the bank's website and stock exchange notices. The group's financial calendar is published on the bank's website.

Presentations for international partners, lenders and investors are also arranged on a regular basis. The board of directors has adopted a communication strategy indicating who can make statements on behalf of SpareBank 1 SMN and in what areas.

*Deviations from point 13 of the Code of Practice: None*

#### **Point 14: Takeover**

SpareBank 1 SMN's equity capital consists of owner (equity certificate) capital, ownerless capital and earned equity. The ownerless capital represents a 'self-owning' part of the savings bank which cannot be taken over by others through acquisition. A bank's ownership structure is moreover regulated by law such that approval is required for any acquisition entailing that a holding will represent 10 per cent or more of the bank's capital or voting rights. A list of the SpareBank 1 SMN's 20 largest EC holders is available on the bank's website at smn.no.

*Deviations from point 14 of the Code of Practice: Statutory limit on equity holdings*

#### **Point 15: External auditor**

The external auditor is appointed by the supervisory board. It is the audit committee that prepares the election of the auditor for the board of directors, and the board of directors submits its recommendation to the supervisory board. The supervisory board establishes the auditor's fee. The external auditor is one and the same for all companies in the group.


The external auditor performs the statutory confirmation of the financial information provided by the companies in their public financial statements. The external auditor presents each year to the audit committee a plan for the conduct of the audit. The external auditor provides the audit committee with a description of the main elements of the audit, including whether significant weaknesses have been identified in the bank's internal control related to the financial reporting process.

Further, the external auditor attends all meetings of the audit committee at which quarterly or annual accounts are reviewed and attends the meeting of the board of directors at which the annual accounts are reviewed. The board of directors holds at least one meeting each year with the external auditor without the group CEO or others from the day-to-day management team being present.

Guidelines have been established for the day-to day management team's right to utilise the external auditor for non-audit services. Any such services from the external auditor shall at all times be within the scope of the Auditors Act.

In addition the auditor confirms his independence and discloses whether any services other than statutory audit have been delivered to the group over the course of the accounting year.

*Deviations from point 15 of the Code of Practice: None*

- 1) Lov om årsregnskap m.v. (regnskapsloven) - Kapittel 3. Årsregnskap og årsberetning - Lovdata
- 2) Lov om finansforetak og finanskonsern (finansforetaksloven) - Lovdata
- 3)  <https://www.euronext.com/sites/default/files/2023-09/Euronext%20Growth%20Rule%20Book%20-%20Part%20II%20-%20Euronext%20Growth%20Oslo%20%28norsk%20versjon%29%20-%20ikrafttredelse%201%20oktober%202023.pdf>