

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 200th 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