

# Investor Relations

Supplementary information  
Fourth Quarter 2014





## **SpareBank 1 SMN**

### **7467 Trondheim**

## **Chief Executive, CEO**

Finn Haugan

## **For further information, please contact**

Kjell Fordal, Executive Director Finance

tel +47 905 41 672

e-mail: [kjell.fordal@smn.no](mailto:kjell.fordal@smn.no)

Switchboard

tel +47 07300

## **Address**

SpareBank 1 SMN, Postboks 4796 Sluppen, 7467 Trondheim

Visiting address: Søndre gate 4, 7011 Trondheim

## **Information on the Internet**

SpareBank 1 SMN's home page

[www.smn.no](http://www.smn.no)

Hugin-Online

[www.huginonline.no](http://www.huginonline.no)

ECC information in general

[www.egenkapitalbevis.no](http://www.egenkapitalbevis.no)

## **Financial Calendar 2015**

1st quarter 2015 8 May 2015

2nd quarter 2015 12 August 2015

3rd quarter 2015 30 October 2015

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## 1. SpareBank 1 SMN overview

### 1.1. Financial highlights

#### January- December 2014

(Consolidated figures. Figures in parentheses refer to the same period of 2013 unless otherwise stated).

- Profit before tax and inv. held for sale: NOK 2,143m (1,758m)
- Net profit: NOK 1,782m (1,400m)
- Return on equity: 15.1 per cent (13.3 per cent)
- 12-month growth in lending (incl. SB1 Boligkreditt og SB1 Næringskreditt): 7.3 per cent (6.8 per cent)
- 12-month growth in deposits: 10.9 per cent (7.3 per cent)
- Loan losses: NOK 89m (101m)
- Common equity tier 1 ratio: 11.2 per cent (11.1 per cent)
- Earnings per EC: NOK 8.82 (6.92)

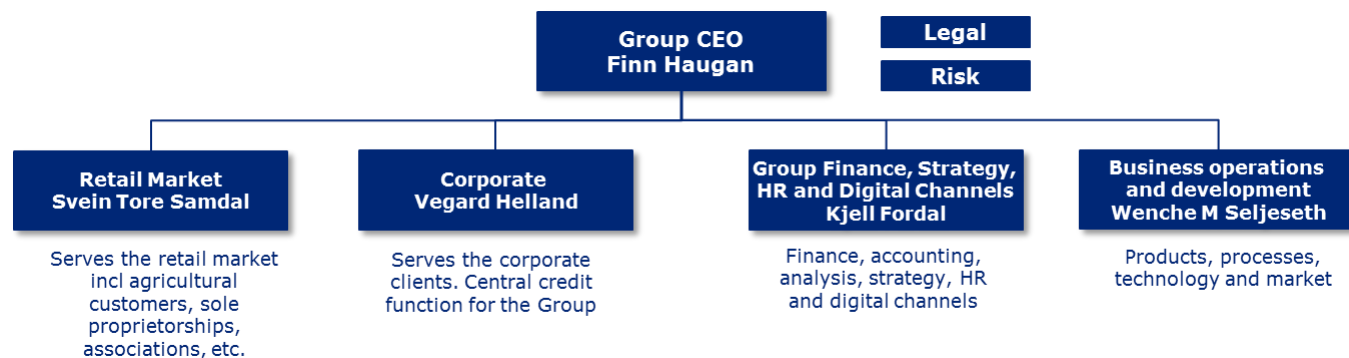
#### Fourth quarter 2014 in isolation

- Profit before tax and inv. held for sale: NOK 434m (476m)
- Net profit: NOK 375m (361m)
- Return on equity: 12.1 per cent (13.1 per cent)
- Loan losses: NOK 34m (32m)
- Earnings per EC: NOK 1.85 (1.79)

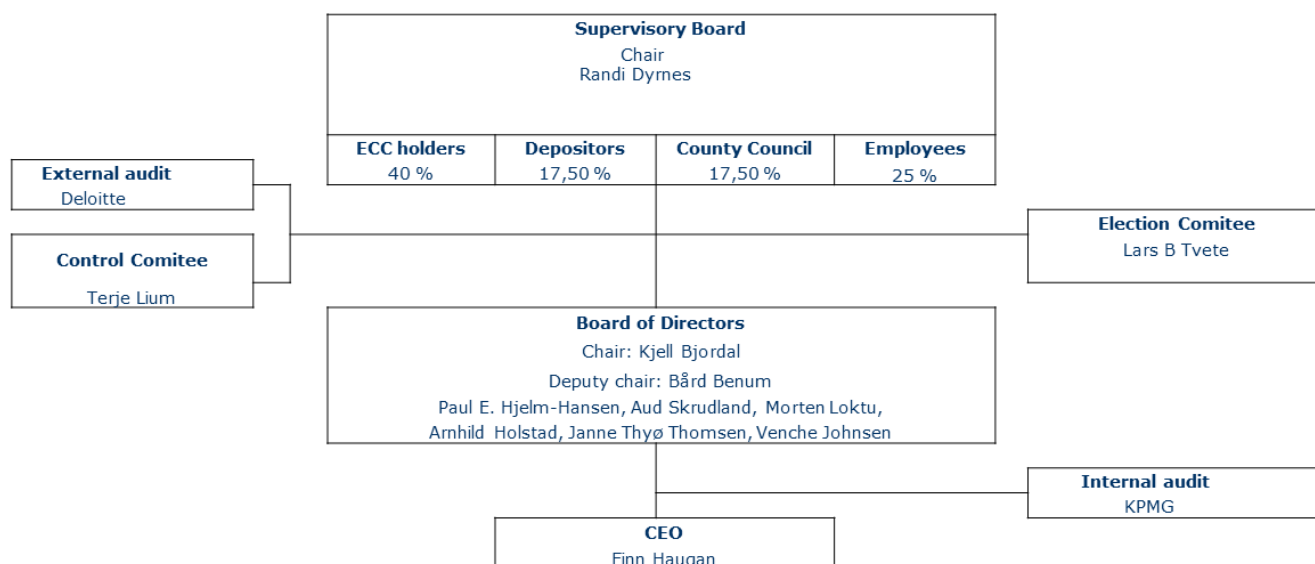
## 1.2. Business description

SpareBank 1 SMN is Mid-Norway's largest bank with assets totalling NOK 126 billion at the end of December 2014. Head office is in Trondheim and the Group employs 1,192 FTEs.

SpareBank 1 SMN is organized in four business areas:



## Overall organization



## SpareBank 1 SMN: Subsidiaries

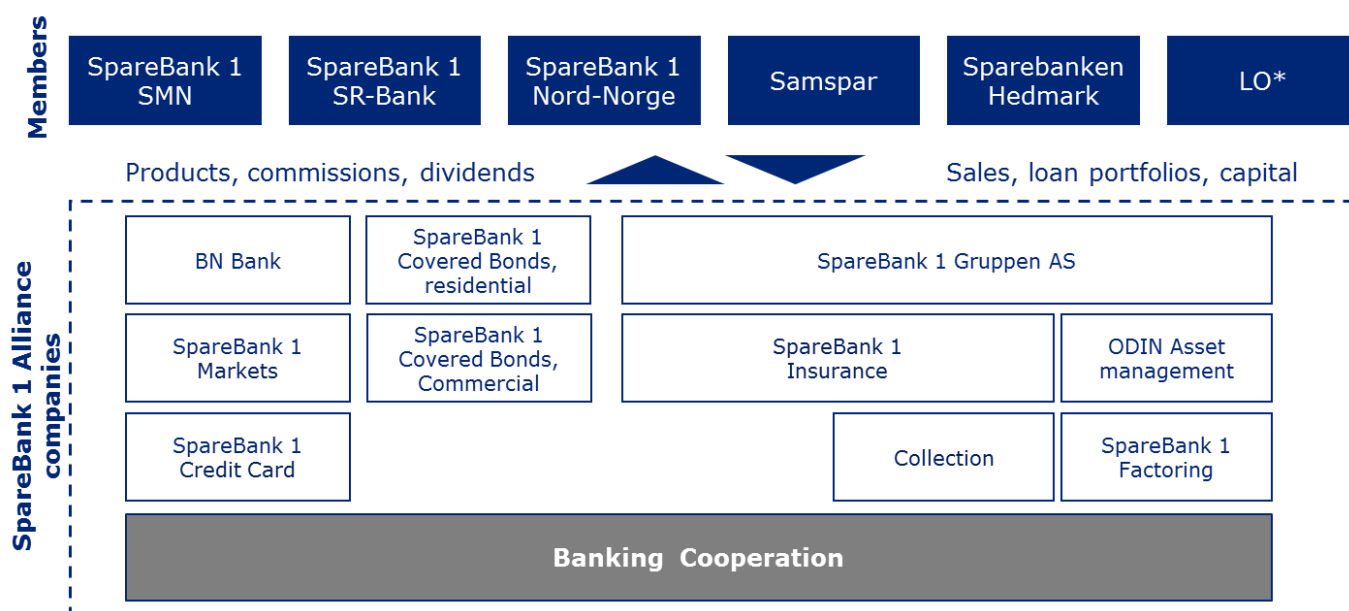


More information about subsidiaries in part 7 "Segment Information".

## SpareBank 1 Group

The SpareBank 1 banks operate an alliance and develop product companies through the jointly owned holding company SpareBank 1 Gruppen. The paramount objective of the SpareBank 1 Alliance is to assure the individual bank's independence and regional identity through strong competitiveness, profitability and financial soundness. The Alliance is among the largest providers of financial services in Norway and a full-fledged alternative to traditional financial groups.

## SpareBank 1 Alliance Structure



\*) LO: The Norwegian Confederation of Trade Unions

### 1.3. Credit ratings

| <i>Moody's</i>          | <b>Todays<br/>rating</b> | <b>2013</b> | <b>2012</b>        | <b>Year end</b> |             |             |
|-------------------------|--------------------------|-------------|--------------------|-----------------|-------------|-------------|
|                         |                          |             |                    | <b>2011</b>     | <b>2010</b> | <b>2009</b> |
|                         |                          |             | Rating(s)<br>under |                 |             |             |
| Outlook                 | Negative                 | Stable      | review             | Stable          | Stable      | Negative    |
| Issuer Rating           | A2                       | A2          | A2                 | A1              | A1          | A1          |
| Bank Deposits           | A2/P-1                   | A2/P-1      | A2/P-1             | A1/P-1          | A1/P-1      | A1/P-1      |
| Bank Financial Strenght | C-                       | C-          | C-                 | C-              | C-          | C-          |
| Senior Unsecured        | A2                       | A2          | A2                 | A1              | A1          | A1          |
| Subordinate             | Baa2                     | Baa3        | Baa3               | A2              | A2          | A2          |

| <i>Fitch</i>   | <b>Todays<br/>rating</b> | <b>2013</b> | <b>2012</b> | <b>Year end</b> |             |             |
|----------------|--------------------------|-------------|-------------|-----------------|-------------|-------------|
|                |                          |             |             | <b>2011</b>     | <b>2010</b> | <b>2009</b> |
| Outlook        | Stable                   | Stable      | Stable      | Stable          | Negative    | Negative    |
| Long-term IDR  | A-                       | A-          | A-          | A-              | A           | A           |
| Short-term IDR | F2                       | F2          | F2          | F2              | F1          | F1          |
| Support rating | 3                        | 3           | 3           | 3               | 3           | 3           |

## 1.4. Equity capital certificate (MING)

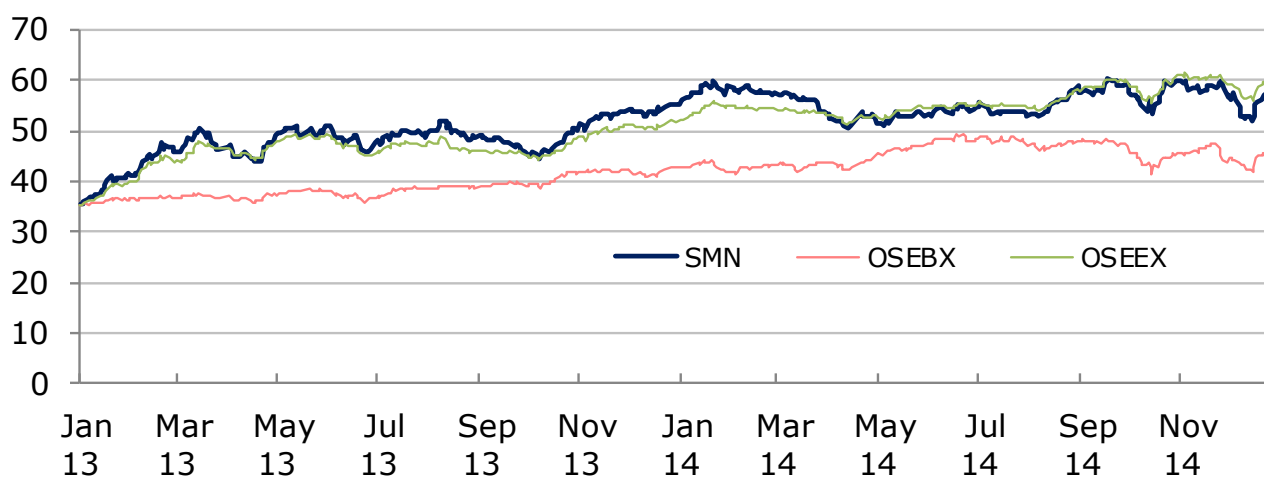
The key figures are corrected for issues.

31 December 2014 the price of the Bank's ECC was NOK 58.50 (NOK 55.00). Earnings per ECC were NOK 8.82 (NOK 6.92). Book value per ECC was NOK 62.04 (NOK 55.69) as of end fourth quarter 2014.

### Key figures

|                                                | 4Q     | 3Q     | 2Q     | 1Q     | 4Q     | 31 Dec. |        |        |
|------------------------------------------------|--------|--------|--------|--------|--------|---------|--------|--------|
| (in NOK million)                               | 2014   | 2014   | 2014   | 2014   | 2013   | 2014    | 2013   | 2012   |
| ECC price                                      | 58.50  | 59.25  | 54.25  | 53.75  | 55.00  | 58.50   | 55.00  | 34.80  |
| Number of certificates issued, millions        | 129.83 | 129.83 | 129.83 | 129.83 | 129.83 | 129.83  | 129.83 | 129.83 |
| Booked equity capital per ECC (incl. dividend) | 62.04  | 60.53  | 58.32  | 56.39  | 55.69  | 62.04   | 55.69  | 50.09  |
| Adjusted profit per ECC                        | 1.85   | 2.19   | 2.29   | 2.48   | 1.79   | 8.82    | 6.92   | 5.21   |
| P/E per ECC                                    | 7.89   | 6.75   | 5.91   | 5.42   | 7.68   | 6.63    | 7.95   | 6.68   |
| P/B equity capital                             | 0.94   | 0.98   | 0.93   | 0.95   | 0.99   | 0.94    | 0.99   | 0.69   |

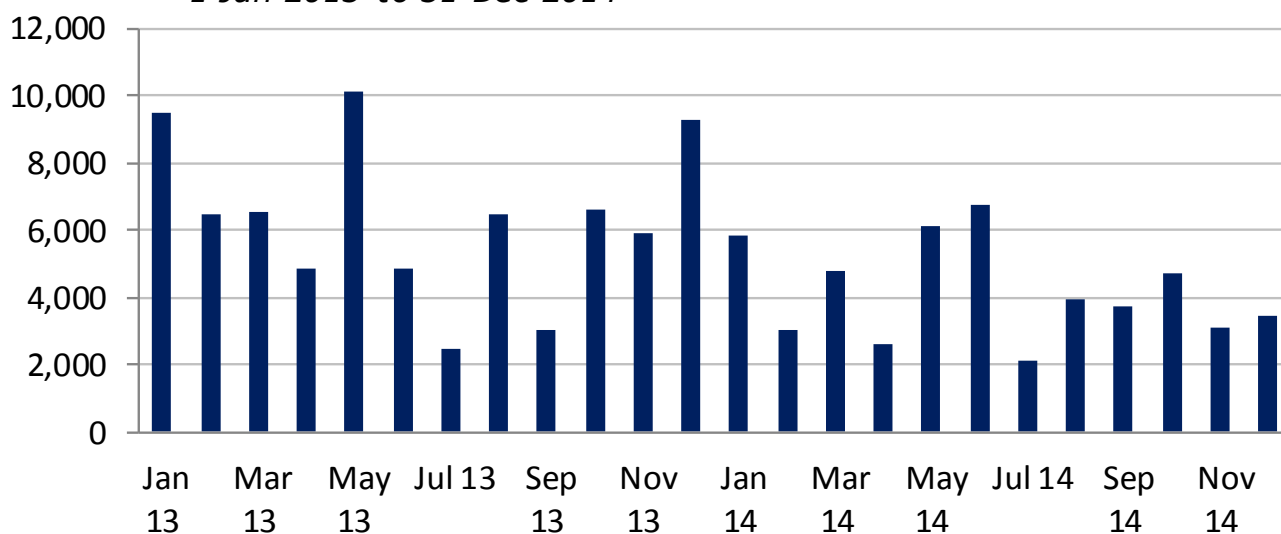
*Stock price compared with OSEBX<sup>1)</sup> and OSEEX<sup>2)</sup>  
1 Jan 2013 to 31 Dec 2014*



1) OSEBX = Oslo Stock Exchange Benchmark Index (rebased)

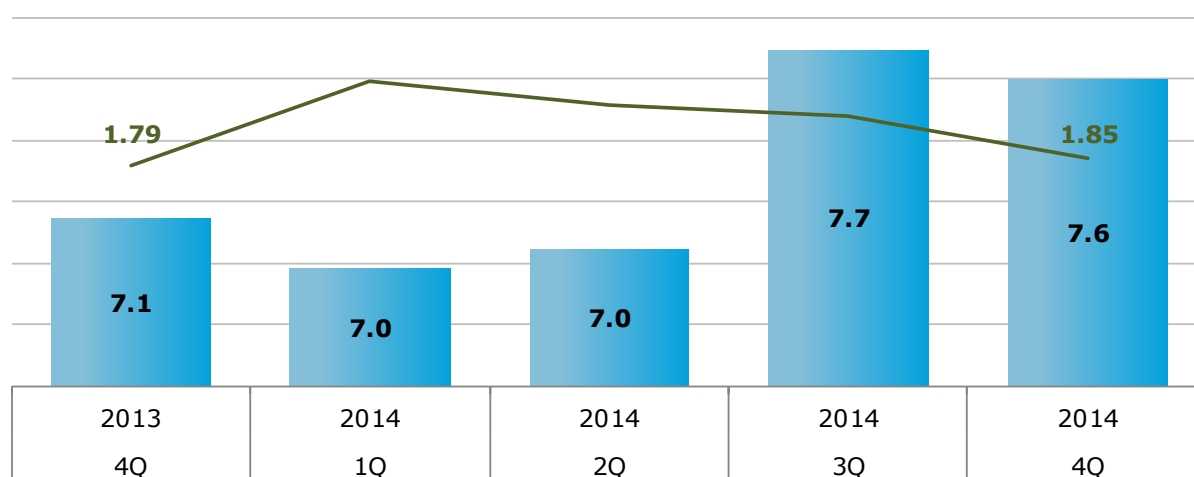
2) OSEEX = Oslo Stock Exchange ECC Index (rebased)

*Trading statistics<sup>1)</sup>*  
*1 Jan 2013 to 31 Dec 2014*



1) Total number of ECs traded (1,000)

*Market value and profit per ECC*



Market value, NOK bill. Adjusted profit per ECC

### Equity certificates ratio (parent bank)

| (in NOK million)                                 | 31 Dec.<br>2014 | 30 Sept.<br>2014 | 30 Jun.<br>2014 | 31 Mar.<br>2014 | 31 Dec.<br>2013 | 31 Dec.<br>2012 |
|--------------------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| ECC capital                                      | 2,597           | 2,597            | 2,597           | 2,597           | 2,597           | 2,597           |
| Dividend equalisation reserve                    | 3,122           | 2,496            | 2,496           | 2,496           | 2,496           | 1,889           |
| Premium reserve                                  | 895             | 895              | 895             | 895             | 895             | 895             |
| Unrealised gains reserve                         | 90              | 126              | 126             | 126             | 126             | 69              |
| <b>A. The equity certificate owner's capital</b> | <b>6,704</b>    | <b>6,114</b>     | <b>6,114</b>    | <b>6,114</b>    | <b>6,114</b>    | <b>5,449</b>    |
| Saving bank reserve                              | 3,619           | 3,276            | 3,276           | 3,276           | 3,276           | 2,944           |
| Unrealised gains reserve                         | 49              | 69               | 69              | 69              | 69              | 38              |
| <b>B. The saving bank reserve</b>                | <b>3,668</b>    | <b>3,345</b>     | <b>3,345</b>    | <b>3,345</b>    | <b>3,345</b>    | <b>2,982</b>    |
| Provision for gifts                              | 160             | -                | -               | -               | 124             | -               |
| Recommended dividends                            | 292             | -                | -               | -               | 227             | -               |
| <b>Equity ex. profit</b>                         | <b>10,824</b>   | <b>9,459</b>     | <b>9,459</b>    | <b>9,459</b>    | <b>9,811</b>    | <b>8,431</b>    |
| Equity certificates ratio A/(A+B)                | 64.64%          | 64.64%           | 64.64%          | 64.64%          | 64.64%          | 64.64%          |
| Equity certificates ratio for distribution       | 64.64%          | 64.64%           | 64.64%          | 64.64%          | 64.64%          |                 |

### 20 largest ECC holders

| Owner                                    | Number             | Ownership<br>in % |
|------------------------------------------|--------------------|-------------------|
| Verdipapirfondet DNB Norge (IV)          | 4,309,928          | 3.32%             |
| Sparebankstiftelsen SpareBank 1 SMN      | 3,965,391          | 3.05%             |
| Odin Norge                               | 3,823,131          | 2.94%             |
| VPF Nordea Norge Verdi                   | 3,538,004          | 2.72%             |
| Pareto Aksje Norge                       | 3,302,488          | 2.54%             |
| The Bank of New York Mellon (nominee)    | 3,118,007          | 2.40%             |
| Odin Norden                              | 2,854,979          | 2.20%             |
| Vind LV AS                               | 2,736,435          | 2.11%             |
| State Street Bank and Trust CO (nominee) | 2,609,428          | 2.01%             |
| Wimoh Invest AS                          | 2,359,388          | 1.82%             |
| MP Pensjon PK                            | 2,058,415          | 1.59%             |
| Danske Invest Norske Aksjer Inst. II     | 2,003,167          | 1.54%             |
| Forsvarets Personellservice              | 1,491,146          | 1.15%             |
| DNB Livsforsikring ASA                   | 1,472,982          | 1.13%             |
| Pareto Aktiv                             | 1,412,325          | 1.09%             |
| Pareto AS                                | 1,330,202          | 1.02%             |
| VPF Nordea Kapital                       | 1,222,189          | 0.94%             |
| Danske Invest Norske Aksjer Instit. I    | 1,110,223          | 0.86%             |
| Fondsfinans Spar                         | 1,075,000          | 0.83%             |
| Verdipapirfondet Handelsbanken           | 1,050,000          | 0.81%             |
| <b>Total 20 largest shareholders</b>     | <b>46,842,828</b>  | <b>36.08%</b>     |
| Others                                   | 82,993,615         | 63.92%            |
| <b>Total</b>                             | <b>129,836,443</b> | <b>100.00%</b>    |

## *ECC capital history*

| <b>Year</b> | <b>Change</b>     | <b>Change in ECC capital</b> | <b>Total ECC capital</b> | <b>No. of ECC's</b> |
|-------------|-------------------|------------------------------|--------------------------|---------------------|
| 1991        | Placing           | 525                          | 525                      | 5,250,000           |
| 1992        | Placing           | 75                           | 600                      | 6,000,000           |
| 2000        | Employee placing  | 5                            | 605                      | 6,053,099           |
| 2001        | Employee placing  | 5                            | 610                      | 6,099,432           |
| 2002        | Employee placing  | 5                            | 614                      | 6,148,060           |
| 2004        | Bonus Issue       | 154                          | 768                      | 7,685,075           |
| 2005        | Placing           | 217                          | 986                      | 9,859,317           |
| 2005        | Employee placing  | 24                           | 1,009                    | 10,097,817          |
| 2005        | Split             | -                            | 1,009                    | 40,391,268          |
| 2005        | Bonus Issue       | 253                          | 1,262                    | 50,489,085          |
| 2007        | Dividend Issue    | 82                           | 1,344                    | 53,752,203          |
| 2007        | Employee placing  | 5                            | 1,349                    | 53,976,003          |
| 2008        | Dividend Issue    | 91                           | 1,440                    | 57,603,748          |
| 2008        | Employee placing  | 6                            | 1,447                    | 57,861,806          |
| 2009        | Bonus Issue       | 289                          | 1,736                    | 69,434,167          |
| 2010        | Placing           | 624                          | 2,360                    | 94,397,474          |
| 2010        | Employee placing  | 13                           | 2,373                    | 94,905,286          |
| 2011        | Issue             | 1                            | 2,373                    | 94,930,286          |
| 2012        | Placing           | 95                           | 2,468                    | 123,407,456         |
| 2012        | Employee placing  | 16                           | 2,484                    | 124,218,466         |
| 2012        | Private placement | 112                          | 2,597                    | 129,836,443         |

## 2. Financial results

### Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS), including IAS 34, Interim Financial Reporting. As from 2007 the company accounts are also prepared and presented under IFRS. This entails that investments in associates and subsidiaries are recognised using the cost method. For this reason results recorded by associates and subsidiaries are not included in the parent bank's accounts. Further, the Group has in this quarterly report mainly used the same accounting principles and calculation methods as in the latest annual report and accounts [Exceptions, see Note 1 – Accounting Principles in the Quarterly Report]. The quarterly accounts do not include all the information required in a complete set of annual financial statements and should be read in conjunction with the annual accounts for 2013.

### 2.1. Main figures

| (in NOK million)                             | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014   | 1Q<br>2014   | 4Q<br>2013 | 31 Dec.<br>2014 2013 |              | 2012         |
|----------------------------------------------|------------|------------|--------------|--------------|------------|----------------------|--------------|--------------|
| Net interest                                 | 485        | 463        | 430          | 412          | 436        | 1,790                | 1,616        | 1,477        |
| Commission income and other income           | 371        | 361        | 394          | 385          | 382        | 1,512                | 1,463        | 1,139        |
| Net return on financial investments          | 91         | 170        | 201          | 257          | 156        | 720                  | 502          | 451          |
| <b>Total income</b>                          | <b>947</b> | <b>993</b> | <b>1,026</b> | <b>1,055</b> | <b>974</b> | <b>4,021</b>         | <b>3,580</b> | <b>3,067</b> |
| <b>Total operating expenses</b>              | <b>479</b> | <b>425</b> | <b>443</b>   | <b>441</b>   | <b>465</b> | <b>1,789</b>         | <b>1,721</b> | <b>1,654</b> |
| <b>Result before losses</b>                  | <b>467</b> | <b>568</b> | <b>583</b>   | <b>614</b>   | <b>508</b> | <b>2,232</b>         | <b>1,859</b> | <b>1,414</b> |
| Loss on loans, guarantees etc.               | 34         | 24         | 15           | 17           | 32         | 89                   | 101          | 58           |
| <b>Result before tax</b>                     | <b>434</b> | <b>545</b> | <b>568</b>   | <b>597</b>   | <b>476</b> | <b>2,143</b>         | <b>1,758</b> | <b>1,355</b> |
| Tax charge                                   | 60         | 101        | 103          | 99           | 110        | 362                  | 388          | 295          |
| Results investments held for sale, after tax | 0          | -1         | -1           | 1            | -4         | 0                    | 30           | 16           |
| <b>Net profit</b>                            | <b>375</b> | <b>443</b> | <b>464</b>   | <b>500</b>   | <b>361</b> | <b>1,782</b>         | <b>1,400</b> | <b>1,077</b> |

### Balance sheet - condensed

| Balance (in NOK million)         | 31 Dec.<br>2014 | 30 Sept.<br>2014 | 30 Jun.<br>2014 | 31 Mar.<br>2014 | 31 Dec.<br>2013 | 31 Dec.<br>2012 |
|----------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Total assets                     | 126,047         | 117,194          | 118,758         | 111,609         | 115,360         | 107,919         |
| Average total assets (quarterly) | 121,620         | 117,976          | 115,184         | 113,485         | 113,668         | 109,279         |
| Gross loans to customers *       | 120,196         | 116,240          | 114,576         | 111,574         | 112,052         | 104,925         |
| Deposits from customers          | 62,201          | 58,000           | 59,408          | 54,736          | 56,074          | 52,252          |
| Total equity capital             | 12,524          | 12,228           | 11,780          | 11,389          | 11,242          | 10,082          |

\* Loans to customers includes SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

### Key figures

|                                                                     | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 2013 |        | 2012   |
|---------------------------------------------------------------------|------------|------------|------------|------------|------------|----------------------|--------|--------|
| Return on equity                                                    | 12.1 %     | 14.8 %     | 16.0 %     | 17.7 %     | 13.1 %     | 15.1 %               | 13.3 % | 11.7 % |
| Common Equity Tier 1 ratio                                          | 11.2 %     | 11.5 %     | 11.4 %     | 11.1 %     | 11.1 %     | 11.2 %               | 11.1 % | 10.0 % |
| Cost/income ratio group                                             | 51%        | 43%        | 43%        | 42%        | 48%        | 44%                  | 48%    | 54%    |
| Growth in loans incl Boligkreditt and Næringskreditt last 12 months | 7.3 %      | 5.4 %      | 5.1 %      | 4.4 %      | 6.8 %      | 7.3 %                | 6.8 %  | 10.2 % |
| Growth in deposits last 12 months                                   | 10.9 %     | 8.5 %      | 7.4 %      | 4.1 %      | 7.3 %      | 10.9 %               | 7.3 %  | 9.2 %  |
| Deposits-to-loan ratio                                              | 69%        | 67%        | 70%        | 69%        | 70%        | 69%                  | 70%    | 70%    |
| Impairment losses ratio                                             | 0.11%      | 0.08%      | 0.05%      | 0.06%      | 0.12%      | 0.08%                | 0.09%  | 0.06%  |
| Non-performing commitm. as % of gross loans                         | 0.22%      | 0.29%      | 0.29%      | 0.24%      | 0.34%      | 0.22%                | 0.34%  | 0.36%  |
| ECC price                                                           | 58.50      | 59.25      | 54.25      | 53.75      | 55.00      | 58.50                | 55.00  | 34.80  |
| Booked equity capital per ECC (incl. dividend)                      | 62.04      | 60.53      | 58.32      | 56.39      | 55.69      | 62.04                | 55.69  | 50.09  |
| Adjusted profit per ECC                                             | 1.85       | 2.19       | 2.29       | 2.48       | 1.79       | 8.82                 | 6.92   | 5.21   |

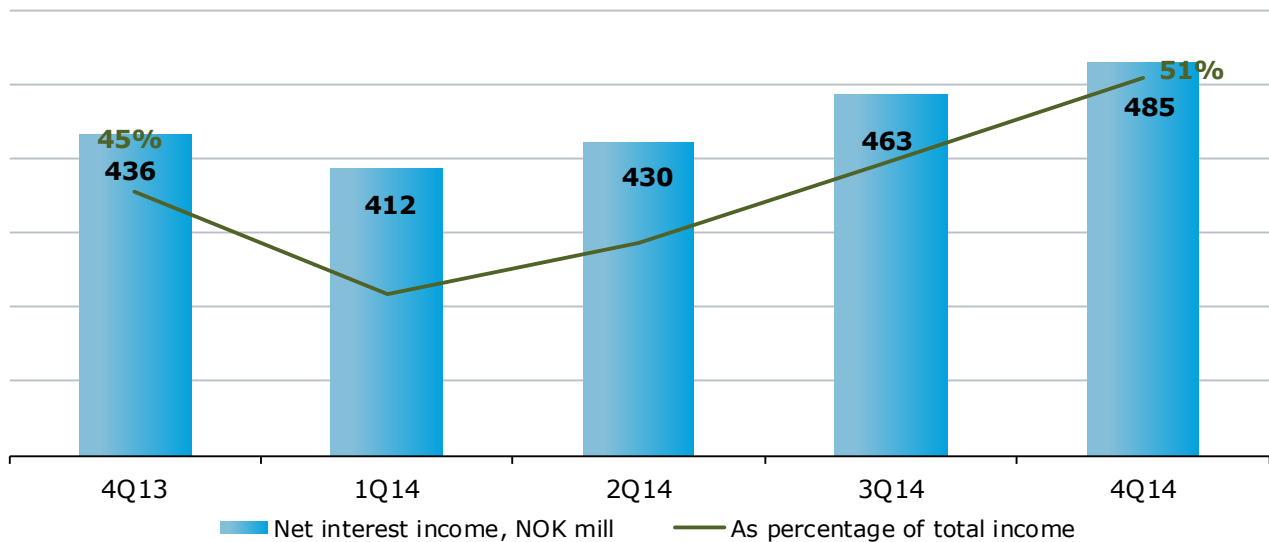
## 2.2. Net interest income <sup>\*)</sup>

### Net interest income

| (in NOK million)                     | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.      |              |              |
|--------------------------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|
|                                      |            |            |            |            |            | 2014         | 2013         | 2012         |
| Interest income                      | 1,103      | 1,080      | 1,055      | 1,027      | 1,059      | 4,265        | 4,118        | 3,928        |
| Interest expenses                    | 618        | 617        | 625        | 615        | 624        | 2,475        | 2,502        | 2,451        |
| <b>Net interest income</b>           | <b>485</b> | <b>463</b> | <b>430</b> | <b>412</b> | <b>436</b> | <b>1,790</b> | <b>1,616</b> | <b>1,477</b> |
| <b>As percentage of total income</b> | <b>51%</b> | <b>47%</b> | <b>42%</b> | <b>39%</b> | <b>45%</b> | <b>45%</b>   | <b>45%</b>   | <b>48%</b>   |

<sup>\*)</sup> Margins on loans sold to Sparebank 1 Boligkreditt and Sparebank 1 Næringskreditt are recorded as commission income. See part 2.3. Commission Income

### Development in net interest income



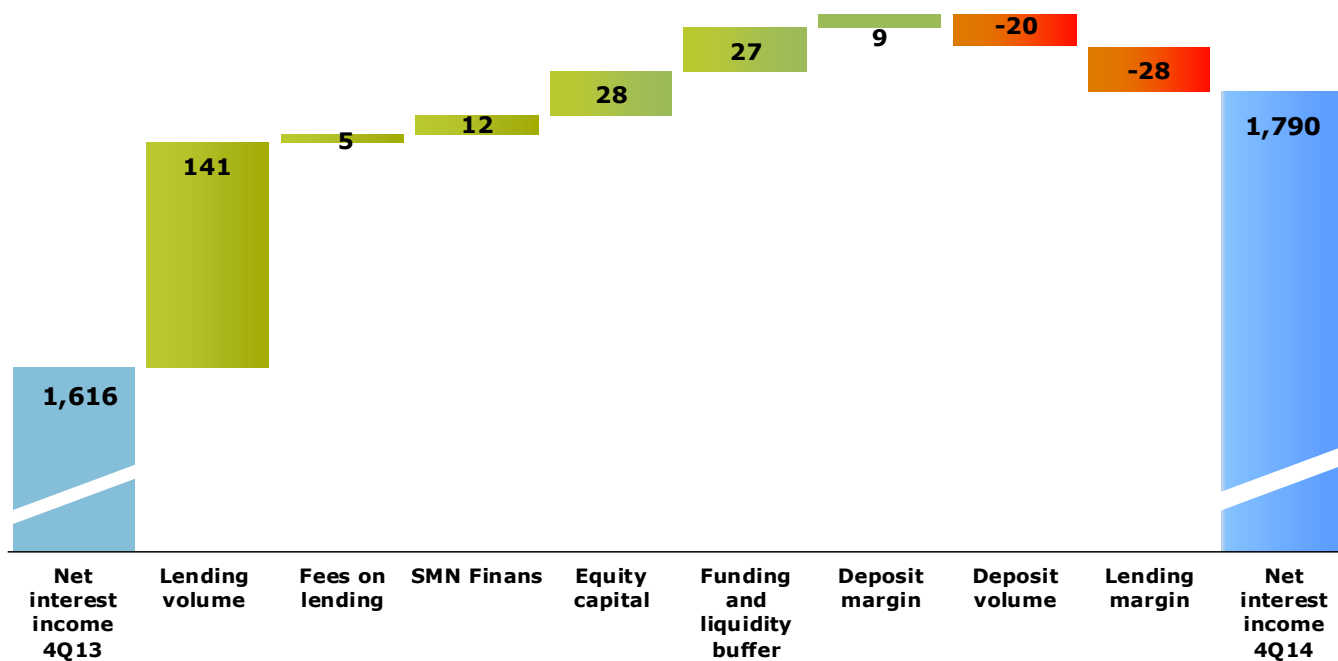
### Changes in interest income from lending and deposits, last 12 months

| (in NOK million) | Volume     | Margin     | Total      |
|------------------|------------|------------|------------|
| Lending          | 141        | -28        | 113        |
| Deposits         | -20        | 9          | -12        |
| <b>Total</b>     | <b>121</b> | <b>-20</b> | <b>102</b> |

## Changes in net interest income

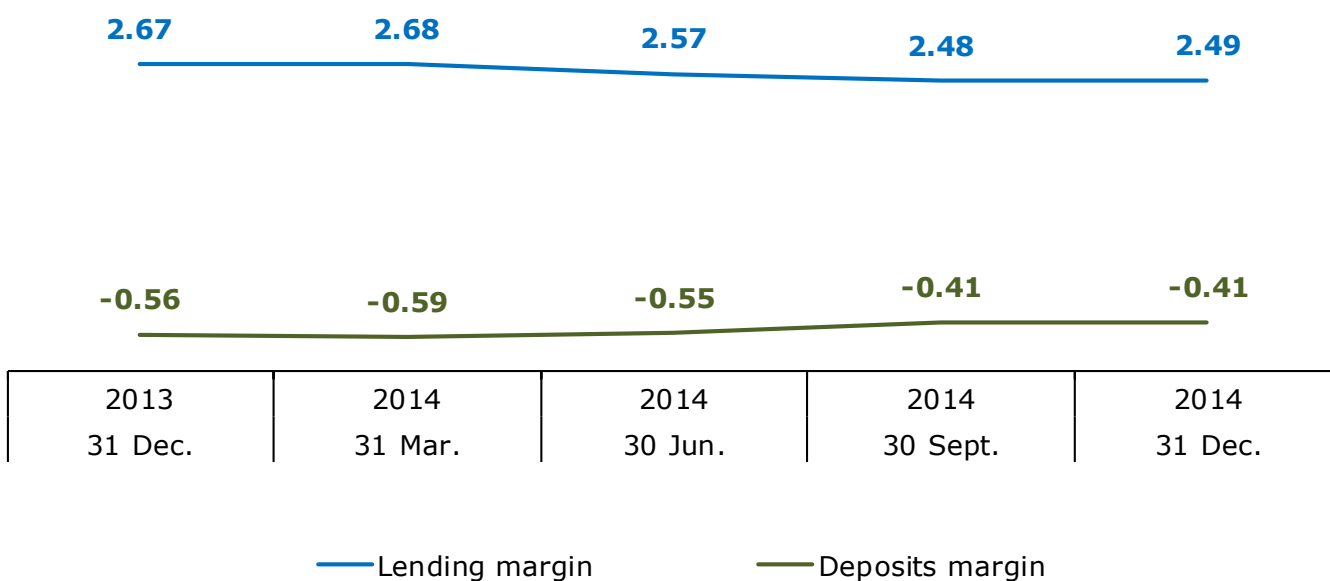
(in NOK million)

|                              | 2014         | 31 Dec.<br>Change | 2013         |
|------------------------------|--------------|-------------------|--------------|
| <b>Net interest income</b>   | <b>1,790</b> | <b>174</b>        | <b>1,616</b> |
| Equity capital               |              | 28                |              |
| Lending volume               |              | 141               |              |
| Fees on lending              |              | 5                 |              |
| Deposit margin               |              | 9                 |              |
| SMN Finans                   |              | 12                |              |
| Deposit volume               |              | -20               |              |
| Lending margin               |              | -28               |              |
| Funding and liquidity buffer |              | 27                |              |
| <b>Change</b>                |              | <b>174</b>        |              |

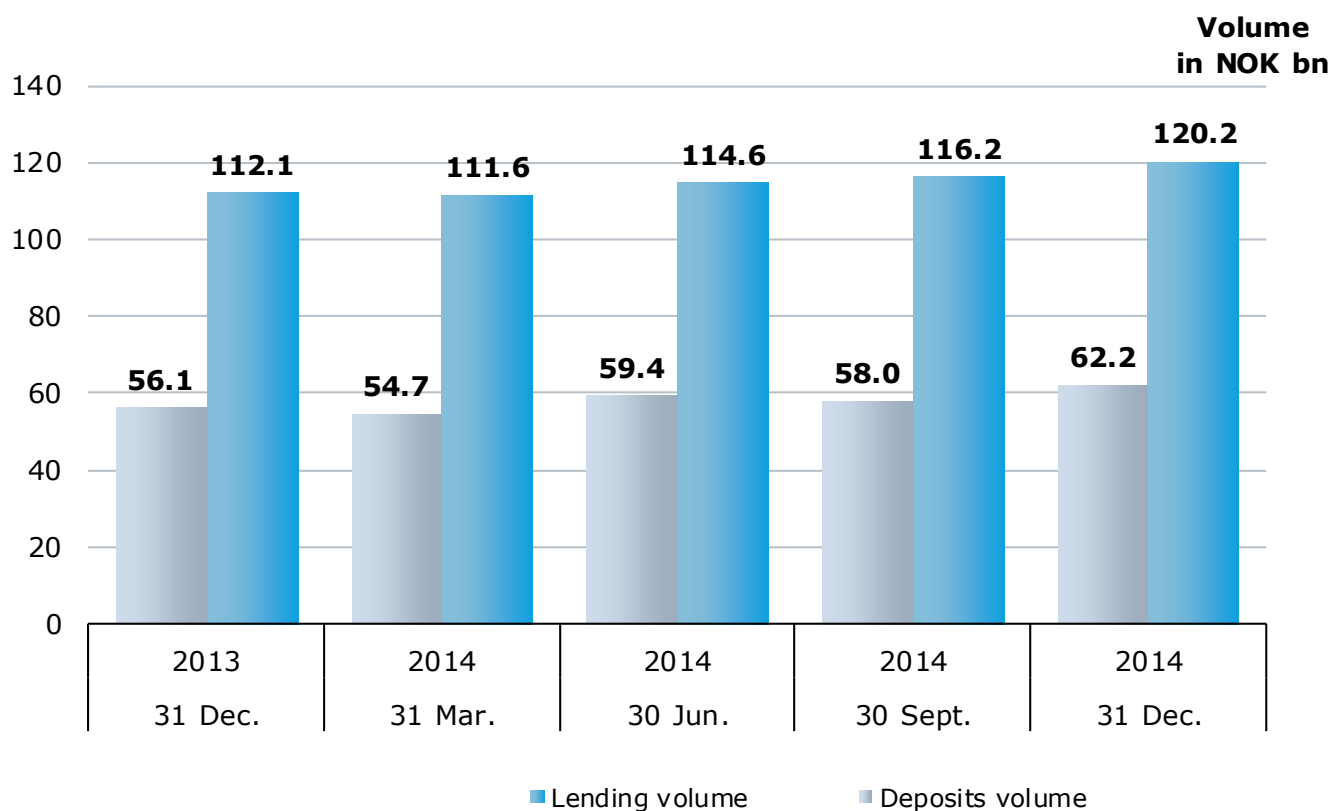


## Margin development

Definition margin: Average customer interest minus 3 months average nibor



## Volume development

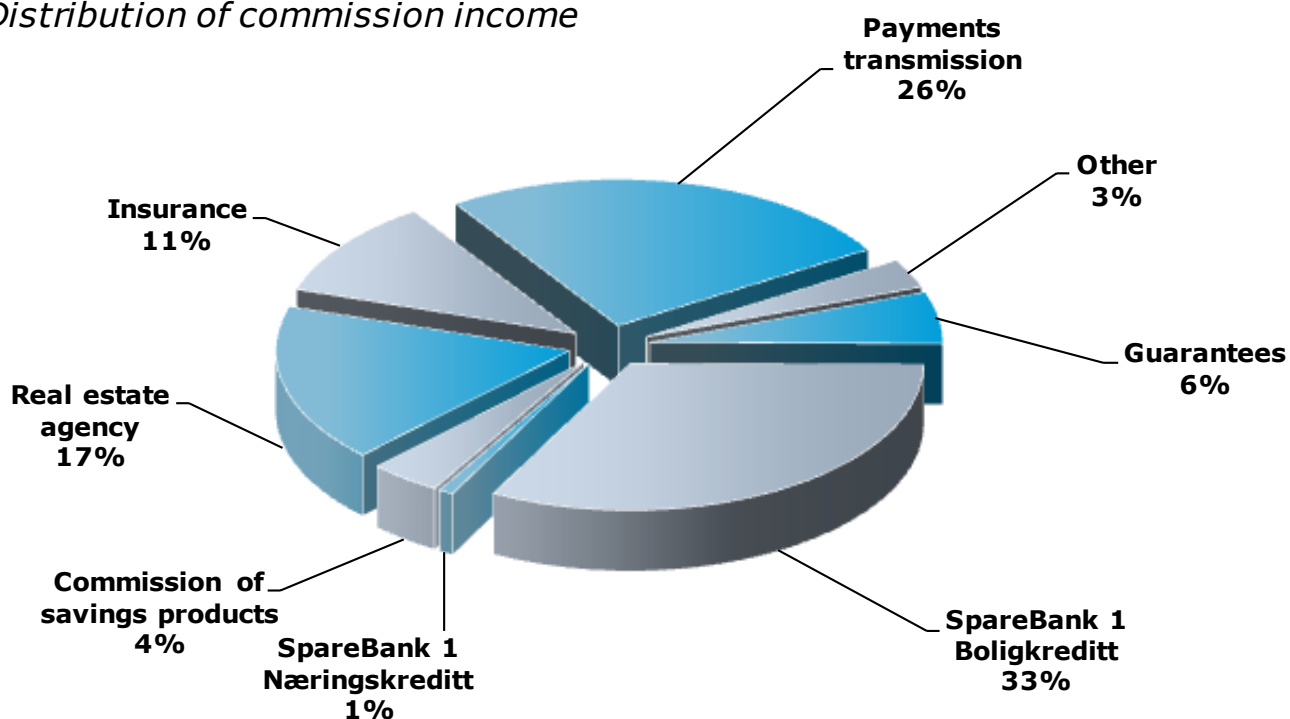


## 2.3. Commission income

### Total commission and other income

| (in NOK million)                          | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 | 31 Dec.<br>2013 | 2013         | 2012         |
|-------------------------------------------|------------|------------|------------|------------|------------|-----------------|-----------------|--------------|--------------|
| Guarantees                                | 16         | 17         | 22         | 18         | 18         | 73              | 67              | 67           | 37           |
| SpareBank 1 Boligkreditt                  | 96         | 94         | 107        | 120        | 117        | 417             | 414             | 414          | 201          |
| SpareBank 1 Næringskreditt                | 2          | 2          | 3          | 3          | 3          | 10              | 8               | 8            | 4            |
| Commission of savings products            | 13         | 12         | 11         | 14         | 15         | 50              | 57              | 57           | 49           |
| Real estate agency                        | 57         | 58         | 60         | 49         | 46         | 223             | 224             | 224          | 239          |
| Insurance                                 | 37         | 35         | 34         | 31         | 32         | 138             | 124             | 124          | 122          |
| Payments transmission                     | 91         | 85         | 79         | 73         | 83         | 328             | 300             | 300          | 282          |
| Other                                     | 10         | 10         | 10         | 10         | 9          | 41              | 37              | 37           | 31           |
| <b>Total commissions income</b>           | <b>323</b> | <b>314</b> | <b>326</b> | <b>318</b> | <b>323</b> | <b>1,281</b>    | <b>1,230</b>    | <b>1,230</b> | <b>966</b>   |
| Operating- and sales income real estate   | 17         | 23         | 22         | 20         | 17         | 82              | 88              | 88           | 91           |
| Accounting services                       | 37         | 34         | 54         | 45         | 26         | 171             | 122             | 122          | 99           |
| Other operating income                    | 27         | 17         | 19         | 28         | 41         | 91              | 118             | 118          | 79           |
| <b>Total other operating income</b>       | <b>81</b>  | <b>74</b>  | <b>96</b>  | <b>93</b>  | <b>84</b>  | <b>344</b>      | <b>327</b>      | <b>327</b>   | <b>269</b>   |
| Commission expenses                       | 33         | 28         | 28         | 25         | 25         | 113             | 94              | 94           | 96           |
| <b>Total commissions and other income</b> | <b>371</b> | <b>361</b> | <b>394</b> | <b>385</b> | <b>382</b> | <b>1,512</b>    | <b>1,463</b>    | <b>1,463</b> | <b>1,139</b> |
| <b>As percentage of total income</b>      | <b>39%</b> | <b>36%</b> | <b>38%</b> | <b>37%</b> | <b>39%</b> | <b>38%</b>      | <b>41%</b>      | <b>41%</b>   | <b>37%</b>   |

### Distribution of commission income



## Change in commission and other income

| (in NOK million)                        | 2014         | 31 Dec.<br>Change | 2013         |
|-----------------------------------------|--------------|-------------------|--------------|
| <b>Total</b>                            | <b>1,512</b> | <b>49</b>         | <b>1,463</b> |
| Real estate agency                      |              | 0                 |              |
| Other operating income                  |              | -28               |              |
| Operating- and sales income real estate |              | -5                |              |
| Accounting services                     |              | 50                |              |
| Insurance                               |              | 14                |              |
| Commission of savings products          |              | -7                |              |
| Commission expenses                     |              | -19               |              |
| Other                                   |              | 4                 |              |
| Payments transmission                   |              | 28                |              |
| Guarantees                              |              | 6                 |              |
| SpareBank 1 Boligkreditt                |              | 3                 |              |
| SpareBank 1 Næringskreditt              |              | 3                 |              |

## Net return on financial investments, incl results from investments held for sale

| (in NOK million)                                                   | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 | 31 Dec.<br>2013 | 2012       |
|--------------------------------------------------------------------|------------|------------|------------|------------|------------|-----------------|-----------------|------------|
| Income from investment in related companies incl inv held for sale | <b>144</b> | <b>169</b> | <b>131</b> | <b>84</b>  | <b>94</b>  | <b>527</b>      | <b>384</b>      | <b>260</b> |
| of which SpareBank 1 Gruppen AS                                    | 99         | 109        | 105        | 46         | 56         | 358             | 210             | 94         |
| BN Bank ASA                                                        | 15         | 23         | 31         | 25         | 16         | 93              | 91              | 72         |
| SpareBank 1 Boligkreditt AS                                        | 15         | 10         | 4          | 8          | 15         | 38              | 40              | 44         |
| SpareBank 1 Næringskreditt AS                                      | 10         | 10         | 9          | 11         | 3          | 41              | 8               | 8          |
| Sparebank 1 Markeds                                                | -9         | -5         | -14        | -4         | -3         | -32             | -1              |            |
| Sparebank 1 Kredittkort                                            | 2          |            |            |            |            | 2               | 0               |            |
| Comp. owned by Sparebank 1 SMN Invest                              | 13         | 18         |            |            |            | 31              | 14              |            |
| Other <sup>1)</sup>                                                | 0          | 3          | -4         | -2         | 6          | -3              | 23              | 42         |
| Capital gains/dividends, shares and ECCs <sup>2)</sup>             | <b>-15</b> | <b>2</b>   | <b>58</b>  | <b>156</b> | <b>69</b>  | <b>202</b>      | <b>114</b>      | <b>24</b>  |
| of which dividends                                                 | 5          | 0          | 14         | 46         | 0          | 65              | 41              | 12         |
| capital gains on shares                                            | -20        | 2          | 44         | 110        | 65         | 137             | 64              | 13         |
| capital gains on ECCs                                              | 0          | 0          | 0          | 0          | 4          | 0               | 9               | -1         |
| Capital gains, bonds and derivatives                               | <b>-48</b> | <b>-15</b> | <b>-2</b>  | <b>-1</b>  | <b>-26</b> | <b>-66</b>      | <b>-40</b>      | <b>57</b>  |
| Net gain on trading and derivatives Markets                        | <b>11</b>  | <b>12</b>  | <b>14</b>  | <b>20</b>  | <b>15</b>  | <b>57</b>       | <b>73</b>       | <b>126</b> |
| <b>Net return on financial investments</b>                         | <b>92</b>  | <b>168</b> | <b>201</b> | <b>259</b> | <b>151</b> | <b>720</b>      | <b>531</b>      | <b>467</b> |
| <b>As percentage of total income</b>                               | <b>10%</b> | <b>17%</b> | <b>20%</b> | <b>24%</b> | <b>16%</b> | <b>18%</b>      | <b>15%</b>      | <b>15%</b> |

1) These companies were essentially established to handle corporate exposures taken over from other entities.

2) Including net gain/losses from SpareBank 1 SMN Invest AS, which manages parts of the Bank's share portfolio

## Change in net return on financial investments

| (in NOK million)                                                    | 2014       | 31 Dec.<br>Change | 2013       |
|---------------------------------------------------------------------|------------|-------------------|------------|
| <b>Total</b>                                                        | <b>720</b> | <b>189</b>        | <b>531</b> |
| Capital gains from bonds and derivatives                            |            | -26               |            |
| Capital gain, SMN Markets                                           |            | -16               |            |
| Capital gains/dividends on shares and ECC's                         |            | 87                |            |
| Income from investment in related companies, incl inv held for sale |            | 143               |            |

## 2.4. Operating expenses

### *Operating expenses*

|                                                | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 2013 |              | 2012         |
|------------------------------------------------|------------|------------|------------|------------|------------|----------------------|--------------|--------------|
| (in NOK million)                               |            |            |            |            |            |                      |              |              |
| Salary                                         | 206        | 187        | 196        | 197        | 182        | 786                  | 737          | 733          |
| Pension costs (defined benefit plan)           | 20         | 14         | 12         | 15         | 3          | 61                   | 45           | 54           |
| Employer's insurance contributions             | 0          | 2          | 5          | 7          | 0          | 14                   | 14           | 11           |
| Other personnel expenses                       | 42         | 32         | 32         | 36         | 36         | 141                  | 128          | 143          |
| <b>Total personnel expenses</b>                | <b>267</b> | <b>235</b> | <b>245</b> | <b>254</b> | <b>222</b> | <b>1002</b>          | <b>923</b>   | <b>942</b>   |
| EDP and telecommunication expenses             | 46         | 58         | 58         | 61         | 57         | 223                  | 206          | 187          |
| Postage and transportation services            | 6          | 6          | 6          | 7          | 8          | 25                   | 29           | 28           |
| Marketing                                      | 22         | 18         | 28         | 12         | 20         | 81                   | 58           | 49           |
| Operating exp. on properties and premises      | 24         | 23         | 23         | 22         | 45         | 93                   | 118          | 101          |
| Other external services                        | 27         | 20         | 19         | 12         | 25         | 78                   | 71           | 66           |
| Other operating expenses                       | 56         | 40         | 34         | 48         | 56         | 178                  | 199          | 181          |
| Depr./write-downs of fixed & intangible assets | 29         | 25         | 29         | 26         | 33         | 109                  | 118          | 102          |
| <b>Other expenses</b>                          | <b>212</b> | <b>190</b> | <b>198</b> | <b>187</b> | <b>243</b> | <b>787</b>           | <b>799</b>   | <b>712</b>   |
| <b>Total operating expenses</b>                | <b>479</b> | <b>425</b> | <b>443</b> | <b>441</b> | <b>465</b> | <b>1,789</b>         | <b>1,722</b> | <b>1,654</b> |

|                                     |       |       |       |       |       |       |       |        |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|--------|
| Cost/income ratio                   | 51%   | 43%   | 43%   | 42%   | 48%   | 44%   | 48%   | 54%    |
| Cost/income ratio ex financial inv. | 56%   | 52%   | 54%   | 55%   | 57%   | 54%   | 56%   | 63%    |
| 12-month cost growth*               | 3.9 % | 4.2 % | 4.0 % | 6.5 % | 4.1 % | 3.9 % | 4.1 % | 11.6 % |

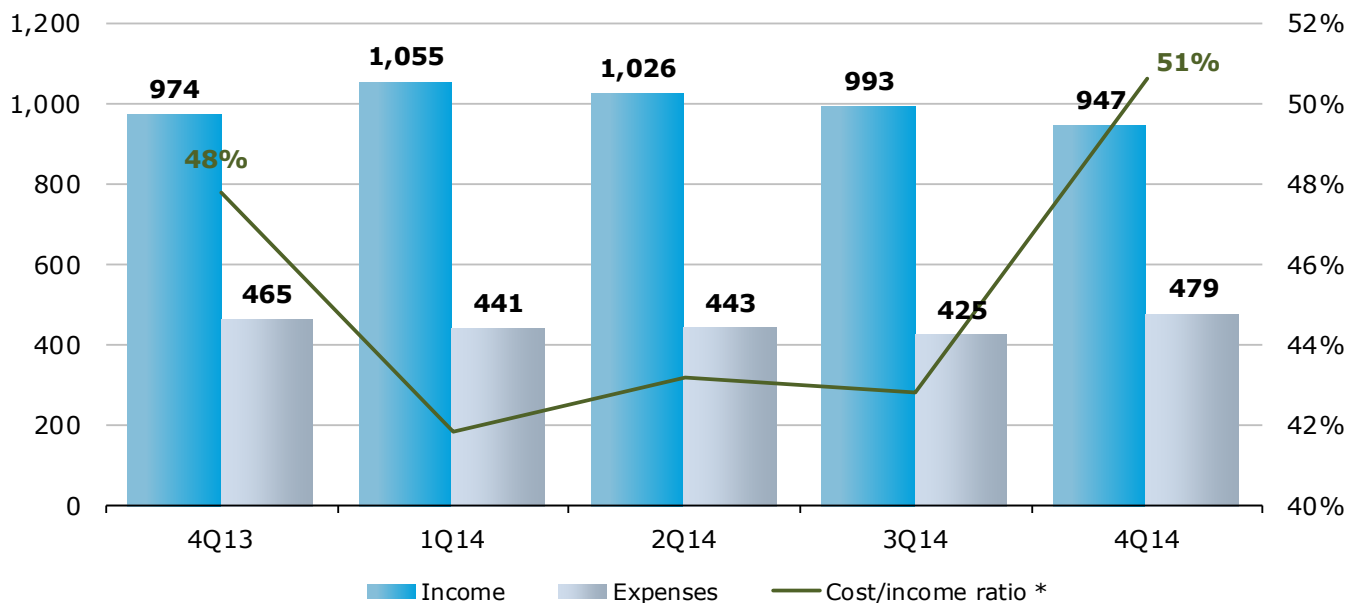
\* Year to date.

### *Change in operating expenses*

|                                                | 2014         | 31 Dec.<br>Change | 2013         |
|------------------------------------------------|--------------|-------------------|--------------|
| (in NOK million)                               |              |                   |              |
| <b>Total</b>                                   | <b>1,789</b> | <b>67</b>         | <b>1,722</b> |
| Total personnel expenses                       |              | 79                |              |
| Depr./write-downs of fixed & intangible assets |              | - 10              |              |
| EDP and telecommunication expenses             |              | 17                |              |
| Other operating expenses                       |              | - 21              |              |
| Operating exp. on properties and premises      |              | - 25              |              |
| Other external services                        |              | 8                 |              |
| Marketing                                      |              | 23                |              |
| Postage and transportation services            |              | - 4               |              |

## Cost/income ratio

NOK mill.



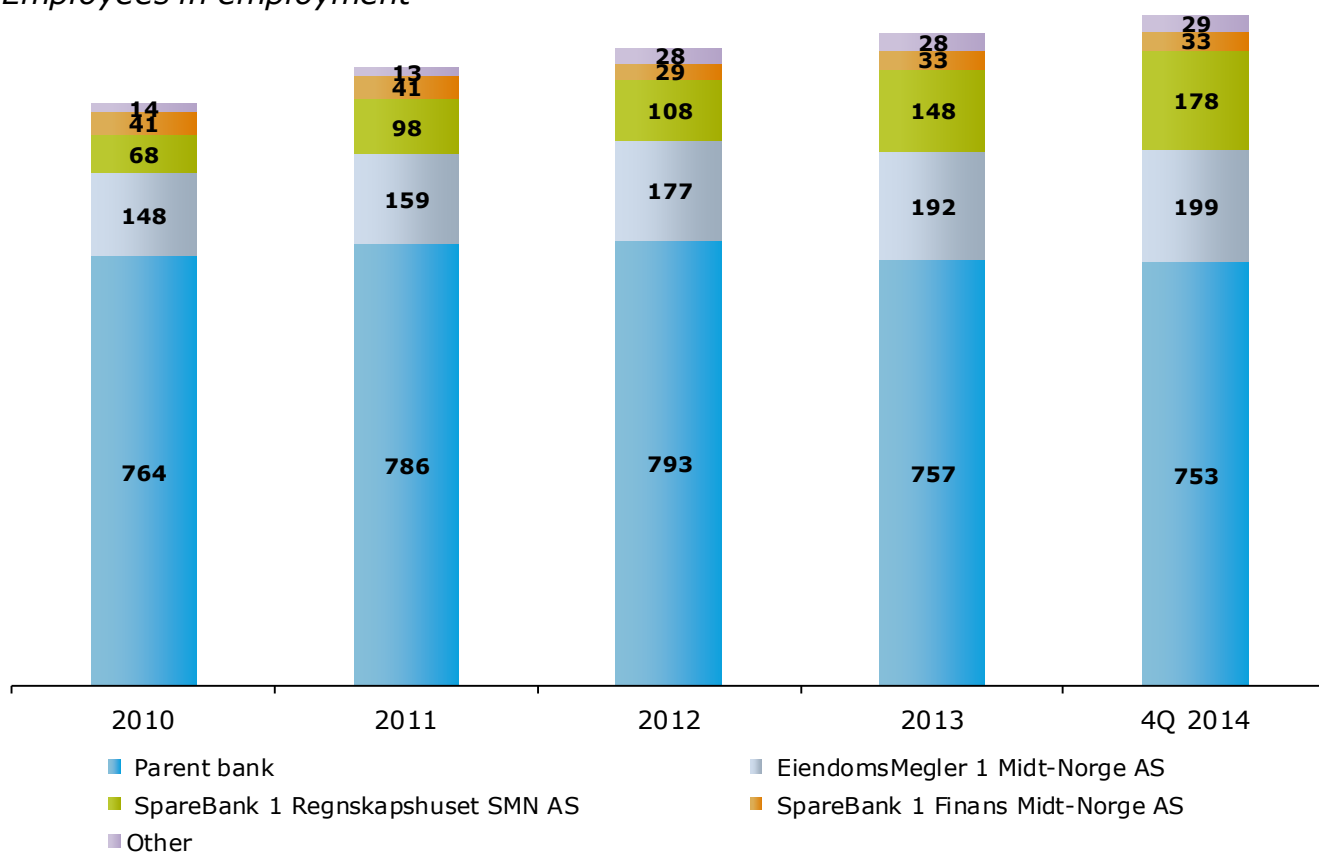
\* Total operating expenses as a percentage of total operating income

## Development of employees

| <i>Employees in employment</i>      | <b>4Q 2014</b> | <b>2013</b>  | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  |
|-------------------------------------|----------------|--------------|--------------|--------------|--------------|
| Retail market                       | 372            | 422          | 374          | 392          | 378          |
| Corporate market                    | 125            | 104          | 199          | 187          | 172          |
| SpareBank 1 SMN Markets             | 30             | 34           | 42           | 40           | 33           |
| Business operations and development | 162            | 138          | 120          | 112          | 128          |
| Management and staff                | 64             | 59           | 59           | 55           | 53           |
| <b>Parent bank</b>                  | <b>753</b>     | <b>757</b>   | <b>793</b>   | <b>786</b>   | <b>764</b>   |
| EiendomsMegler 1 Midt-Norge AS      | 199            | 192          | 177          | 159          | 148          |
| Allegro Finans AS                   | 10             | 9            | 10           | 9            | 10           |
| SpareBank 1 Finans Midt-Norge AS    | 33             | 33           | 29           | 41           | 41           |
| SpareBank 1 Regnskapshuset SMN AS   | 178            | 148          | 108          | 98           | 68           |
| SpareBank 1 Kvartalet and other     | 19             | 19           | 18           | 4            | 4            |
| <b>Total</b>                        | <b>1,192</b>   | <b>1,159</b> | <b>1,135</b> | <b>1,098</b> | <b>1,035</b> |

The bank is reorganised as from 1 January 2013. Further adjustments are made in 2014. Figures for person-years worked in 2013 and 2014 are therefore not comparable with historical figures.

*Employees in employment*



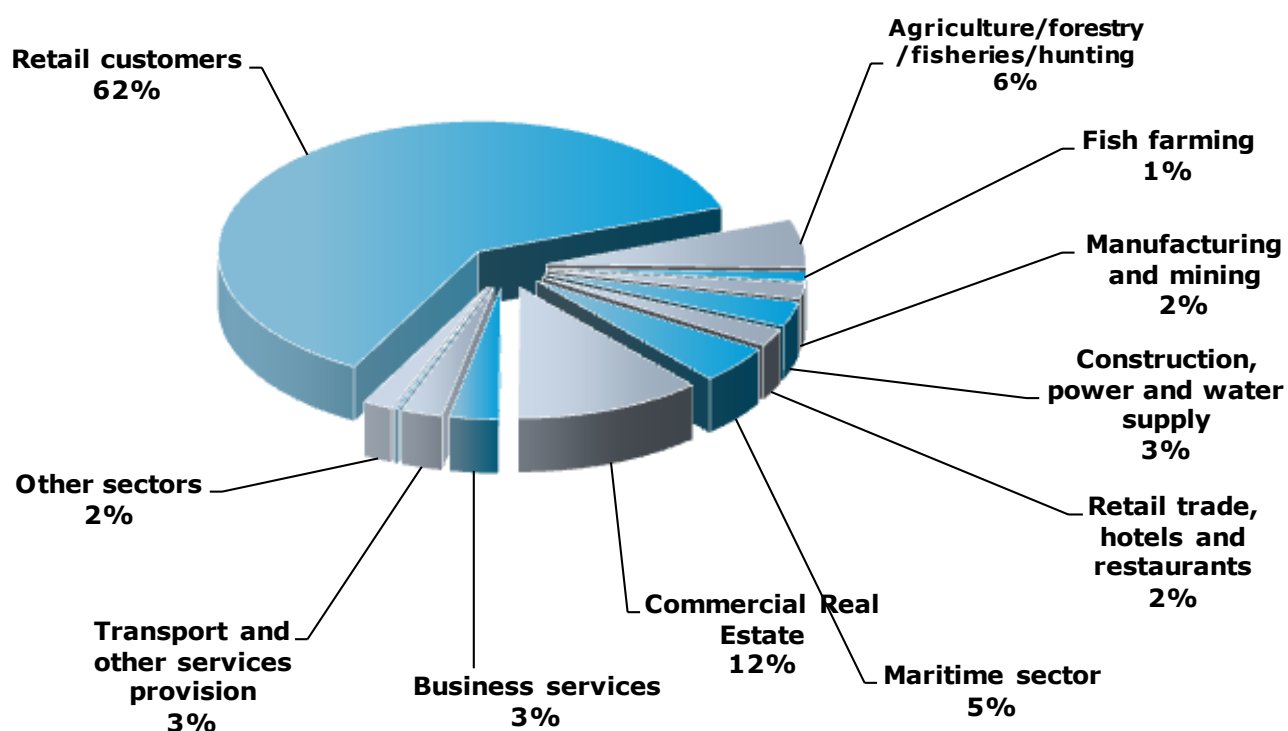
### 3. Loans to customers

#### 3.1. Distribution of loans by industry

##### *Distribution of loans by industry*

| (in NOK million)                                 | 31 Dec.<br>2014 | 30 Sept.<br>2014 | 30 Jun.<br>2014 | 31 Mar.<br>2014 | 31 Dec.<br>2013 | 31 Dec.<br>2012 |
|--------------------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Agriculture/forestry/fisheries/hunting           | 7,137           | 6,761            | 6,552           | 6,351           | 6,359           | 6,129           |
| Fish farming                                     | 1,366           | 1,385            | 1,497           | 1,621           | 2,463           | 2,447           |
| Manufacturing and mining                         | 2,321           | 2,305            | 2,056           | 2,030           | 2,142           | 2,349           |
| Construction, power and water supply             | 3,706           | 3,244            | 3,201           | 3,105           | 3,207           | 3,504           |
| Retail trade, hotels and restaurants             | 2,663           | 2,861            | 2,473           | 2,375           | 2,442           | 2,804           |
| Maritime sector                                  | 5,636           | 4,777            | 4,961           | 5,099           | 5,402           | 5,739           |
| Commercial Real Estate                           | 14,033          | 12,732           | 12,622          | 12,016          | 12,118          | 11,710          |
| Business services                                | 3,671           | 3,569            | 3,954           | 3,889           | 3,867           | 3,258           |
| Transport and other services provision           | 3,093           | 2,992            | 2,701           | 2,685           | 2,706           | 2,364           |
| Public administration                            | 300             | 272              | 220             | 293             | 423             | 215             |
| Other sectors                                    | 2,267           | 2,862            | 3,090           | 2,580           | 2,409           | 1,817           |
| <b>Gross loans in corporate market</b>           | <b>46,192</b>   | <b>43,760</b>    | <b>43,326</b>   | <b>42,044</b>   | <b>43,537</b>   | <b>42,338</b>   |
| <b>Retail customers</b>                          | <b>74,004</b>   | <b>72,479</b>    | <b>71,249</b>   | <b>69,530</b>   | <b>68,515</b>   | <b>62,587</b>   |
| <b>Gross loans incl. Boligkr. and Næringskr.</b> | <b>120,196</b>  | <b>116,239</b>   | <b>114,575</b>  | <b>111,574</b>  | <b>112,052</b>  | <b>104,925</b>  |
| - Adv. of this Boligkreditt                      | 28,393          | 28,518           | 28,128          | 30,961          | 30,514          | 29,348          |
| - Adv. of this Næringskreditt                    | 1,463           | 1,222            | 1,227           | 1,233           | 1,221           | 618             |
| <b>Gross loans in balance sheet</b>              | <b>90,339</b>   | <b>86,500</b>    | <b>85,221</b>   | <b>79,380</b>   | <b>80,317</b>   | <b>74,959</b>   |
| <b>Share of loans, corporate market</b>          | <b>38%</b>      | <b>38%</b>       | <b>38%</b>      | <b>38%</b>      | <b>39%</b>      | <b>40%</b>      |
| <b>Share of loans, retail market</b>             | <b>62%</b>      | <b>62%</b>       | <b>62%</b>      | <b>62%</b>      | <b>61%</b>      | <b>60%</b>      |

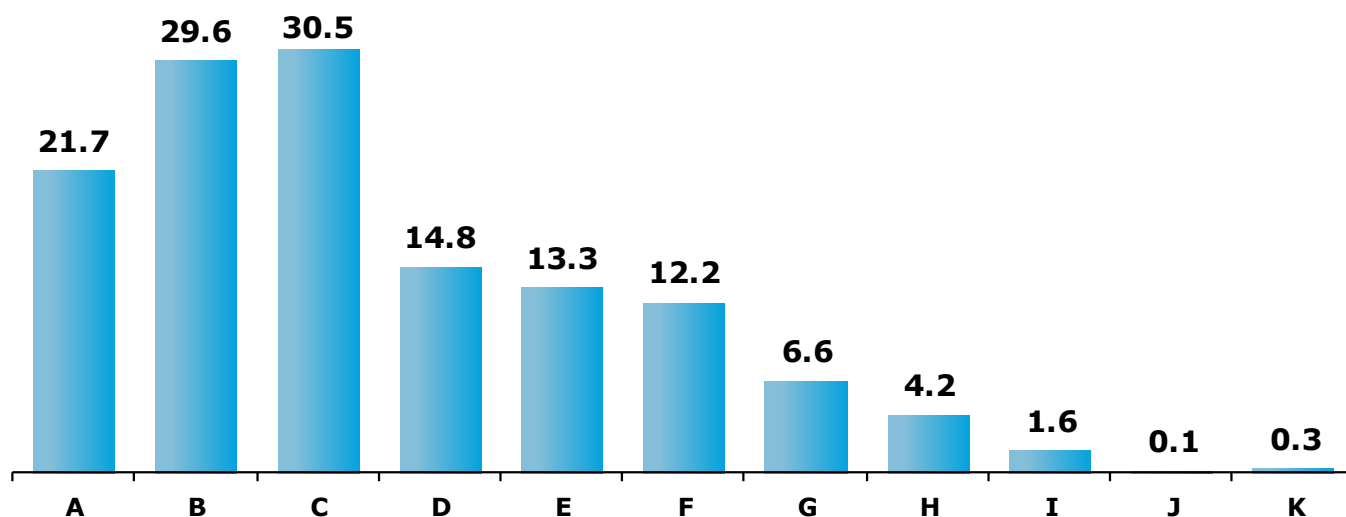
## *Distribution of loans by industry*



### 3.2. Risk profile and write-downs

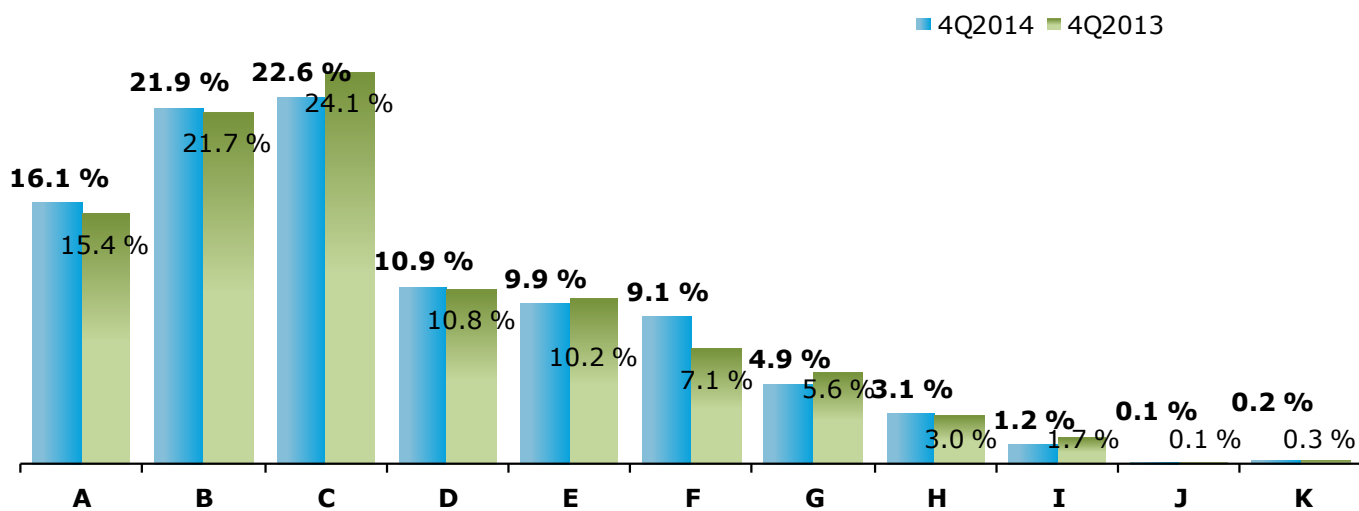
*Actual risk profil, Exposure At Default*

NOK billion



*Actual risk profil, Exposure At Default*

Per cent



## Risk classification in SpareBank 1 SMN

| Risk class | PD* in percent |       | Corresponding ratingclass at Moody's |
|------------|----------------|-------|--------------------------------------|
|            | Low            | High  |                                      |
| A          | 0.01           | 0.10  | AAA - A3                             |
| B          | 0.10           | 0.25  | Baa1 - Baa2                          |
| C          | 0.25           | 0.50  | Baa3                                 |
| D          | 0.50           | 0.75  | Ba1                                  |
| E          | 0.75           | 1.25  | Ba2                                  |
| F          | 1.25           | 2.50  |                                      |
| G          | 2.50           | 5.00  | Ba2 - B1                             |
| H          | 5.00           | 10.00 | B1 - B2                              |
| I          | 10.00          | 99.99 | B3 - caa3                            |
| J          | Default        |       |                                      |
| K          | Written down   |       |                                      |

Risk class A represents the lowest risk and class K the highest risk.

\* Probability of default

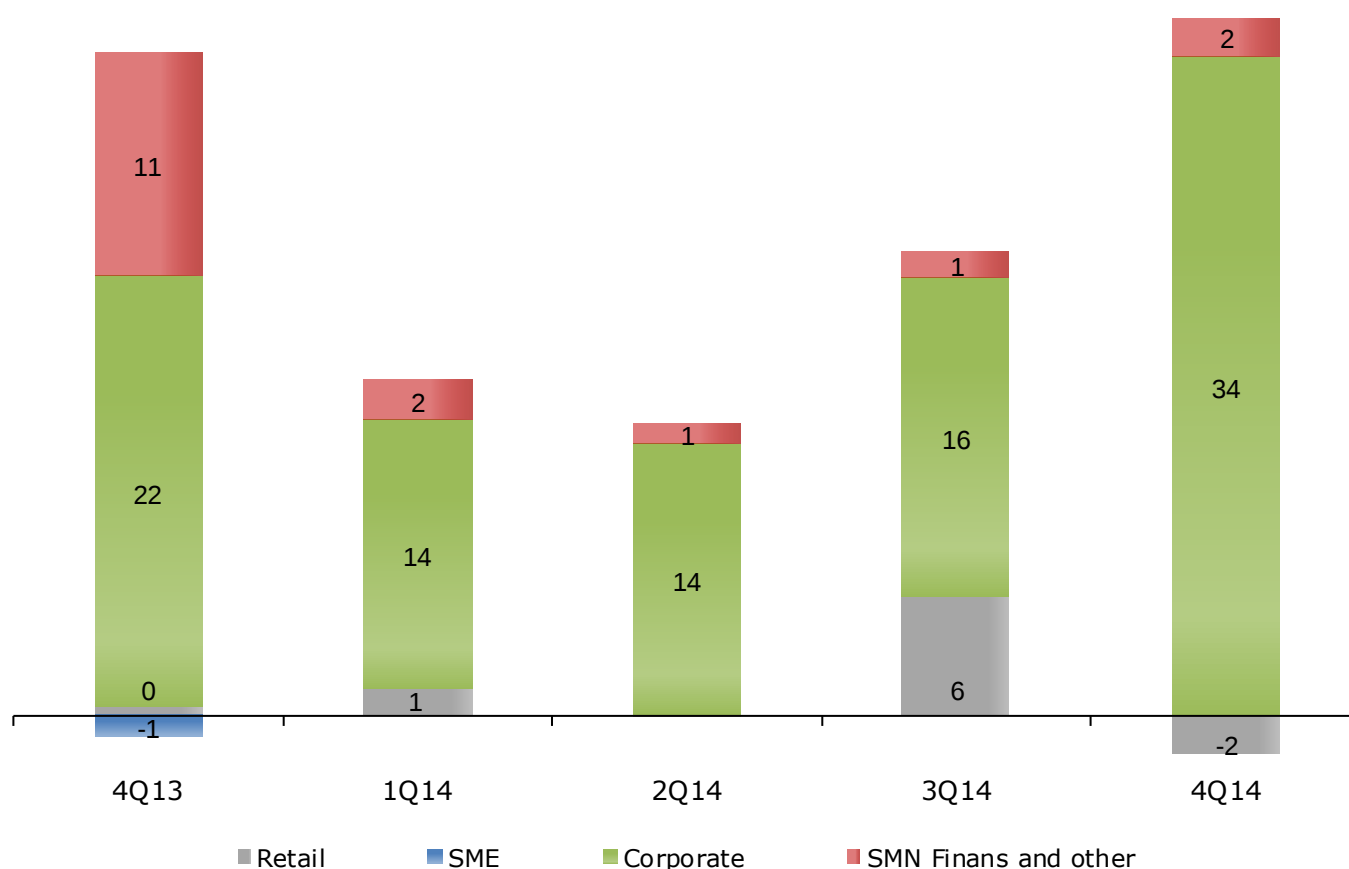
## Write-downs on loans and guarantees

| (in NOK million)                              | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.   |            | 2012      |
|-----------------------------------------------|------------|------------|------------|------------|------------|-----------|------------|-----------|
|                                               |            |            |            |            |            | 2014      | 2013       |           |
| Increase in and new individual write-downs    | -10        | 6          | 3          | 0          | 5          | -1        | 29         | -28       |
| Reassessments and recoveries                  | -44        | -18        | -12        | -17        | -28        | -90       | -71        | -81       |
| Total individual write-downs                  | 34         | 24         | 15         | 17         | 32         | 89        | 101        | 53        |
| Change in group write-downs on loans          | 0          | 0          | 0          | 0          | 0          | 0         | 0          | 5         |
| <b>Write-downs on loans and guarantees</b>    | <b>34</b>  | <b>24</b>  | <b>15</b>  | <b>17</b>  | <b>32</b>  | <b>89</b> | <b>101</b> | <b>58</b> |
| <b>As % of gross loans incl. Boligkreditt</b> | 0.11%      | 0.08%      | 0.05%      | 0.06%      | 0.12%      | 0.08%     | 0.09%      | 0.06%     |

## Loss on loans by segment

| (in NOK million)           | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.   |            |
|----------------------------|------------|------------|------------|------------|------------|-----------|------------|
|                            |            |            |            |            |            | 2014      | 2013       |
| Retail                     | -2         | 6          | 0          | 1          | 0          | 6         | 6          |
| SME *                      |            |            |            |            | -1         |           | 5          |
| Corporate                  | 34         | 16         | 14         | 14         | 22         | 77        | 71         |
| SMN Finans and other       | 2          | 1          | 1          | 2          | 11         | 6         | 19         |
| Collective write downs     | 0          | 0          | 0          | 0          | 0          | 0         | 0          |
| <b>Total loss on loans</b> | <b>34</b>  | <b>24</b>  | <b>15</b>  | <b>17</b>  | <b>32</b>  | <b>89</b> | <b>101</b> |

\* As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively



### Individual and collective write-downs

| (in NOK million)                                                                           | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 | 31 Dec.<br>2013 | 2012 |
|--------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|-----------------|-----------------|------|
| Individual write-downs to cover loss on loans, guarantees at start of period               | 182        | 176        | 173        | 173        | 168        | 173             | 144             | 172  |
| Write downs of loans previously subject to individual write down                           | -5         | -3         | 7          | 3          | 4          | 2               | 15              | 4    |
| Reversal of previous years' write downs                                                    | 1          | -5         | -16        | -2         | -7         | -22             | -18             | -13  |
| Increase in write downs of commitments not previously subject to individual write down     | 25         | 25         | 19         | 16         | 10         | 84              | 72              | 43   |
| Confirmed losses in the period on loans, guarantees etc., prev. subject to ind. write down | -32        | -10        | -7         | -16        | -2         | -66             | -40             | -63  |
| Individual write downs to cover loss                                                       | 172        | 182        | 176        | 173        | 173        | 172             | 173             | 144  |
| Collective write downs to cover loss on loans, guarantees at start of period               | 295        | 295        | 295        | 295        | 295        | 295             | 295             | 290  |
| Period's collective write down to cover loss on loans, guarantees etc.                     | 0          | 0          | 0          | 0          | 0          | 0               | 0               | 5    |
| Collective write downs to cover loss on loans, guarantees                                  | 295        | 295        | 295        | 295        | 295        | 295             | 295             | 295  |

## Loans and guarantees by industry

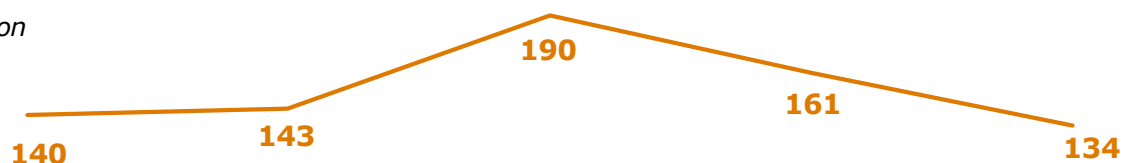
|                                        | Total          | Very<br>low risk | Low<br>risk   | Medium<br>risk | High<br>risk | Very<br>high<br>risk | Default<br>and<br>written<br>down |
|----------------------------------------|----------------|------------------|---------------|----------------|--------------|----------------------|-----------------------------------|
| Wage earners                           | 79,170         | 61,574           | 11,183        | 4,378          | 925          | 930                  | 181                               |
| Public administration                  | 1,002          | 1,002            | -             | -              | -            | -                    | -                                 |
| Agriculture and forestry               | 7,684          | 3,884            | 1,749         | 1,576          | 311          | 153                  | 12                                |
| Sea farming industries                 | 2,341          | 775              | 1,261         | 288            | -            | 0                    | 17                                |
| Manufacturing                          | 3,185          | 757              | 1,345         | 930            | 85           | 60                   | 7                                 |
| Construction, power and water supply   | 5,135          | 977              | 1,442         | 1,885          | 699          | 56                   | 76                                |
| Retail trade, hotels and restaurants   | 3,511          | 405              | 1,298         | 1,545          | 108          | 106                  | 48                                |
| Maritime sector                        | 1,187          | 507              | 469           | 92             | 118          | 1                    | -                                 |
| Property management                    | 14,913         | 4,559            | 4,699         | 4,656          | 760          | 156                  | 83                                |
| Business services                      | 5,394          | 1,123            | 1,812         | 1,780          | 583          | 88                   | 7                                 |
| Transport and other services provision | 9,582          | 5,225            | 2,742         | 1,189          | 365          | 25                   | 37                                |
| Finance                                | -              | -                | -             | -              | -            | -                    | -                                 |
| Other sectors                          | 1,779          | 980              | 51            | 537            | 211          | -                    | -                                 |
| <b>4Q 14</b>                           | <b>134,884</b> | <b>81,769</b>    | <b>28,051</b> | <b>18,857</b>  | <b>4,165</b> | <b>1,574</b>         | <b>469</b>                        |
| <b>2013</b>                            | <b>126,767</b> | <b>77,571</b>    | <b>26,590</b> | <b>16,001</b>  | <b>3,976</b> | <b>2,108</b>         | <b>521</b>                        |
| <b>2012</b>                            | <b>120,010</b> | <b>71,846</b>    | <b>24,499</b> | <b>16,751</b>  | <b>4,803</b> | <b>1,633</b>         | <b>479</b>                        |

## Write-down ratio

| (in NOK million)                              | 31 Dec.<br>2014 | 30 Sept.<br>2014 | 30 Jun.<br>2014 | 31 Mar.<br>2014 | 31 Dec.<br>2013 | 31 Dec.<br>2012 |
|-----------------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Non-performing commitments (gross)            | 270             | 338              | 334             | 263             | 386             | 374             |
| Impaired commitments (gross)                  | 216             | 206              | 206             | 231             | 157             | 143             |
| Gross non-performing and impaired commitments | 486             | 544              | 540             | 494             | 543             | 517             |
| Individual write-downs                        | 172             | 181              | 176             | 173             | 173             | 145             |
| Collective write-downs                        | 295             | 295              | 295             | 295             | 295             | 295             |
| Write-down ratio (%)                          | 96.0 %          | 87.6 %           | 87.2 %          | 94.6 %          | 86.0 %          | 84.9 %          |

## Default in excess of 90 days

NOK million



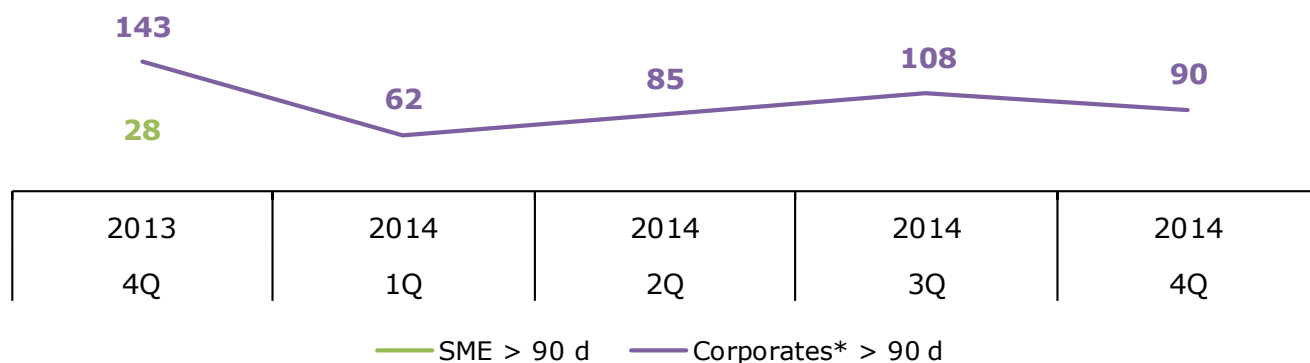
|            |            |            |            |            |
|------------|------------|------------|------------|------------|
| 2013<br>4Q | 2014<br>1Q | 2014<br>2Q | 2014<br>3Q | 2014<br>4Q |
|------------|------------|------------|------------|------------|

— Retail\* > 90 d

\*As from 1 January 2014 the bank's SME portfolio is split up, and sole proprietorships, agricultural customers and associations etc are assigned to Retail Banking

## Default in excess of 90 days

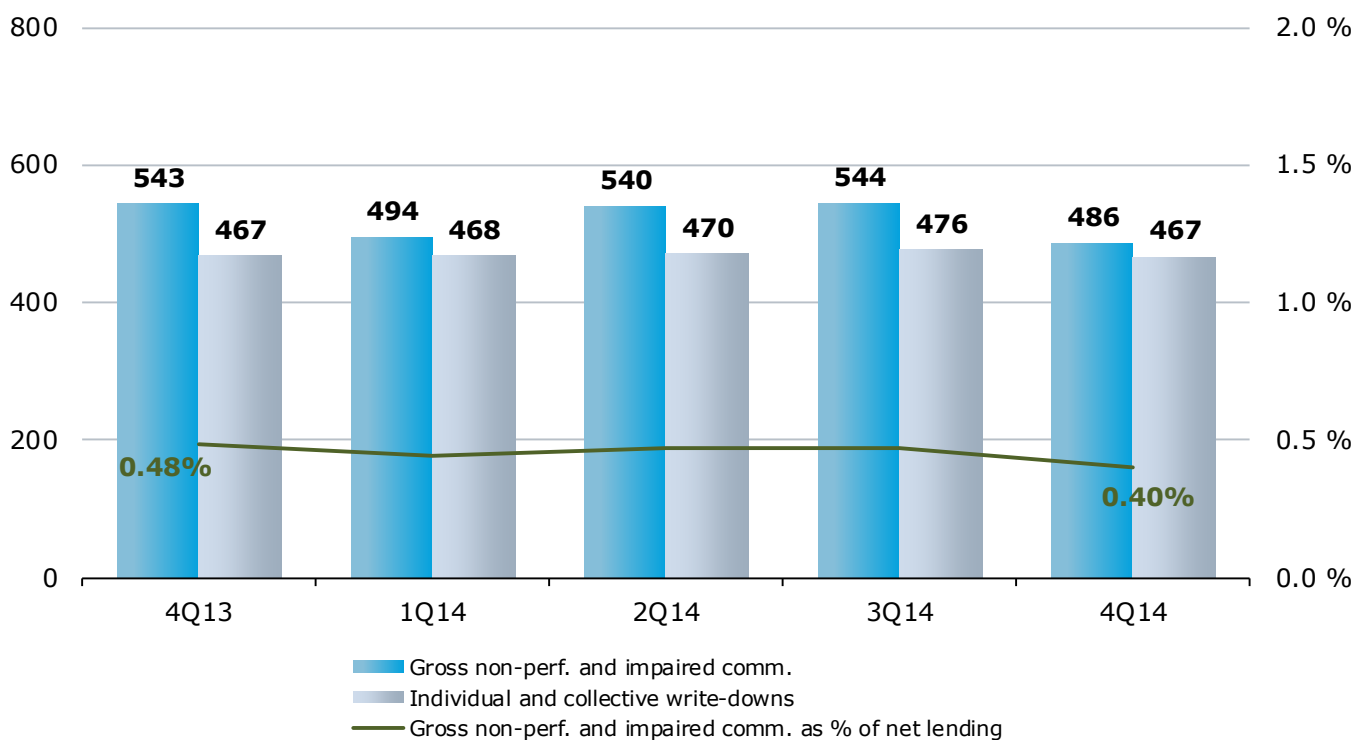
NOK million



\* As from 1 January 2014 the bank's SME portfolio is split up and SME limited companies are assigned to Corporate Banking

## Net non-performing and impaired commitments

NOK million



## 4. Capital Adequacy

The Ministry of Finance adopted on 22 August 2014 amendments to regulations on capital requirements taking effect on 30 September 2014. The amendments bring Norwegian legislation into line with the EU's new capital requirements framework (CRR/CRD IV). This framework is for the present not incorporated into the EEA agreement, although its most important provisions have been incorporated in the Financial Institutions Act and the Securities Trading Act. The adjusted legislation entered into force on 1 July 2013, and requires a gradual increase in minimum requirements on Common Equity Tier 1 (CET1) capital in the period to 1 July 2016.

As of 31 December 2014 the capital conservation buffer requirement is 2.5 per cent and the systemic risk requirement is 3 per cent. The systemic risk buffer rose by 1 percentage point as from 1 July 2014. These requirements are additional to the requirement of 4.5 per cent CET1 capital, so that the overall minimum requirement on CET1 capital is 10 per cent. On 30 June 2015 a countercyclical buffer requirement of 1 percentage point will become effective, bringing the overall minimum CET1 requirement to 11 per cent.

Norwegian authorities have chosen to continue the Basel 1 floor as a floor for risk weighted assets.

SpareBank 1 SMN utilises the Internal Rating Based Approach (IRB) for credit risk. Use of IRB imposes wide-ranging requirements on the bank's organisational set-up, competence, risk models and risk management systems. In June 2013 the bank applied for approval to switch to Advanced IRB for those portfolios currently reported under the IRB Foundation Approach.

The most central changes in connection with the new rules:

- \* Deductions in own funds will primarily reduce CET1 capital, whereas previously CET1 capital and supplementary capital were reduced equally on a 50-50 basis
- \* Changes in deductions in respect of assets in other financial institutions. A distinction is drawn between significant and non-significant assets, and deductions are to be made in the same asset class as that to which the owned asset belongs. The limit for deductions in respect of assets in other financial institutions is raised from 2 per cent of the other institution's own funds to 10 per cent ownership. The deductions are limited to 10 per cent of own CET1 capital, and all assets below 10 per cent are part of risk weighted assets. The previous capital adequacy reserve no longer applies
- \* Deferred tax benefit related to temporary differences within 10 per cent own CET1 capital will now not be deductible, but will instead be risk weighted at 250 per cent. Deferred tax benefit above 10 per cent will be deductible from CET1 capital
- \* The sum of deferred tax benefit and significant assets that are deducted from CET1 capital cannot constitute more than 17.65 per cent of own CET1 capital
- \* Introduction of Additional Value Adjustments (AVA deductions) – requirement for prudent valuation
- \* Introduction of Credit Value Adjustments (CVA) for derivative positions
- \* Changes in rules governing risk weighting of exposures to covered bonds and rated institutions, will now be risk weighted based on the institution's own rating

In connection with changed requirements on conditions governing hybrid capital, hybrid capital not meeting the new requirements over time will not be eligible as other core capital. The bonds will subject to a stepwise reduction of 30 per cent in 2015 and 10 per cent thereafter. As of 31 December 2014 SpareBank 1 SMN held hybrid capital worth NOK 450m that will be subject to stepwise reduction. Finanstilsynet may require the hybrid capital to be written down in proportion to equity capital if the bank's CET1 capital ratio falls below 5.125 per cent.

As from the second quarter 2013 the measurement of operational risk switched from the Basic Indicator Approach to the Standardised Approach. At group level the Basic Indicator Approach still applies to subsidiaries.

Capital adequacy figures are stated in accordance with the new reporting requirements as from 30 September 2014. Comparatives have not been restated.

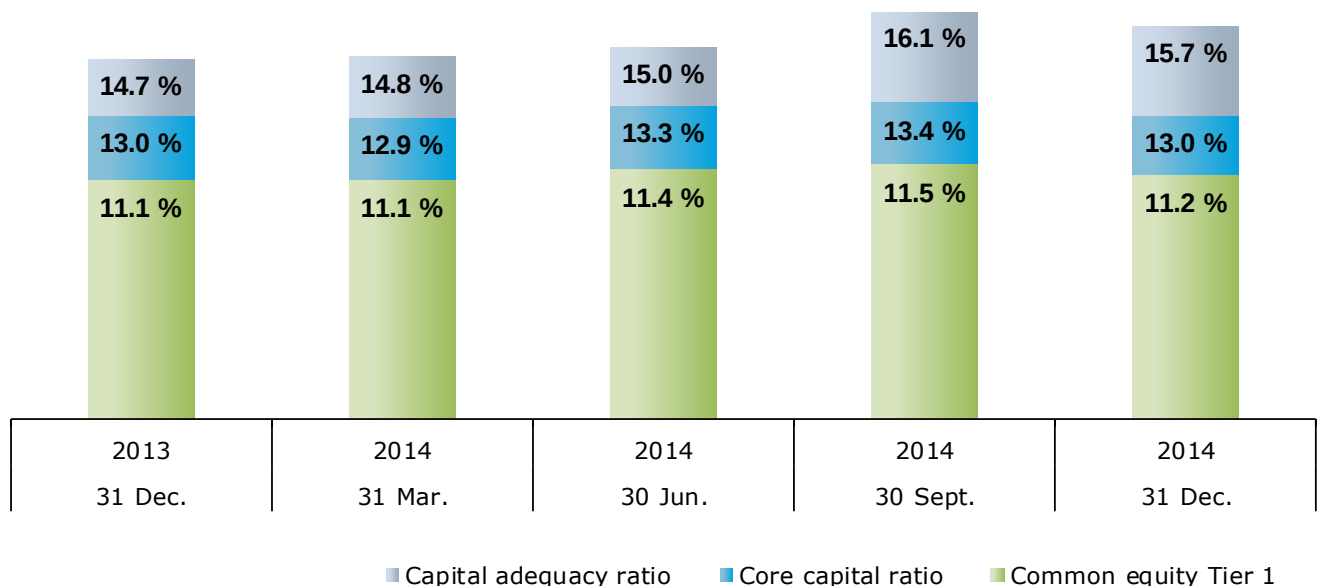
## Capital Adequacy

| (in NOK million)                                                        | 31 Dec.<br>2014 | 30 Sept.<br>2014 | 30 Jun.<br>2014 | 31 Mar.<br>2014 | 31 Dec.<br>2013 | 31 Dec.<br>2012 |
|-------------------------------------------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Equity capital certificates                                             | 2,597           | 2,597            | 2,597           | 2,597           | 2,597           | 2,597           |
| - Own holding of ECCs                                                   | 0               | 0                | 0               | 0               | 0               | 0               |
| Premium fund                                                            | 895             | 895              | 895             | 895             | 895             | 895             |
| Dividend equalisation fund                                              | 3,122           | 2,496            | 2,496           | 2,496           | 2,496           | 1,889           |
| Savings bank's reserve                                                  | 3,619           | 3,276            | 3,276           | 3,276           | 3,276           | 2,944           |
| Recommended dividends                                                   | 292             | 0                | 0               | 0               | 227             | 195             |
| Provision for gifts                                                     | 160             | 0                | 0               | 0               | 124             | 30              |
| Unrealised gains reserve                                                | 148             | 206              | 206             | 206             | 206             | 123             |
| Other equity and minority interest                                      | 1,620           | 1,282            | 1,281           | 1,357           | 1,354           | 1,303           |
| Minority interests                                                      | 72              | 69               | 66              | 62              | 67              | 67              |
| Net profit                                                              | 0               | 1,407            | 963             | 500             | 0               | 0               |
| <b>Total book equity</b>                                                | <b>12,524</b>   | <b>12,228</b>    | <b>11,780</b>   | <b>11,389</b>   | <b>11,242</b>   | <b>10,042</b>   |
| Deferred taxes, goodwill and other intangible assets                    | -566            | -565             | -620            | -613            | -582            | -674            |
| Part of reserve for unrealised gains, associated companies              | 120             | 131              | 98              | 98              | 98              | 57              |
| Deduction for allocated dividends and gifts                             | -452            | 0                | 0               | -4              | -361            | -238            |
| 50 % deduction for subordinated capital in other financial institutions |                 |                  | -101            | -120            | -106            | -2              |
| 50 % deduction for expected losses on IRB, net of write-downs           |                 |                  | -246            | -259            | -214            | -179            |
| 50 % capital adequacy reserve                                           |                 |                  | -685            | -623            | -595            | -703            |
| Minority interests recognised in other equity capital                   | -72             | -69              |                 |                 |                 |                 |
| Minority interests eligible for inclusion in CET1 capital               | 35              | 34               |                 |                 |                 |                 |
| Surplus financing of pension obligations                                | 0               | -21              | -21             | -78             | -107            | -49             |
| Net profit                                                              | 0               | -1,407           | -963            | -500            | 0               | 0               |
| Year-to-date profit included in core capital (73 per cent pre tax)      | 0               | 1,027            | 703             | 365             | 0               | 0               |
| Value adjustments due to requirements for prudent valuation             | -45             | -36              |                 |                 |                 |                 |
| Positive value of adjusted expected loss under IRB Approach             | -419            | -367             |                 |                 |                 |                 |
| Direct, indirect and synthetic investments in financial sector comp:    | -451            | -349             |                 |                 |                 |                 |
| <b>Total common equity Tier one</b>                                     | <b>10,674</b>   | <b>10,605</b>    | <b>9,945</b>    | <b>9,655</b>    | <b>9,374</b>    | <b>8,254</b>    |
| Hybrid capital, core capital                                            | 1,716           | 1,707            | 1,690           | 1,647           | 1,615           | 1,103           |
| Direct, indirect and synthetic investments in financial sector comp:    | -9              | -9               |                 |                 |                 |                 |
| <b>Total core capital</b>                                               | <b>12,382</b>   | <b>12,302</b>    | <b>11,635</b>   | <b>11,303</b>   | <b>10,989</b>   | <b>9,357</b>    |
| <b>Supplementary capital in excess of core capital</b>                  |                 |                  |                 |                 |                 |                 |
| Fund bonds, hybrid capital in excess of 15 %                            | 0               | 0                | 0               | 0               | 31              | 31              |
| Subordinated capital                                                    | 2,598           | 2,566            | 2,561           | 2,592           | 2,313           | 2,439           |
| 50 % deduction for subordinated capital in other financial institutions |                 |                  | -101            | -120            | -106            | -2              |
| 50 % deduction for expected losses on IRB, net of write-downs           |                 |                  | -246            | -259            | -214            | -179            |
| 50 % capital adequacy reserve                                           |                 |                  | -685            | -623            | -595            | -703            |
| Direct, indirect and synthetic investments in financial sector comp:    | -43             | -43              |                 |                 |                 |                 |
| <b>Total supplementary capital</b>                                      | <b>2,555</b>    | <b>2,523</b>     | <b>1,529</b>    | <b>1,591</b>    | <b>1,428</b>    | <b>1,586</b>    |
| <b>Net subordinated capital</b>                                         | <b>14,937</b>   | <b>14,826</b>    | <b>13,164</b>   | <b>12,893</b>   | <b>12,417</b>   | <b>10,943</b>   |

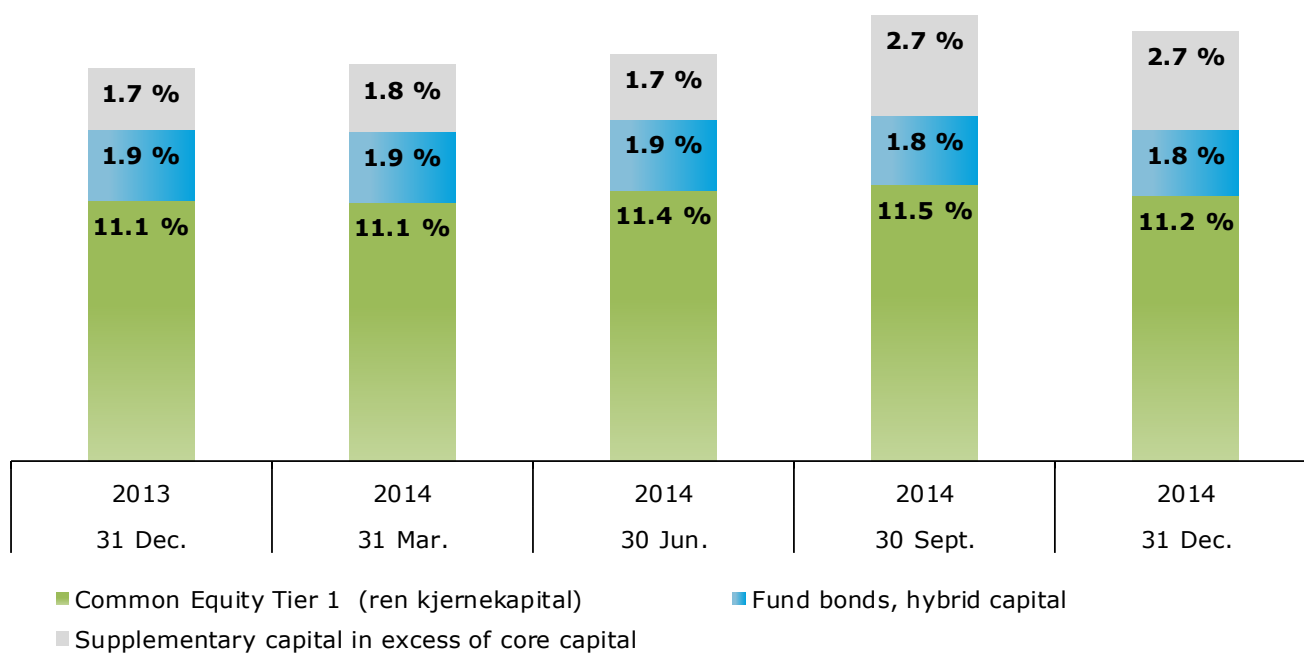
### Minimum requirements subordinated capital

| (in NOK million)                                        | 31 Dec.<br>2014 | 30 Sept.<br>2014 | 30 Jun.<br>2014 | 31 Mar.<br>2014 | 31 Dec.<br>2013 | 31 Dec.<br>2012 |
|---------------------------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Involvement with specialised enterprises                | 1,887           | 1,732            | 1,863           | 1,508           | 1,573           | 1,654           |
| Other corporations exposure                             | 1,371           | 1,375            | 1,472           | 1,381           | 1,479           | 1,470           |
| Mass market exposure, SMBs                              | 159             | 147              | 146             | 145             | 74              | 42              |
| Mass market exposure, property                          | 1,280           | 1,233            | 1,170           | 1,153           | 628             | 560             |
| Other retail exposure                                   | 51              | 42               | 43              | 43              | 33              | 30              |
| Equity investments, IRB                                 | 0               | 0                | 27              | 0               | 0               | 0               |
| <b>Total credit risk IRB</b>                            | <b>4,748</b>    | <b>4,529</b>     | <b>4,722</b>    | <b>4,229</b>    | <b>3,787</b>    | <b>3,756</b>    |
| Debt risk                                               | 397             | 440              | 308             | 281             | 224             | 205             |
| Equity risk                                             | 1               | 2                | 1               | 3               | 10              | 15              |
| Currency risk                                           | 0               | 0                | 0               | 0               | 0               | 0               |
| Operational risk                                        | 416             | 416              | 416             | 416             | 398             | 420             |
| Exposures calculated using the standardised approach    | 1,971           | 1,860            | 1,682           | 2,186           | 2,151           | 2,074           |
| Deductions                                              | 0               | 0                | -130            | -126            | -119            | -120            |
| CVA                                                     | 92              | 116              |                 |                 |                 |                 |
| Transitional arrangements                               | 0               | 0                | 0               | 0               | 316             | 246             |
| <b>Minimum requirements subordinated capital</b>        | <b>7,625</b>    | <b>7,364</b>     | <b>6,998</b>    | <b>6,989</b>    | <b>6,767</b>    | <b>6,596</b>    |
| <b>Risk Weighted Assets (RWA)</b>                       | <b>95,318</b>   | <b>92,045</b>    | <b>87,477</b>   | <b>87,361</b>   | <b>84,591</b>   | <b>82,446</b>   |
| Minimum requirement on CET1 capital, 4.5 per cent       | 4,289           |                  |                 |                 |                 |                 |
| Capital conservation buffer, 2.5 per cent               | 2,383           |                  |                 |                 |                 |                 |
| Systemic risk buffer, 3.0 per cent                      | 2,860           |                  |                 |                 |                 |                 |
| <b>Available CET1 capital after buffer requirements</b> | <b>1,142</b>    |                  |                 |                 |                 |                 |
| Common equity Tier 1                                    | 11.2 %          | 11.5 %           | 11.4 %          | 11.1 %          | 11.1 %          | 10.0 %          |
| Core capital ratio                                      | 13.0 %          | 13.4 %           | 13.3 %          | 12.9 %          | 13.0 %          | 11.3 %          |
| Capital adequacy ratio                                  | 15.7 %          | 16.1 %           | 15.0 %          | 14.8 %          | 14.7 %          | 13.3 %          |

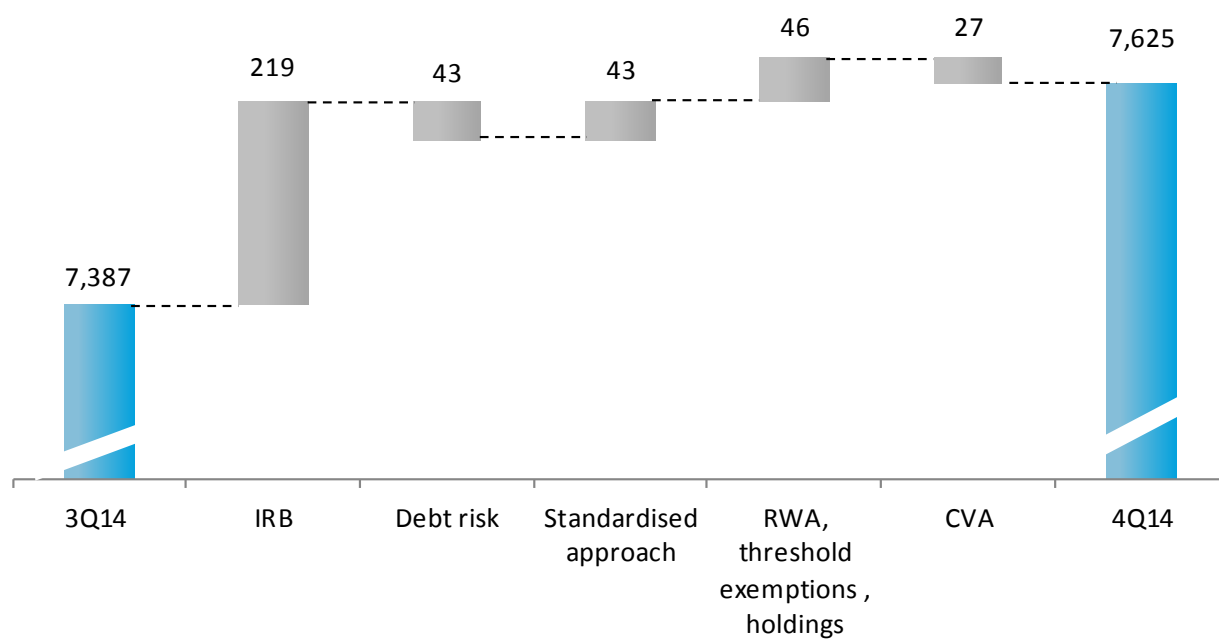
### Capital Adequacy



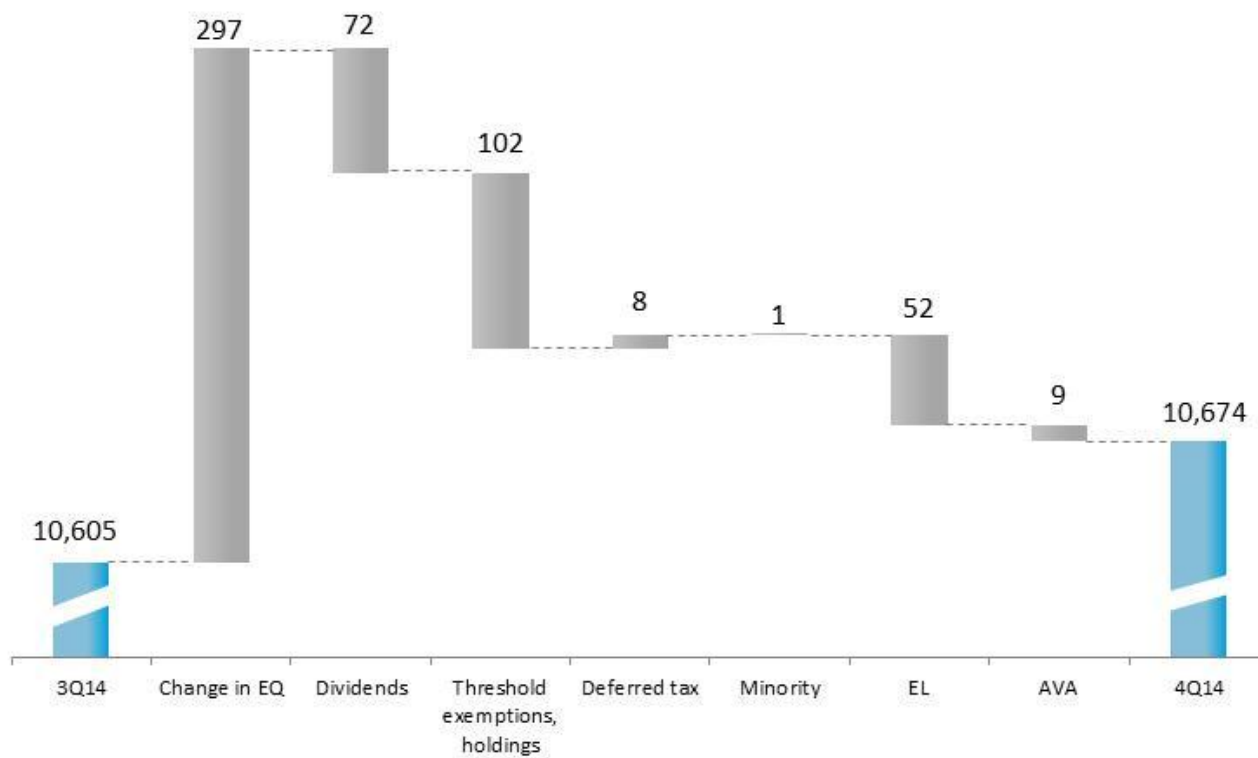
## Capital Adequacy



*Quarterly changes in Minimum requirements subordinated capital \**



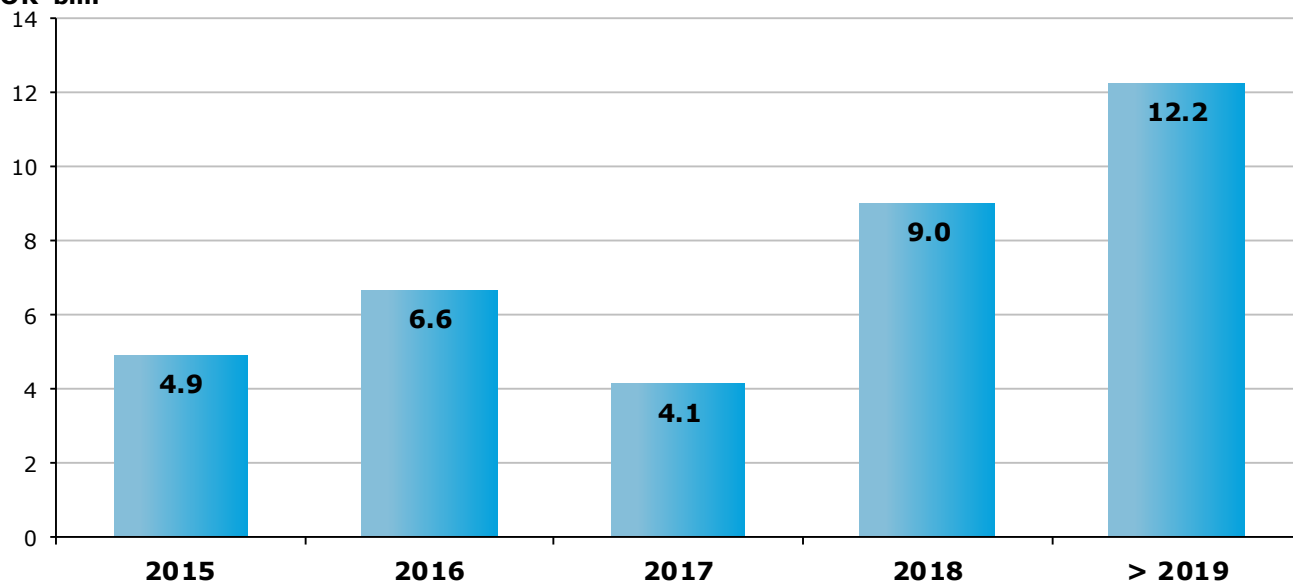
*Quarterly changes in Common equity Tier 1*



## 5. Funding

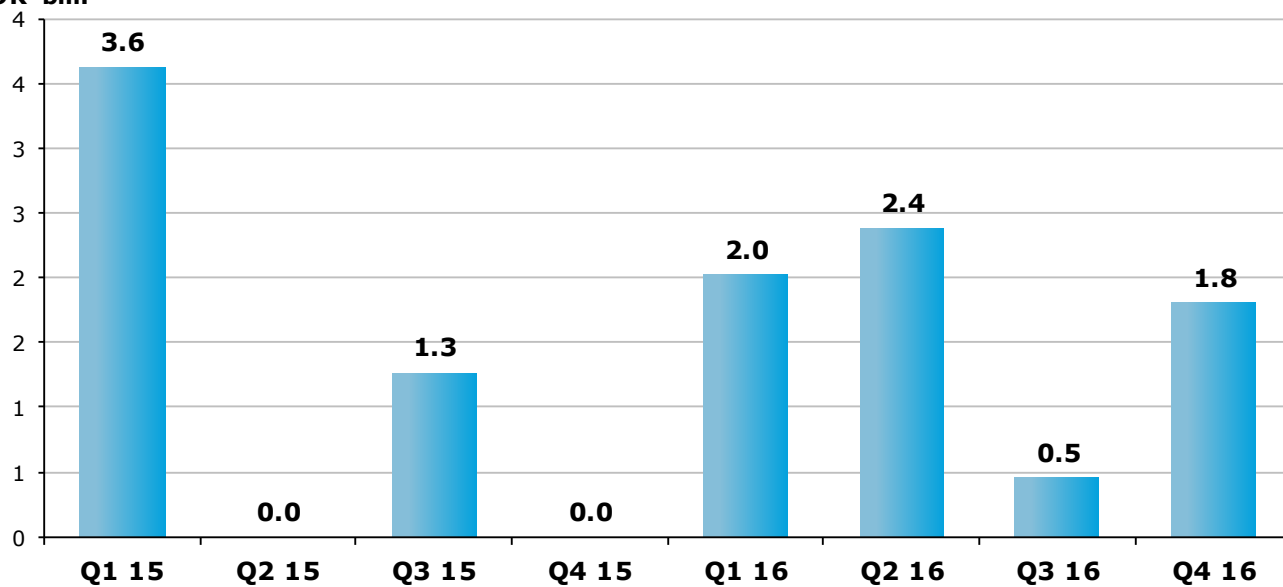
### *Funding maturity dates*

NOK bill.



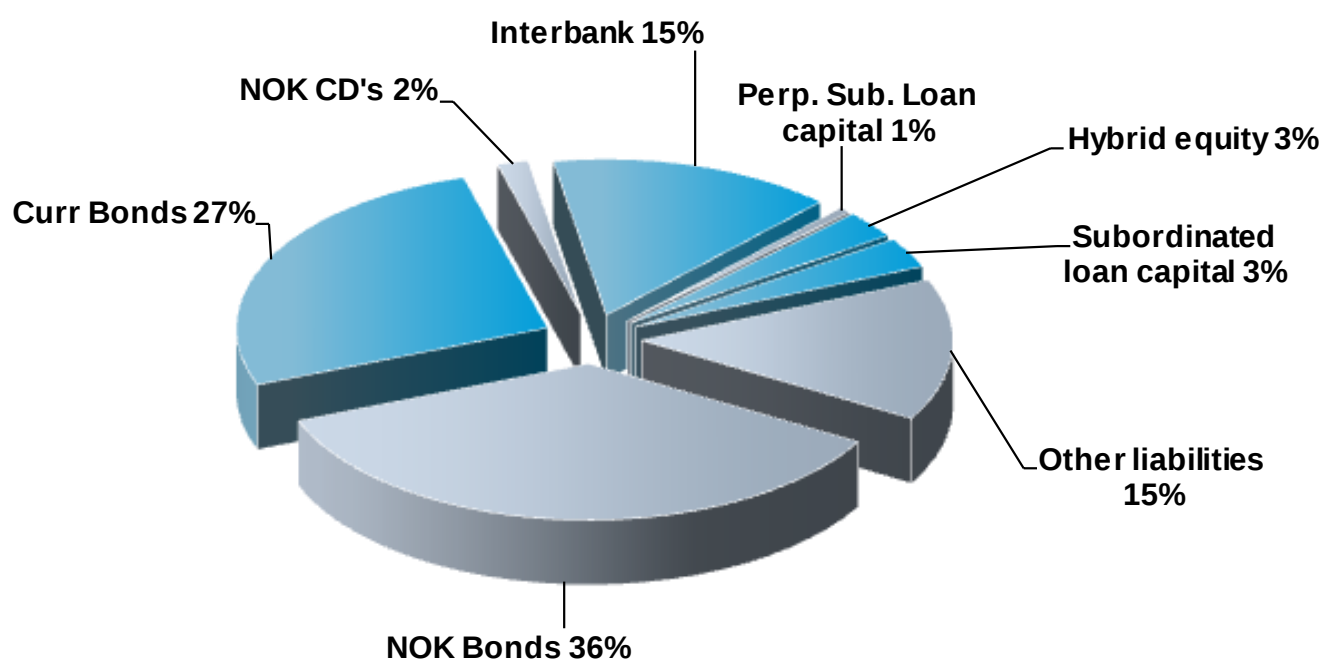
### *Funding maturity dates over the next eight quarters*

NOK bill.



## Capital markets funding

| (in NOK million)          | 31 Dec.<br>2014 | 30 Sept.<br>2014 | 30 Jun.<br>2014 | 31 Mar.<br>2014 | 31 Dec.<br>2013 | 31 Dec.<br>2012 |
|---------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| NOK Bonds                 | 18,263          | 18,180           | 18,753          | 19,403          | 18,953          | 22,858          |
| Curr Bonds                | 13,611          | 12,181           | 12,403          | 8,022           | 11,451          | 6,944           |
| NOK CD's                  | 820             | 300              | 775             | 2,750           | 2,750           | 706             |
| Interbank                 | 7,572           | 5,639            | 6,777           | 5,565           | 5,159           | 5,137           |
| Gov. Swap arrangement     | -               | -                | -               | 1,143           | 1,220           | 2,273           |
| Perp. Sub. Loan capital   | 307             | 304              | 306             | 304             | 304             | 12              |
| Hybrid equity             | 1,449           | 1,440            | 1,400           | 1,433           | 1,431           | 432             |
| Subordinated loan capital | 1,607           | 1,576            | 1,600           | 1,576           | 1,569           | 1,810           |
| Other liabilities         | 7,512           | 7,236            | 7,754           | 6,942           | 5,830           | 5,938           |
| <b>Total</b>              | <b>51,141</b>   | <b>46,856</b>    | <b>49,769</b>   | <b>47,137</b>   | <b>48,667</b>   | <b>46,110</b>   |



## 6. Financial results

### Financial results

|                                              | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014   | 1Q<br>2014   | 4Q<br>2013 | 31 Dec.      |              |              |
|----------------------------------------------|------------|------------|--------------|--------------|------------|--------------|--------------|--------------|
| (in NOK million)                             |            |            |              |              |            | 2014         | 2013         | 2012         |
| Interest income                              | 1,103      | 1,080      | 1,055        | 1,027        | 1,059      | 4,265        | 4,118        | 3,928        |
| Interest expenses                            | 618        | 617        | 625          | 615          | 624        | 2,475        | 2,502        | 2,451        |
| <b>Net interest</b>                          | <b>485</b> | <b>463</b> | <b>430</b>   | <b>412</b>   | <b>436</b> | <b>1,790</b> | <b>1,616</b> | <b>1,477</b> |
| Commission income                            | 323        | 314        | 326          | 318          | 323        | 1,281        | 1,230        | 968          |
| Commission expenses                          | 33         | 28         | 28           | 25           | 25         | 113          | 94           | 96           |
| Other operating income                       | 81         | 74         | 96           | 93           | 84         | 344          | 327          | 267          |
| <b>Commission income and other income</b>    | <b>371</b> | <b>361</b> | <b>394</b>   | <b>385</b>   | <b>382</b> | <b>1,512</b> | <b>1,463</b> | <b>1,139</b> |
| Dividends                                    | 5          | 0          | 14           | 46           | 0          | 65           | 41           | 12           |
| Income from investment in related companies  | 144        | 170        | 131          | 82           | 98         | 527          | 355          | 244          |
| Net return on financial investments          | -58        | 1          | 56           | 129          | 58         | 128          | 106          | 195          |
| <b>Net return on financial investments</b>   | <b>91</b>  | <b>170</b> | <b>201</b>   | <b>257</b>   | <b>156</b> | <b>720</b>   | <b>502</b>   | <b>451</b>   |
| <b>Total income</b>                          | <b>947</b> | <b>993</b> | <b>1,026</b> | <b>1,055</b> | <b>974</b> | <b>4,021</b> | <b>3,580</b> | <b>3,067</b> |
| Staff costs                                  | 267        | 235        | 245          | 254          | 222        | 1,002        | 923          | 942          |
| Administration costs                         | 129        | 122        | 126          | 123          | 134        | 500          | 447          | 411          |
| Other operating expenses                     | 83         | 68         | 72           | 64           | 110        | 287          | 351          | 301          |
| <b>Total operating expenses</b>              | <b>479</b> | <b>425</b> | <b>443</b>   | <b>441</b>   | <b>465</b> | <b>1,789</b> | <b>1,721</b> | <b>1,654</b> |
| <b>Result before losses</b>                  | <b>467</b> | <b>568</b> | <b>583</b>   | <b>614</b>   | <b>508</b> | <b>2,232</b> | <b>1,859</b> | <b>1,414</b> |
| Loss on loans, guarantees etc.               | 34         | 24         | 15           | 17           | 32         | 89           | 101          | 58           |
| <b>Result before tax</b>                     | <b>434</b> | <b>545</b> | <b>568</b>   | <b>597</b>   | <b>476</b> | <b>2,143</b> | <b>1,758</b> | <b>1,355</b> |
| Tax charge                                   | 60         | 101        | 103          | 99           | 110        | 362          | 388          | 295          |
| Results investments held for sale, after tax | 0          | -1         | -1           | 1            | -4         | 0            | 30           | 16           |
| <b>Net profit</b>                            | <b>375</b> | <b>443</b> | <b>464</b>   | <b>500</b>   | <b>361</b> | <b>1,782</b> | <b>1,400</b> | <b>1,077</b> |
| Majority share                               | 372        | 441        | 461          | 498          | 359        | 1,772        | 1,390        | 1,068        |
| Minority interest                            | 2          | 3          | 3            | 1            | 2          | 10           | 10           | 9            |

## Balance sheet

| (in NOK million)                               | 31 Dec.<br>2014 | 30 Sept.<br>2014 | 30 Jun.<br>2014 | 31 Mar.<br>2014 | 31 Dec.<br>2013 | 31 Dec.<br>2012 |
|------------------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Cash and receivables from central banks        | 4,676           | 757              | 2,940           | 1,196           | 4,793           | 1,079           |
| Deposits with and loans to credit institutions | 1,287           | 1,143            | 1,088           | 1,086           | 1,189           | 3,012           |
| Gross loans to customers before write-down     | 90,339          | 86,500           | 85,221          | 79,380          | 80,317          | 74,959          |
| - Specified write-downs                        | -172            | -182             | -176            | -173            | -173            | -144            |
| - Write-downs by loan category                 | -295            | -295             | -295            | -295            | -295            | -295            |
| Net loans to and receivables from customers    | 89,872          | 86,023           | 84,750          | 78,912          | 79,849          | 74,520          |
| Fixed-income CDs and bonds at fair value       | 14,110          | 15,323           | 15,743          | 17,623          | 16,887          | 17,164          |
| Derivatives                                    | 6,674           | 4,480            | 4,366           | 3,205           | 3,050           | 3,100           |
| Shares, units and other equity interests       | 708             | 680              | 1,124           | 1,094           | 1,016           | 761             |
| Investment in related companies                | 5,129           | 5,008            | 4,783           | 4,787           | 4,624           | 4,573           |
| Investments held for sale                      | 45              | 61               | 62              | 62              | 113             | 486             |
| Goodwill                                       | 526             | 522              | 522             | 521             | 495             | 482             |
| Other assets                                   | 3,019           | 3,198            | 3,380           | 3,122           | 3,344           | 2,798           |
| <b>Assets</b>                                  | <b>126,047</b>  | <b>117,194</b>   | <b>118,758</b>  | <b>111,609</b>  | <b>115,360</b>  | <b>107,975</b>  |
| Deposits from credit institutions              | 7,572           | 5,638            | 6,774           | 6,710           | 6,379           | 7,410           |
| Deposits from and debt to customers            | 62,201          | 58,000           | 59,408          | 54,736          | 56,074          | 52,252          |
| Debt created by issue of securities            | 32,632          | 30,491           | 31,667          | 29,914          | 33,762          | 30,259          |
| Derivatives                                    | 5,722           | 3,866            | 3,569           | 2,516           | 2,295           | 2,790           |
| Other liabilities                              | 2,040           | 3,656            | 2,222           | 3,036           | 2,303           | 2,070           |
| Investments held for sale                      | 0               | 0                | 0               | 0               | 0               | 72              |
| Subordinated loan capital                      | 3,356           | 3,315            | 3,338           | 3,308           | 3,304           | 3,040           |
| <b>Total liabilities</b>                       | <b>113,523</b>  | <b>104,966</b>   | <b>106,978</b>  | <b>100,220</b>  | <b>104,118</b>  | <b>97,892</b>   |
| Equity capital certificate                     | 2,597           | 2,597            | 2,597           | 2,597           | 2,597           | 2,597           |
| Own holding of ECCs                            | 0               | 0                | 0               | 0               | 0               | 0               |
| Premium fund                                   | 895             | 895              | 895             | 895             | 895             | 895             |
| Dividend equalisation fund                     | 3,122           | 2,496            | 2,496           | 2,496           | 2,496           | 1,889           |
| Recommended dividends                          | 292             | 0                | 0               | 0               | 227             | 195             |
| Provision for gifts                            | 160             | 0                | 0               | 0               | 124             | 30              |
| Savings bank's reserve                         | 3,619           | 3,276            | 3,276           | 3,276           | 3,276           | 2,944           |
| Unrealised gains reserve                       | 148             | 206              | 206             | 206             | 206             | 123             |
| Other equity capital                           | 1,620           | 1,282            | 1,280           | 1,357           | 1,354           | 1,343           |
| Result of the period                           | 0               | 1,407            | 963             | 500             | 0               | 0               |
| Minority interests                             | 72              | 69               | 66              | 62              | 67              | 67              |
| <b>Total equity capital</b>                    | <b>12,524</b>   | <b>12,228</b>    | <b>11,780</b>   | <b>11,389</b>   | <b>11,242</b>   | <b>10,082</b>   |
| <b>Total liabilities and equity</b>            | <b>126,047</b>  | <b>117,194</b>   | <b>118,758</b>  | <b>111,609</b>  | <b>115,360</b>  | <b>107,975</b>  |

## Key figures

|                                                | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 2013 |         | 2012    |
|------------------------------------------------|------------|------------|------------|------------|------------|----------------------|---------|---------|
| Return on equity                               | 12.1 %     | 14.8 %     | 16.0 %     | 17.7 %     | 13.1 %     | 15.1 %               | 13.3 %  | 11.7 %  |
| Cost/income ratio group                        | 51%        | 43%        | 43%        | 42%        | 48%        | 44%                  | 48%     | 54%     |
| Cost/income ratio group, ex. financial inv.    | 56%        | 52%        | 54%        | 55%        | 57%        | 54%                  | 56%     | 63%     |
| 12-month cost growth                           | 3.9 %      | 4.2 %      | 4.0 %      | 6.5 %      | 4.1 %      | 3.9 %                | 4.1 %   | 11.6 %  |
| Gross loans to customers*                      | 120,196    | 116,240    | 114,576    | 111,574    | 112,052    | 120,196              | 112,052 | 104,925 |
| Growth in loans last 12 months*                | 7.3 %      | 5.4 %      | 5.1 %      | 4.4 %      | 6.8 %      | 7.3 %                | 6.8 %   | 10.2 %  |
| Growth in loans this period*                   | 3.4 %      | 1.5 %      | 2.7 %      | -0.4 %     | 1.6 %      | 7.3 %                | 6.8 %   | 10.2 %  |
| Deposits from customers                        | 62,201     | 58,000     | 59,408     | 54,736     | 56,074     | 62,201               | 56,074  | 52,252  |
| Growth in deposits last 12 months              | 10.9 %     | 8.5 %      | 7.4 %      | 4.1 %      | 7.3 %      | 10.9 %               | 7.3 %   | 9.2 %   |
| Growth in deposits this period                 | 7.2 %      | -2.4 %     | 8.5 %      | -2.4 %     | 5.0 %      | 10.9 %               | 7.3 %   | 9.2 %   |
| Ordinary lending financed by ordinary deposits | 69%        | 67%        | 70%        | 69%        | 70%        | 69%                  | 70%     | 70%     |
| Total assets                                   | 126,047    | 117,194    | 118,758    | 111,609    | 115,360    | 126,047              | 115,360 | 107,919 |
| Average total assets (quarterly)               | 121,620    | 117,976    | 115,184    | 113,485    | 113,668    | 117,794              | 111,843 | 105,372 |
| Employees in employment group                  | 1,192      | 1,186      | 1,167      | 1,157      | 1,159      | 1,192                | 1,159   | 1,135   |
| Employees in employment parent bank            | 753        | 773        | 761        | 750        | 757        | 753                  | 757     | 793     |
| Employees in employment subsidiaries           | 439        | 413        | 405        | 407        | 401        | 439                  | 401     | 342     |
| Number of branches                             | 49         | 49         | 49         | 50         | 50         | 49                   | 50      | 51      |
| Lending margin                                 | 2.49       | 2.48       | 2.57       | 2.68       | 2.67       | 2.56                 | 2.58    | 2.07    |
| Deposit margin                                 | (0.41)     | (0.41)     | (0.55)     | (0.59)     | (0.56)     | (0.49)               | (0.51)  | (0.05)  |
| Net other operating income of total income     | 39%        | 36%        | 38%        | 37%        | 39%        | 38%                  | 41%     | 37%     |
| Common Equity Tier 1 ratio                     | 11.2 %     | 11.5 %     | 11.4 %     | 11.1 %     | 11.1 %     | 11.2 %               | 11.1 %  | 10.0 %  |
| Core capital ratio                             | 13.0 %     | 13.4 %     | 13.3 %     | 12.9 %     | 13.0 %     | 13.0 %               | 13.0 %  | 11.3 %  |
| Capital adequacy ratio                         | 15.7 %     | 16.1 %     | 15.0 %     | 14.8 %     | 14.7 %     | 15.7 %               | 14.7 %  | 13.3 %  |
| Total core capital                             | 12,382     | 12,302     | 11,635     | 11,303     | 10,989     | 12,382               | 10,989  | 9,357   |
| Net subordinated capital                       | 14,937     | 14,826     | 13,164     | 12,893     | 12,417     | 14,937               | 12,417  | 10,943  |
| Impairment losses ratio                        | 0.11%      | 0.08%      | 0.05%      | 0.06%      | 0.12%      | 0.08%                | 0.09%   | 0.06%   |
| Non-performing commitm. as % of gross loans    | 0.22%      | 0.29%      | 0.29%      | 0.24%      | 0.34%      | 0.22%                | 0.34%   | 0.36%   |
| Other doubtful commitm. as % of gross loans    | 0.18%      | 0.18%      | 0.18%      | 0.21%      | 0.14%      | 0.18%                | 0.14%   | 0.14%   |
| ECC price                                      | 58.50      | 59.25      | 54.25      | 53.75      | 55.00      | 58.50                | 55.00   | 34.80   |
| Number of certificates issued, millions        | 129.83     | 129.83     | 129.83     | 129.83     | 129.83     | 129.83               | 129.83  | 129.83  |
| Booked equity capital per ECC (incl. dividend) | 62.04      | 60.53      | 58.32      | 56.39      | 55.69      | 62.04                | 55.69   | 50.09   |
| Adjusted profit per ECC                        | 1.85       | 2.19       | 2.29       | 2.48       | 1.79       | 8.82                 | 6.92    | 5.21    |
| P/E per ECC                                    | 7.89       | 6.75       | 5.91       | 5.42       | 7.68       | 6.63                 | 7.95    | 6.68    |
| P/B equity capital                             | 0.94       | 0.98       | 0.93       | 0.95       | 0.99       | 0.94                 | 0.99    | 0.69    |

\* Gross loans to customers includes Sparebank1 Boligkreditt and Sparebank 1 Næringskreditt

## 7. Segment information

As of 1 January 2014 the bank's SME portfolio was split up and assigned to Retail Banking and Corporate Banking respectively. Limited companies are transferred to Corporate Banking. Sole proprietorships, agricultural customers and associations etc are transferred to Retail Banking. Historical data have not been reworked owing to the difficulty of reconstructing such data at a sufficiently precise level. In the segment information, historical data for Retail customers are exclusive sole proprietorships, agricultural customers and associations. Historical data for Corporate customers are the former Large Corporates. The SME portfolio is treated as a separate business line in figures for 2013.

For the subsidiaries, the figures refer to the respective company accounts, while for joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

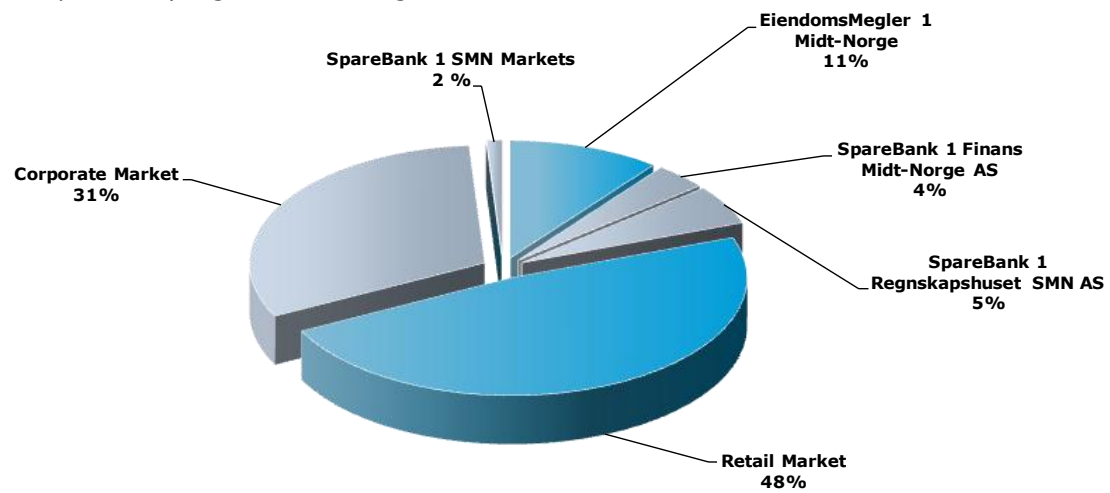
### 7.1. Extract from income statement

| Group (in NOK million)                                  | Retail Market | Corporate Market | SpareBank 1 SMN Markets | Eiendoms Megler 1 Midt-Norge | SpareBank 1 Finans Midt-Norge AS | SpareBank 1 Regnskapshuset SMN AS | SpareBank 1 Gruppen | BN Bank      | Uncollated    | Total          |
|---------------------------------------------------------|---------------|------------------|-------------------------|------------------------------|----------------------------------|-----------------------------------|---------------------|--------------|---------------|----------------|
| Net interest                                            | 873           | 840              | -9                      | 5                            | 130                              | 6                                 | -                   | -            | -55           | 1,790          |
| Allocated                                               | 40            | 67               | -0                      | -                            | -                                | -                                 | -                   | -            | -107          | -              |
| <b>Total interest income</b>                            | <b>913</b>    | <b>906</b>       | <b>-9</b>               | <b>5</b>                     | <b>130</b>                       | <b>6</b>                          | <b>-</b>            | <b>-</b>     | <b>-162</b>   | <b>1,790</b>   |
| Commission income and other income                      | 762           | 159              | 19                      | 359                          | -4                               | 182                               | -                   | -            | 35            | 1,512          |
| Net profit on financial investments                     | 1             | 29               | 27                      | -                            | -                                | -                                 | 358                 | 93           | 212           | 720            |
| <b>Total income*</b>                                    | <b>1,675</b>  | <b>1,095</b>     | <b>37</b>               | <b>364</b>                   | <b>126</b>                       | <b>188</b>                        | <b>358</b>          | <b>93</b>    | <b>85</b>     | <b>4,021</b>   |
| <b>Total operating expenses</b>                         | <b>809</b>    | <b>318</b>       | <b>58</b>               | <b>313</b>                   | <b>50</b>                        | <b>148</b>                        | <b>-</b>            | <b>-</b>     | <b>93</b>     | <b>1,789</b>   |
| <b>Ordinary operating profit</b>                        | <b>867</b>    | <b>777</b>       | <b>-21</b>              | <b>51</b>                    | <b>75</b>                        | <b>40</b>                         | <b>358</b>          | <b>93</b>    | <b>-7</b>     | <b>2,232</b>   |
| Loss on loans, guarantees etc.                          | 6             | 77               | -                       | -                            | 8                                | -                                 | -                   | -            | -2            | 89             |
| <b>Result before tax incl investments held for sale</b> | <b>861</b>    | <b>699</b>       | <b>-21</b>              | <b>51</b>                    | <b>68</b>                        | <b>40</b>                         | <b>358</b>          | <b>93</b>    | <b>-6</b>     | <b>2,144</b>   |
| <b>Post-tax return on equity**</b>                      | <b>19.2 %</b> | <b>10.0 %</b>    |                         |                              |                                  |                                   |                     |              |               | <b>15.1 %</b>  |
| <b>Balance sheet</b>                                    |               |                  |                         |                              |                                  |                                   |                     |              |               |                |
| Loans and advances to customers                         | 78,322        | 37,205           | -                       | -                            | 3,637                            | -                                 | -                   | -            | 1,032         | 120,196        |
| adv. of this to Boligkreditt and Næringskreditt         | -28,490       | -1,366           | -                       | -                            | -                                | -                                 | -                   | -            | -1            | -29,857        |
| Individual allowance for impairment on loan             | -25           | -139             | -                       | -                            | -8                               | -                                 | -                   | -            | -0            | -172           |
| Group allowance for impairment on loan                  | -90           | -188             | -                       | -                            | -16                              | -                                 | -                   | -            | -0            | -295           |
| Other assets                                            | 270           | 124              | -                       | 284                          | 11                               | 139                               | 1,421               | 1,201        | 32,723        | 36,175         |
| <b>Total assets</b>                                     | <b>49,987</b> | <b>35,636</b>    | <b>-</b>                | <b>284</b>                   | <b>3,625</b>                     | <b>139</b>                        | <b>1,421</b>        | <b>1,201</b> | <b>33,754</b> | <b>126,047</b> |
| Deposits to customers                                   | 31,571        | 28,181           | -                       | -                            | -                                | -                                 | -                   | -            | 2,449         | 62,201         |
| Other liabilities and equity                            | 18,416        | 7,454            | -                       | 284                          | 3,625                            | 139                               | 1,421               | 1,201        | 31,305        | 63,846         |
| <b>Total liabilities</b>                                | <b>49,987</b> | <b>35,636</b>    | <b>-</b>                | <b>284</b>                   | <b>3,625</b>                     | <b>139</b>                        | <b>1,421</b>        | <b>1,201</b> | <b>33,754</b> | <b>126,047</b> |

\*) A portion of capital market income (Markets) is distributed on RM and CM

\*\*) As from the third quarter 2014, calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 13.5% to be in line with the capital plan. Figures for 2013 are not adjusted as a result of this.

*Income specified by segment, excluding financial investments*



As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively. Limited companies are transferred to Corporate Banking. Sole proprietorships, agricultural customers and associations etc are transferred to Retail Banking. Figures for 2014 are therefore not directly comparable with historical figures.

#### Interest income, Retail Market, Corporate Market and SME

| (in NOK million)           | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 | 2013         |
|----------------------------|------------|------------|------------|------------|------------|-----------------|--------------|
| Retail                     | 244        | 224        | 207        | 197        | 172        | 873             | 630          |
| Corporate                  | 219        | 210        | 205        | 206        | 186        | 840             | 695          |
| SME                        |            |            |            |            | 71         |                 | 213          |
| <b>Net interest income</b> | <b>463</b> | <b>434</b> | <b>412</b> | <b>404</b> | <b>429</b> | <b>1,712</b>    | <b>1,537</b> |

#### Development in margin, Retail Market and Corporate Market

| <b>Lending</b> (in percentage) | 4Q<br>2014  | 3Q<br>2014  | 2Q<br>2014  | 1Q<br>2014  | 4Q<br>2013  | 31 Dec.<br>2014 | 2013        |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-----------------|-------------|
| Retail                         | 2.33        | 2.31        | 2.40        | 2.52        | 2.47        | 2.41            | 2.35        |
| Corporate                      | 2.81        | 2.86        | 2.93        | 3.00        | 3.05        | 2.90            | 2.92        |
| <b>Total</b>                   | <b>2.49</b> | <b>2.48</b> | <b>2.57</b> | <b>2.68</b> | <b>2.67</b> | <b>2.56</b>     | <b>2.58</b> |

| <b>Deposits</b> (in percentage) | 4Q<br>2014   | 3Q<br>2014   | 2Q<br>2014   | 1Q<br>2014   | 4Q<br>2013   | 31 Dec.<br>2014 | 2013        |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|-------------|
| Retail                          | -0.34        | -0.33        | -0.46        | -0.53        | -0.48        | 0.41            | 0.38        |
| Corporate                       | -0.44        | -0.48        | -0.63        | -0.64        | -0.58        | 0.55            | 0.52        |
| <b>Total</b>                    | <b>-0.41</b> | <b>-0.41</b> | <b>-0.55</b> | <b>-0.59</b> | <b>-0.56</b> | <b>0.49</b>     | <b>0.51</b> |

\*Definition margin: Average customer interest minus 3 months average nibor

#### Development in volume, Retail Market, Corporate Market and SME

| <b>Lending*</b> (in NOK million) | 4Q<br>2014     | 3Q<br>2014     | 2Q<br>2014     | 1Q<br>2014     | 4Q<br>2013     | 31 Dec.<br>2014 | 2013           |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|
| Retail                           | 78,322         | 76,773         | 75,490         | 73,735         | 64,156         | 78,322          | 64,156         |
| Corporate                        | 37,205         | 34,891         | 34,656         | 33,436         | 31,920         | 37,205          | 31,920         |
| SME                              |                |                |                |                | 9,055          |                 | 9,055          |
| <b>Total</b>                     | <b>115,527</b> | <b>111,664</b> | <b>110,147</b> | <b>107,171</b> | <b>105,130</b> | <b>115,527</b>  | <b>105,130</b> |

\* Gross loans to customers includes SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

| <b>Deposits</b> (in NOK million) | 4Q<br>2014    | 3Q<br>2014    | 2Q<br>2014    | 1Q<br>2014    | 4Q<br>2013    | 31 Dec.<br>2014 | 2013          |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|
| Retail                           | 31,571        | 31,632        | 32,150        | 29,432        | 24,459        | 31,571          | 24,459        |
| Corporate                        | 28,181        | 24,747        | 25,872        | 24,740        | 21,544        | 28,181          | 21,544        |
| SME                              |               |               |               |               | 8,734         |                 | 8,734         |
| <b>Total</b>                     | <b>59,753</b> | <b>56,379</b> | <b>58,022</b> | <b>54,171</b> | <b>54,737</b> | <b>59,753</b>   | <b>54,737</b> |

#### Development in commission income, Retail Market, Corporate Market and SME

| (in NOK million) | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 | 2013       |
|------------------|------------|------------|------------|------------|------------|-----------------|------------|
| Retail           | 194        | 185        | 190        | 194        | 200        | 763             | 705        |
| Corporate        | 48         | 47         | 46         | 47         | 35         | 188             | 140        |
| SME              |            |            |            |            | 21         |                 | 80         |
| <b>Total</b>     | <b>243</b> | <b>232</b> | <b>236</b> | <b>240</b> | <b>256</b> | <b>951</b>      | <b>925</b> |

## 7.2. Retail Market

The Retail Market is responsible for all activity directed at the region's retail customers. The Retail Market provides personal financial advice. The Retail Market aims to attract and retain customers by developing a strong product range, first class advisers, unique accessibility and excellent customer handling. As from 1 January 2014 sole proprietorships, agricultural customers and associations are assigned to Retail Banking. Figures for 2014 are therefore not directly comparable with historical figures.

### *Business description*

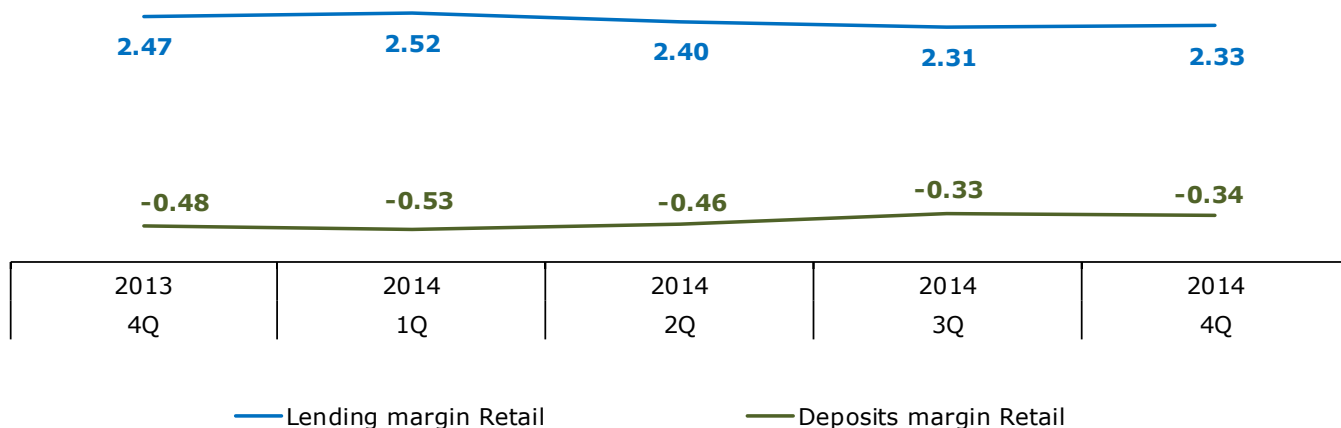
| <i>Facts about the business area</i> | <b>31 Dec.<br/>2014</b> |
|--------------------------------------|-------------------------|
| Lending volume                       | 78,322                  |
| Deposits volume                      | 31,571                  |
| No. of active customers              | 202,918                 |
| FTEs                                 | 372                     |

| <i>Financial performance</i><br>(in NOK million) | <b>4Q<br/>2014</b> | <b>3Q<br/>2014</b> | <b>2Q<br/>2014</b> | <b>1Q<br/>2014</b> | <b>4Q<br/>2013</b> | <b>31 Dec.<br/>2014 2013</b> |               |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------------------|---------------|
| Net interest income lending                      | 173                | 168                | 156                | 150                | 126                | 647                          | 431           |
| Net interest income deposits                     | 60                 | 61                 | 53                 | 50                 | 47                 | 224                          | 199           |
| Net interest income allocated capital            | 12                 | 9                  | 11                 | 8                  | 4                  | 40                           | 11            |
| <b>Total interest income</b>                     | <b>246</b>         | <b>238</b>         | <b>220</b>         | <b>208</b>         | <b>177</b>         | <b>913</b>                   | <b>641</b>    |
| Net guarantee commission, incl. Boligkreditt     | 103                | 101                | 115                | 127                | 128                | 447                          | 426           |
| Net commission of savings products               | 13                 | 11                 | 10                 | 8                  | 10                 | 42                           | 38            |
| Net commission insurance services                | 32                 | 28                 | 28                 | 25                 | 25                 | 113                          | 99            |
| Net commission payment trans. services           | 41                 | 45                 | 39                 | 37                 | 36                 | 161                          | 141           |
| Other commission income                          | 0                  | 0                  | 0                  | 0                  | 0                  | 0                            | 0             |
| <b>Net fee and commission income</b>             | <b>187</b>         | <b>186</b>         | <b>192</b>         | <b>197</b>         | <b>200</b>         | <b>762</b>                   | <b>704</b>    |
| Net profit on financial investments              | 0                  | 0                  | 0                  | 0                  | 0                  | 1                            | 1             |
| <b>Total income</b>                              | <b>433</b>         | <b>424</b>         | <b>412</b>         | <b>406</b>         | <b>377</b>         | <b>1,675</b>                 | <b>1,346</b>  |
| <b>Total operating expenses*</b>                 | <b>216</b>         | <b>211</b>         | <b>178</b>         | <b>203</b>         | <b>168</b>         | <b>809</b>                   | <b>641</b>    |
| <b>Results</b>                                   | <b>217</b>         | <b>213</b>         | <b>234</b>         | <b>202</b>         | <b>209</b>         | <b>867</b>                   | <b>705</b>    |
| Loss on loans, guarantees etc.                   | -2                 | 6                  | 0                  | 1                  | 1                  | 6                            | 6             |
| <b>Results before tax</b>                        | <b>219</b>         | <b>207</b>         | <b>234</b>         | <b>201</b>         | <b>208</b>         | <b>861</b>                   | <b>699</b>    |
| *) Includes both direct and distributed expenses |                    |                    |                    |                    |                    |                              |               |
| <b>Post-tax return on equity (annualized)**</b>  |                    |                    |                    |                    |                    | <b>19.2 %</b>                | <b>31.6 %</b> |

\*\*) As from the third quarter 2014, calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 13.5% to be in line with the capital plan. Figures for 2013 are not adjusted as a result of this.

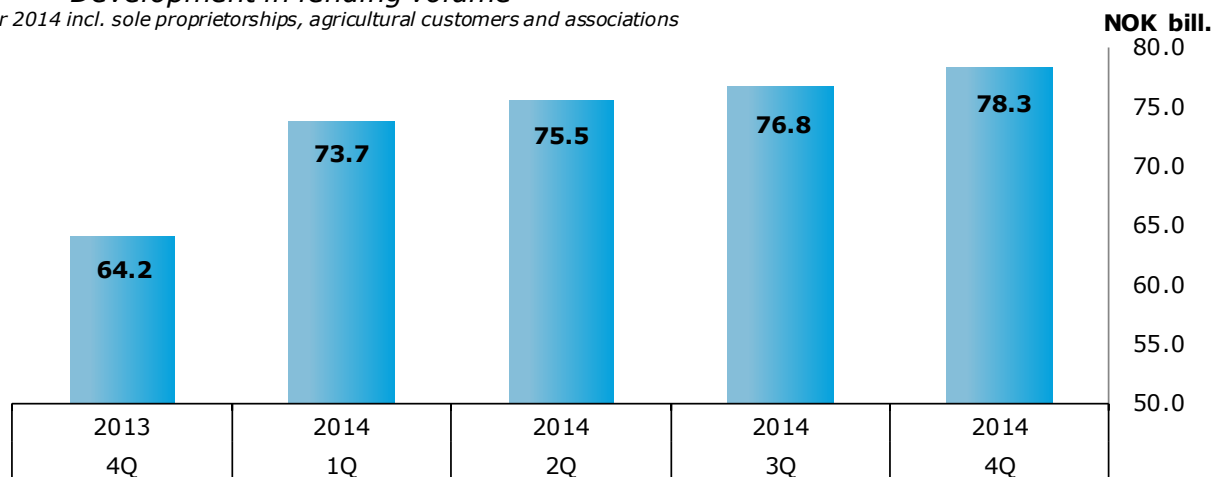
## Development in margin

Definition margin: Average customer interest minus 3 months average nibor



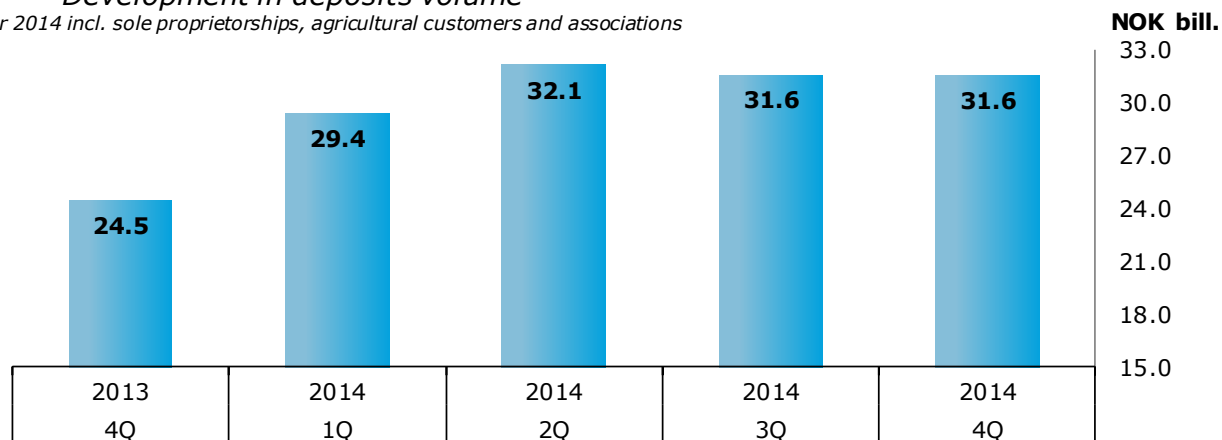
## Development in lending volume

Figures for 2014 incl. sole proprietorships, agricultural customers and associations



## Development in deposits volume

Figures for 2014 incl. sole proprietorships, agricultural customers and associations



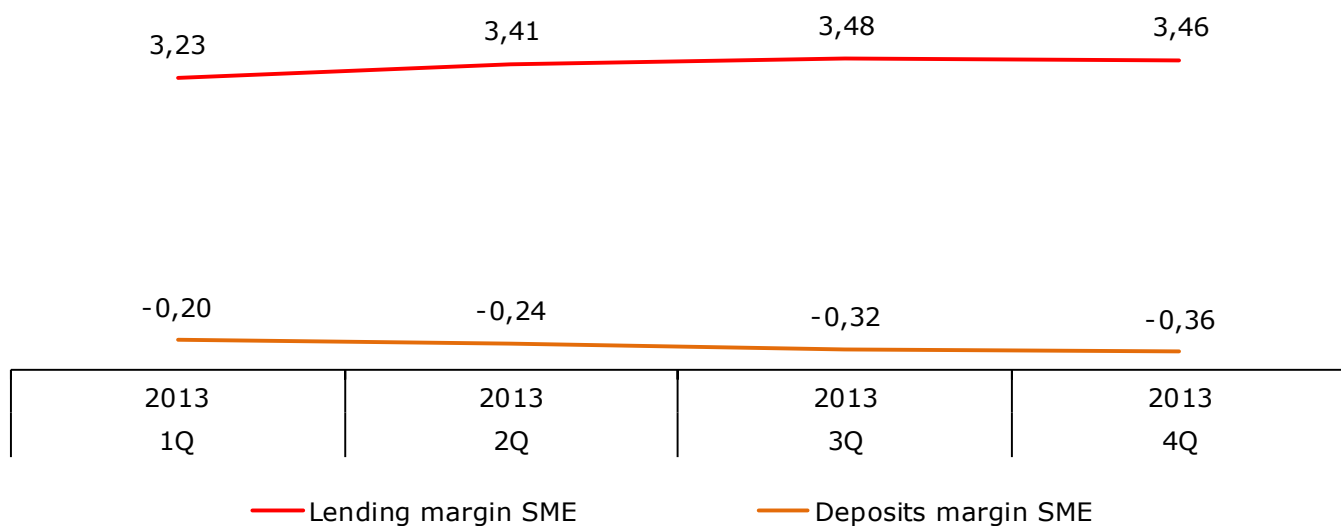
### 7.3. SME

The SME segment consists of costumers with an exposure size of +/- NOK 8m. As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively. This table shows historical data for the SME segment in 2013.

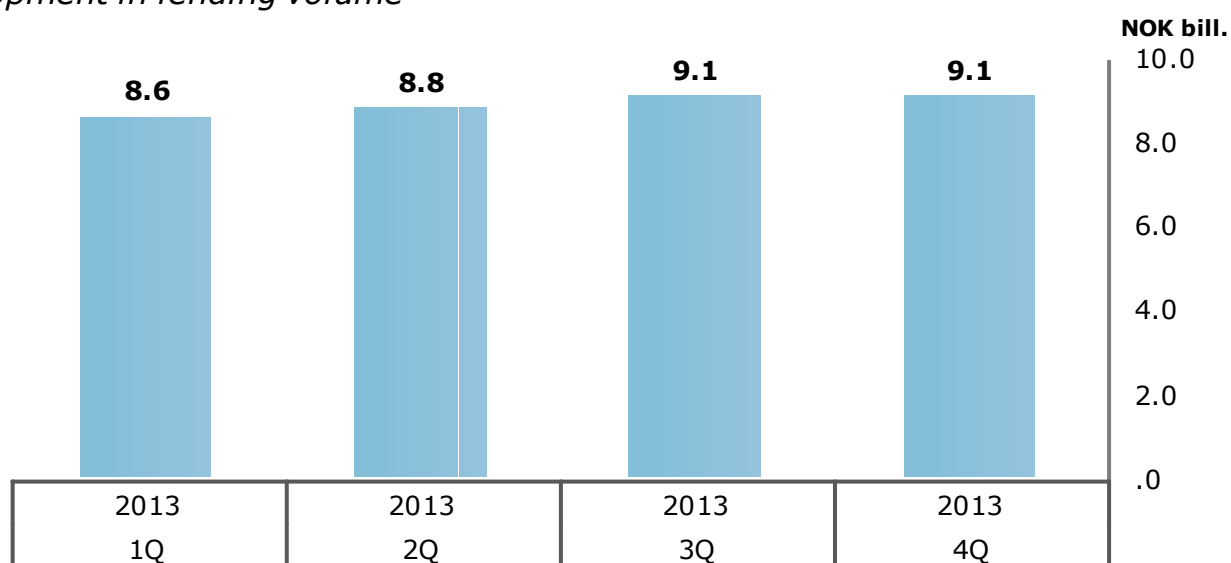
| <i>Financial performance</i><br>(in NOK million) | <b>4Q<br/>2013</b> | <b>3Q<br/>2013</b> | <b>2Q<br/>2013</b> | <b>1Q<br/>2013</b> | <b>2013</b>   |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------|
| Net interest income lending                      | 51                 | 53                 | 49                 | 47                 | 200           |
| Net interest income deposits                     | 20                 | 21                 | 22                 | 21                 | 84            |
| Net interest income allocated capital            | 1                  | 1                  | 1                  | 0                  | 3             |
| <b>Total interest income</b>                     | <b>72</b>          | <b>74</b>          | <b>72</b>          | <b>69</b>          | <b>286</b>    |
| Net guarantee commission, incl. Boligkreditt     | 4                  | 5                  | 5                  | 4                  | 18            |
| Net commission of savings products               | 4                  | 2                  | 1                  | 1                  | 8             |
| Net commission insurance services                | 4                  | 5                  | 5                  | 4                  | 18            |
| Net commission payment trans. services           | 9                  | 8                  | 8                  | 9                  | 35            |
| <b>Net fee and commission income</b>             | <b>21</b>          | <b>20</b>          | <b>19</b>          | <b>19</b>          | <b>79</b>     |
| Net profit on financial investments              | -                  | 0                  | 0                  | 1                  | 1             |
| <b>Total income</b>                              | <b>93</b>          | <b>94</b>          | <b>91</b>          | <b>88</b>          | <b>366</b>    |
| <b>Total operating expenses*</b>                 | <b>58</b>          | <b>31</b>          | <b>34</b>          | <b>34</b>          | <b>156</b>    |
| <b>Results</b>                                   | <b>35</b>          | <b>63</b>          | <b>58</b>          | <b>54</b>          | <b>209</b>    |
| Loss on loans, guarantees etc.                   | -1                 | 3                  | 1                  | 2                  | 5             |
| <b>Results before tax</b>                        | <b>36</b>          | <b>60</b>          | <b>57</b>          | <b>53</b>          | <b>205</b>    |
| *) Includes both direct and distributed expenses |                    |                    |                    |                    |               |
| <b>Post-tax return on equity (annualized)</b>    |                    |                    |                    |                    | <b>29,4 %</b> |

## Development in margin

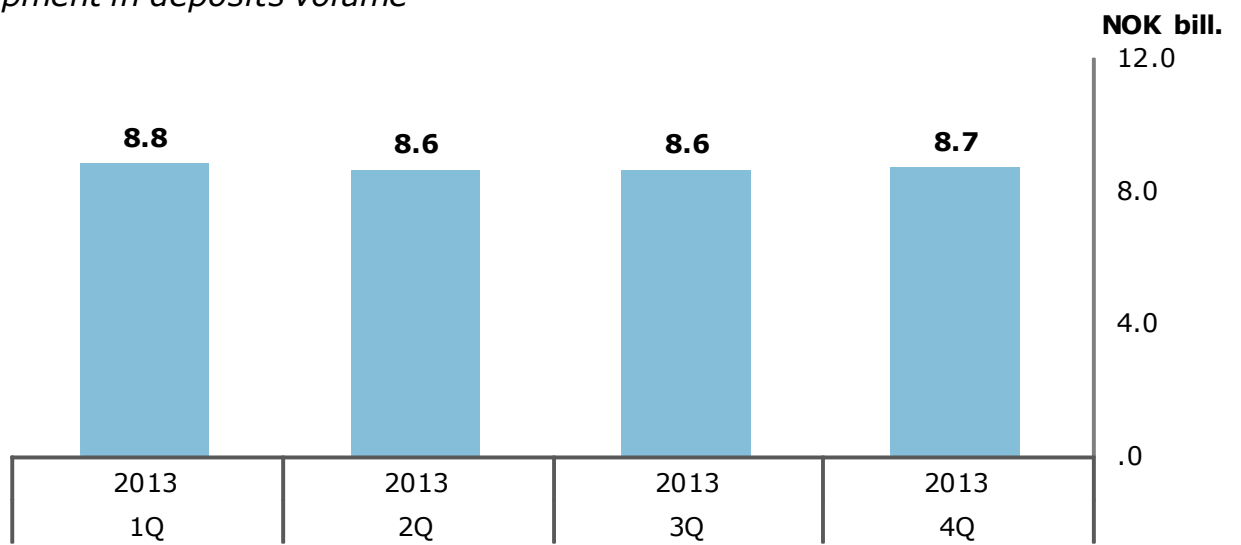
Definition margin: Average customer interest minus 3 months average nibor



## Development in lending volume



*Development in deposits volume*



## 7.4. Corporate

The Corporate segment is responsible for activity regarding the banks's corporate customers. As from 1 January 2014 the bank's SME portfolio is split up, and limited companies are transferred to the Corporate Market (former Large Corporates). Figures for 2013 are the former Large Corporates.

### Business description

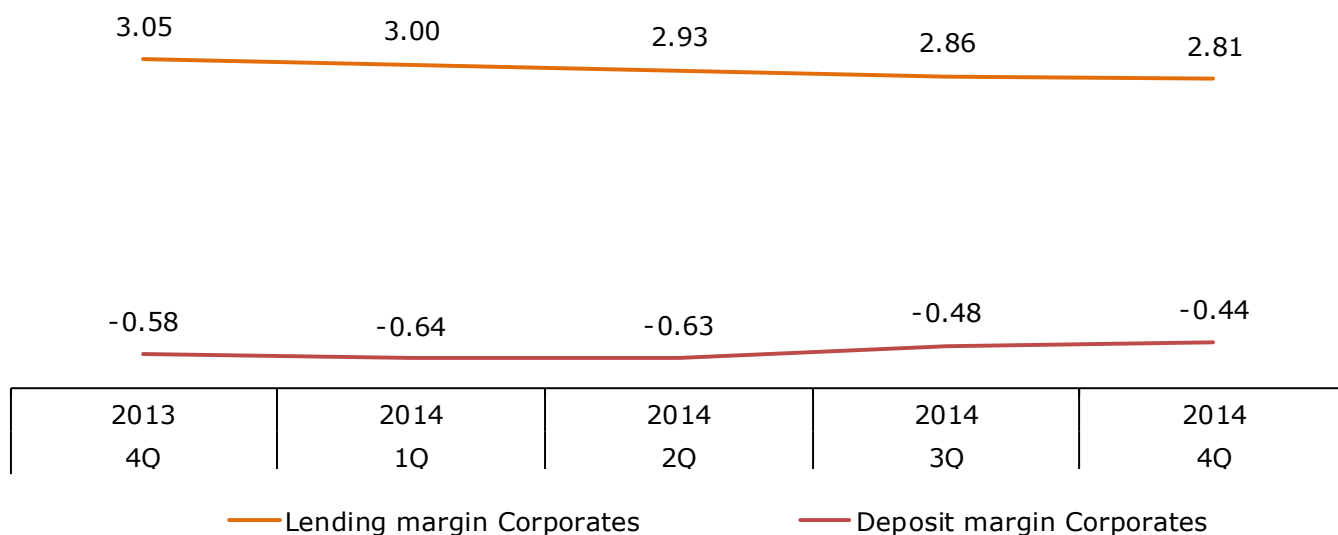
| <i>Facts about the business area</i> | <b>31 Dec.<br/>2014</b> |
|--------------------------------------|-------------------------|
| Lending volume                       | 37,205                  |
| Deposits volume                      | 28,181                  |
| No. of active customers              | 6,976                   |
| FTEs                                 | 125                     |

| <i>Financial performance</i><br>(in NOK million) | <b>4Q<br/>2014</b> | <b>3Q<br/>2014</b> | <b>2Q<br/>2014</b> | <b>1Q<br/>2014</b> | <b>4Q<br/>2013</b> | <b>31 Dec.<br/>2014 2013</b> |               |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------------------|---------------|
| Net interest income lending                      | 183                | 168                | 169                | 167                | 158                | 687                          | 583           |
| Net interest income deposits                     | 44                 | 39                 | 33                 | 36                 | 27                 | 153                          | 112           |
| Net interest income allocated capital            | 17                 | 18                 | 18                 | 13                 | 15                 | 67                           | 34            |
| <b>Total interest income</b>                     | <b>245</b>         | <b>225</b>         | <b>220</b>         | <b>216</b>         | <b>200</b>         | <b>906</b>                   | <b>729</b>    |
| Net guarantee commission, incl. Boligkreditt     | 15                 | 18                 | 19                 | 15                 | 16                 | 67                           | 53            |
| Net commission of savings products               | 1                  | 1                  | 1                  | 1                  | 0                  | 4                            | 1             |
| Net commission insurance services                | 6                  | 6                  | 5                  | 5                  | 1                  | 21                           | 4             |
| Net commission payment trans. services           | 17                 | 16                 | 17                 | 17                 | 15                 | 67                           | 31            |
| Net commission, Markets                          |                    | 0                  | 0                  | 0                  |                    | 0                            |               |
| Other commission income                          | 0                  | 0                  | 0                  | 0                  | 1                  | 0                            | 2             |
| <b>Net fee and commission income</b>             | <b>39</b>          | <b>41</b>          | <b>42</b>          | <b>38</b>          | <b>33</b>          | <b>159</b>                   | <b>91</b>     |
| Net profit on financial investments              | 10                 | 7                  | 5                  | 8                  | 2                  | 29                           | 49            |
| <b>Total income</b>                              | <b>293</b>         | <b>273</b>         | <b>267</b>         | <b>261</b>         | <b>235</b>         | <b>1,095</b>                 | <b>869</b>    |
| <b>Total operating expenses*</b>                 | <b>99</b>          | <b>77</b>          | <b>66</b>          | <b>76</b>          | <b>72</b>          | <b>318</b>                   | <b>257</b>    |
| <b>Results</b>                                   | <b>194</b>         | <b>196</b>         | <b>201</b>         | <b>186</b>         | <b>163</b>         | <b>777</b>                   | <b>612</b>    |
| Loss on loans, guarantees etc.                   | 34                 | 16                 | 14                 | 14                 | 22                 | 77                           | 71            |
| <b>Results before tax</b>                        | <b>160</b>         | <b>180</b>         | <b>187</b>         | <b>172</b>         | <b>141</b>         | <b>699</b>                   | <b>541</b>    |
| *) Includes both direct and distributed expenses |                    |                    |                    |                    |                    |                              |               |
| <b>Post-tax return on equity (annualized)**</b>  |                    |                    |                    |                    |                    | <b>10.0 %</b>                | <b>10.5 %</b> |

\*\*) As from the third quarter 2014, calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 13.5% to be in line with the capital plan. Figures for 2013 are not adjusted as a result of this.

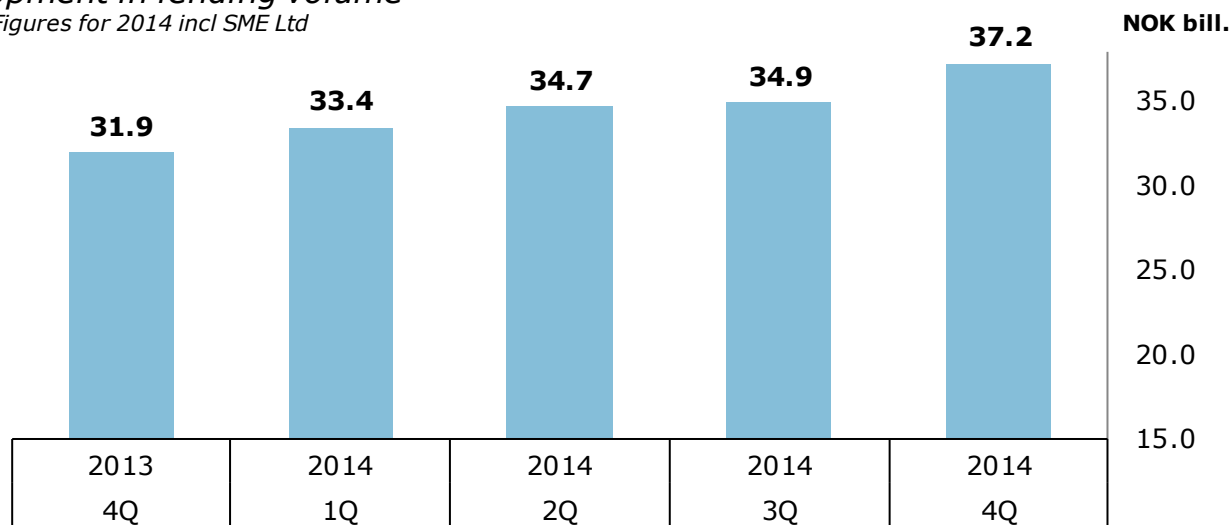
## Development in margin

Definition margin: Average customer interest minus 3 months average nibor.



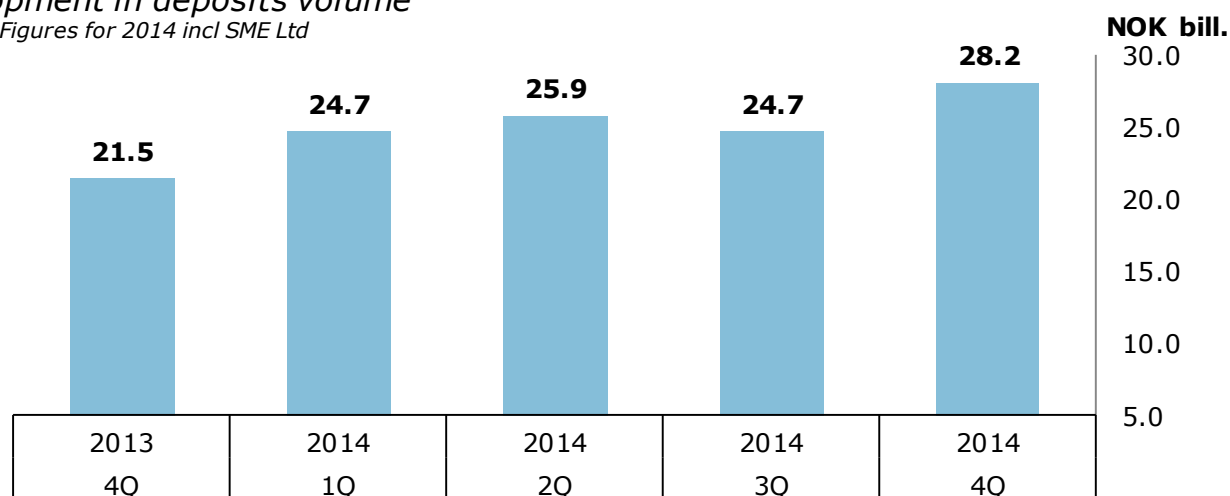
## Development in lending volume

Figures for 2014 incl SME Ltd



## Development in deposits volume

Figures for 2014 incl SME Ltd



## 7.5. Markets

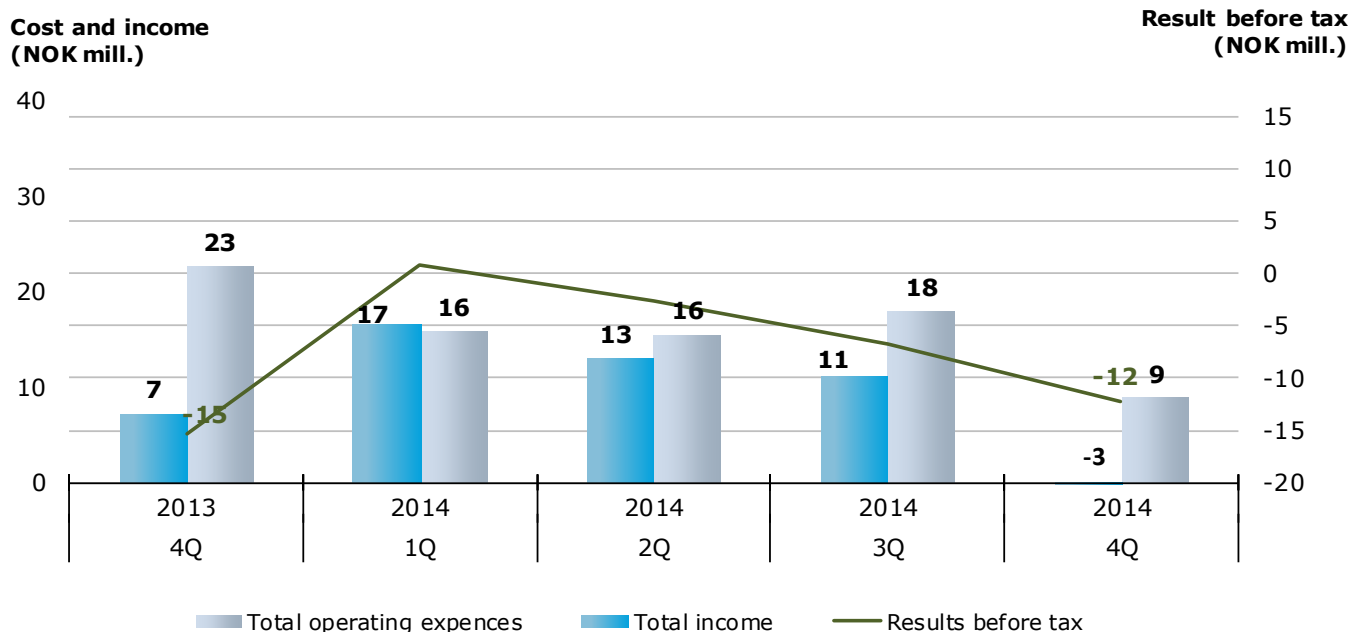
SpareBank 1 SMN Markets is considered as a separate business line within the Group. It comprises two income generating units: Fixed income/Foreign exchange and Securities along with Back Office and Mid Office. As from the fourth quarter 2013, SpareBank 1 SMN's corporate business was transferred to SpareBank 1 Markets.

### SpareBank 1 SMN Markets

#### Financial performance

(in NOK million)

|                                       | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 2013 |            | 2012       |
|---------------------------------------|------------|------------|------------|------------|------------|----------------------|------------|------------|
| Net interest income                   | -7         | 2          | -1         | -3         | -5         | -9                   | 5          | -21        |
| Net interest income allocated capital | -1         | 0          | 0          | 0          | -0         | -0                   | -1         | 4          |
| <b>Total interest income</b>          | <b>-8</b>  | <b>2</b>   | <b>-1</b>  | <b>-2</b>  | <b>-5</b>  | <b>-9</b>            | <b>4</b>   | <b>-18</b> |
| Net fee and commission income         | 4          | 3          | 4          | 8          | 3          | 19                   | 29         | 24         |
| Capital gain/Agio Securities          | 1          | 6          | 9          | 11         | 9          | 27                   | 40         | 87         |
| <b>Total income</b>                   | <b>-3</b>  | <b>11</b>  | <b>13</b>  | <b>17</b>  | <b>7</b>   | <b>37</b>            | <b>73</b>  | <b>93</b>  |
| <b>Total operating expenses</b>       | <b>9</b>   | <b>18</b>  | <b>16</b>  | <b>16</b>  | <b>23</b>  | <b>58</b>            | <b>85</b>  | <b>94</b>  |
| <b>Results</b>                        | <b>-12</b> | <b>-7</b>  | <b>-3</b>  | <b>1</b>   | <b>-15</b> | <b>-21</b>           | <b>-13</b> | <b>-1</b>  |
| Loss on loans, guarantees etc.        | -          | -0         | 0          | -          | -          | -                    | -          | -          |
| <b>Results before tax</b>             | <b>-12</b> | <b>-7</b>  | <b>-3</b>  | <b>1</b>   | <b>-15</b> | <b>-21</b>           | <b>-13</b> | <b>-1</b>  |



### Merger and ownership changes in SpareBank 1 Markets

SpareBank 1 SMN will integrate its markets operation into SpareBank 1 Markets. The settlement will be in SpareBank 1 Markets shares. Consequently, SpareBank 1 SMN will become the principal shareholder in the combined company with a stake of 73.3%. The other ownership interests are as follows:

|                         |                            |
|-------------------------|----------------------------|
| SpareBank 1 SMN:        | 73.3 % (previously 27.0 %) |
| SpareBank 1 Nord-Norge: | 10.0 % (27.0 %)            |
| SamSpar:                | 10.0 % (27.0 %)            |
| Sparebanken Hedmark:    | 6.1 % (16.6 %)             |
| Other shareholders:     | 0.6 % (2.2%)               |

The operations of the two companies will primarily continue as-is, with 70 employees in Oslo and 40 employees in Trondheim. The merged company will be led by Stein Husby. The business area 'Foreign Exchange and Derivatives', as well as certain supporting functions, will be located in Trondheim. Finn Haugan, CEO of SpareBank 1 SMN, will be appointed Chairman of the Board in SpareBank 1 Markets.

The transaction is expected to be completed within 1st quarter of 2015.

## 7.6. Subsidiaries

### *EiendomsMegler 1 Midt-Norge AS*

EiendomsMegler 1 Midt-Norge is a real estate agency, and has a solid market-leader position in Nord-Trøndelag and Sør-Trøndelag as well as Møre og Romsdal. The company has specialised operations which include separate units for project and commercial property broking. These operations complement its traditional residential agency business which to a greater degree will be a specialist function maintaining a local presence, co-located with banking, in various parts of Trondheim and the surrounding district.

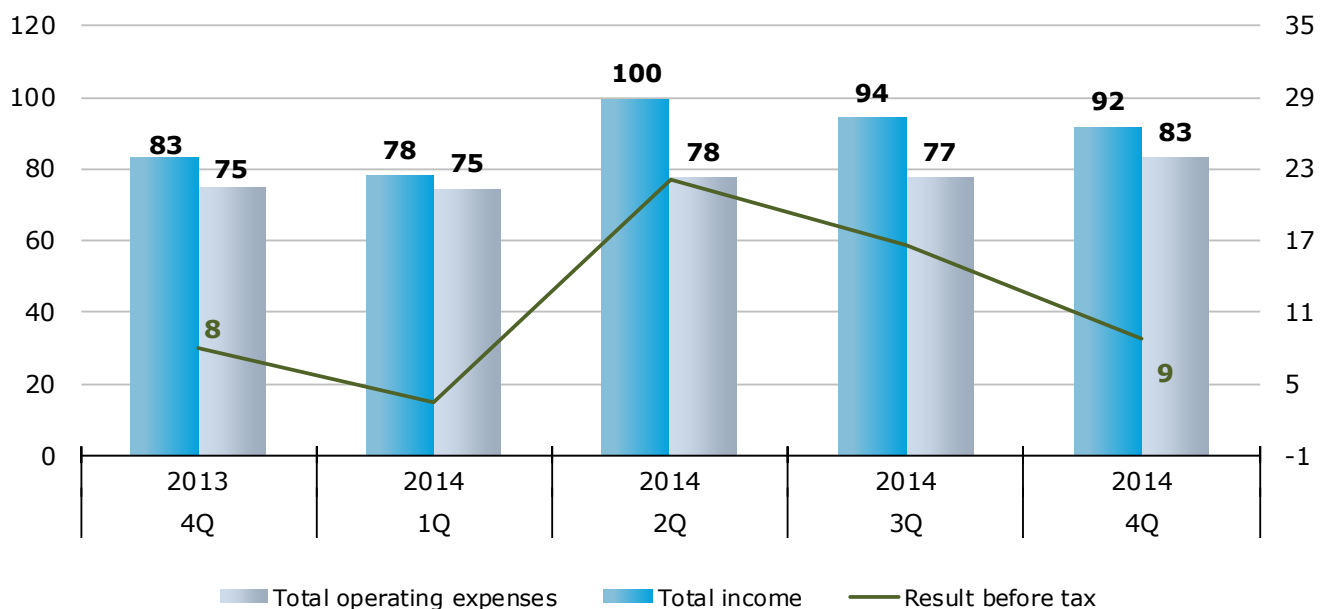
The company is owned by SpareBank 1 SMN (87 per cent), SpareBank 1 Nordvest (7.6 per cent) and SpareBank 1 Søre Sunnmøre (5.4 per cent).

#### *Financial performance*

| (in NOK million)                   | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.    |            | 2012       |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                    |            |            |            |            |            | 2014       | 2013       |            |
| Net interest                       | 3          | 1          | 2          | -1         | 4          | 5          | 7          | 5          |
| Commission income and other income | 89         | 93         | 98         | 79         | 79         | 359        | 368        | 380        |
| <b>Total income</b>                | <b>92</b>  | <b>94</b>  | <b>100</b> | <b>78</b>  | <b>83</b>  | <b>364</b> | <b>375</b> | <b>385</b> |
| <b>Total operating expenses</b>    | <b>83</b>  | <b>77</b>  | <b>78</b>  | <b>75</b>  | <b>75</b>  | <b>313</b> | <b>314</b> | <b>309</b> |
| <b>Result before tax</b>           | <b>9</b>   | <b>17</b>  | <b>22</b>  | <b>3</b>   | <b>8</b>   | <b>51</b>  | <b>61</b>  | <b>76</b>  |

Cost and income  
(NOK mill.)

Result before tax  
(NOK mill.)



## SpareBank 1 Finans Midt-Norge AS

SpareBank 1 Finans Midt-Norge is the region's leading finance company and an active partner for businesses and private customers. SpareBank 1 Finans Midt-Norge emphasises local competence, and works for greater value creation in Trøndelag and Møre og Romsdal. SpareBank 1 Finans Midt-Norge offers car loans, boat loans, leasing and business loans to corporates and private individuals. The company services the market through its own sales operation and through the Bank's offices and other partners. The company's values are its easy access, prompt response, proactive stance, solution focus and probity.

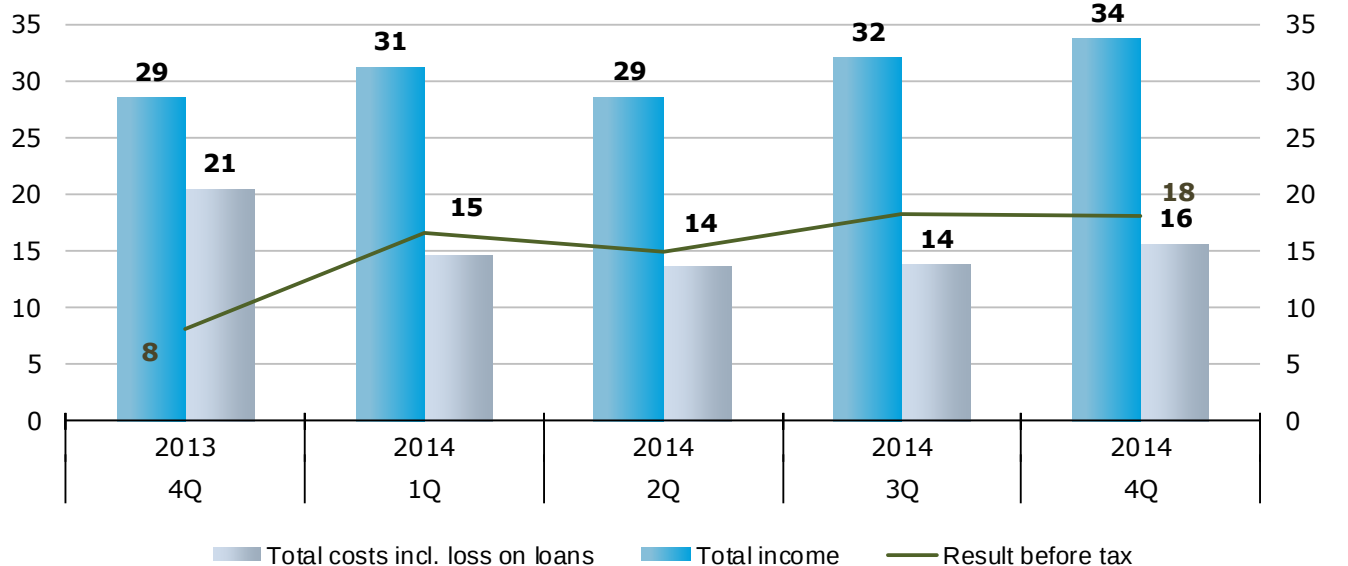
The company is owned by SpareBank 1 SMN (90.9 per cent), SpareBank 1 Nordvest and SpareBank 1 Søre Sunnmøre (9.9 per cent).

### Financial performance

| (in NOK million)                   | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 | 31 Dec.<br>2013 | 2012       |
|------------------------------------|------------|------------|------------|------------|------------|-----------------|-----------------|------------|
| <b>Total interest income</b>       | <b>35</b>  | <b>33</b>  | <b>31</b>  | <b>32</b>  | <b>29</b>  | <b>130</b>      | <b>118</b>      | <b>108</b> |
| Commission income and other income | -1         | -1         | -2         | -0         | -1         | -4              | -3              | -3         |
| <b>Total income</b>                | <b>34</b>  | <b>32</b>  | <b>29</b>  | <b>31</b>  | <b>29</b>  | <b>126</b>      | <b>116</b>      | <b>104</b> |
| <b>Total operating expenses</b>    | <b>13</b>  | <b>11</b>  | <b>13</b>  | <b>13</b>  | <b>12</b>  | <b>50</b>       | <b>45</b>       | <b>40</b>  |
| <b>Ordinary operating profit</b>   | <b>20</b>  | <b>21</b>  | <b>16</b>  | <b>19</b>  | <b>16</b>  | <b>75</b>       | <b>70</b>       | <b>65</b>  |
| Loss on loans, guarantees etc.     | 2          | 2          | 1          | 2          | 9          | 8               | 20              | 9          |
| Total costs incl. loss on loans    | 16         | 14         | 14         | 15         | 21         | 58              | 65              | 49         |
| <b>Result before tax</b>           | <b>18</b>  | <b>18</b>  | <b>15</b>  | <b>17</b>  | <b>8</b>   | <b>68</b>       | <b>51</b>       | <b>56</b>  |

### Cost and income (NOK mill.)

### Result before tax (NOK mill.)



## SpareBank 1 Regnskapshuset SMN AS

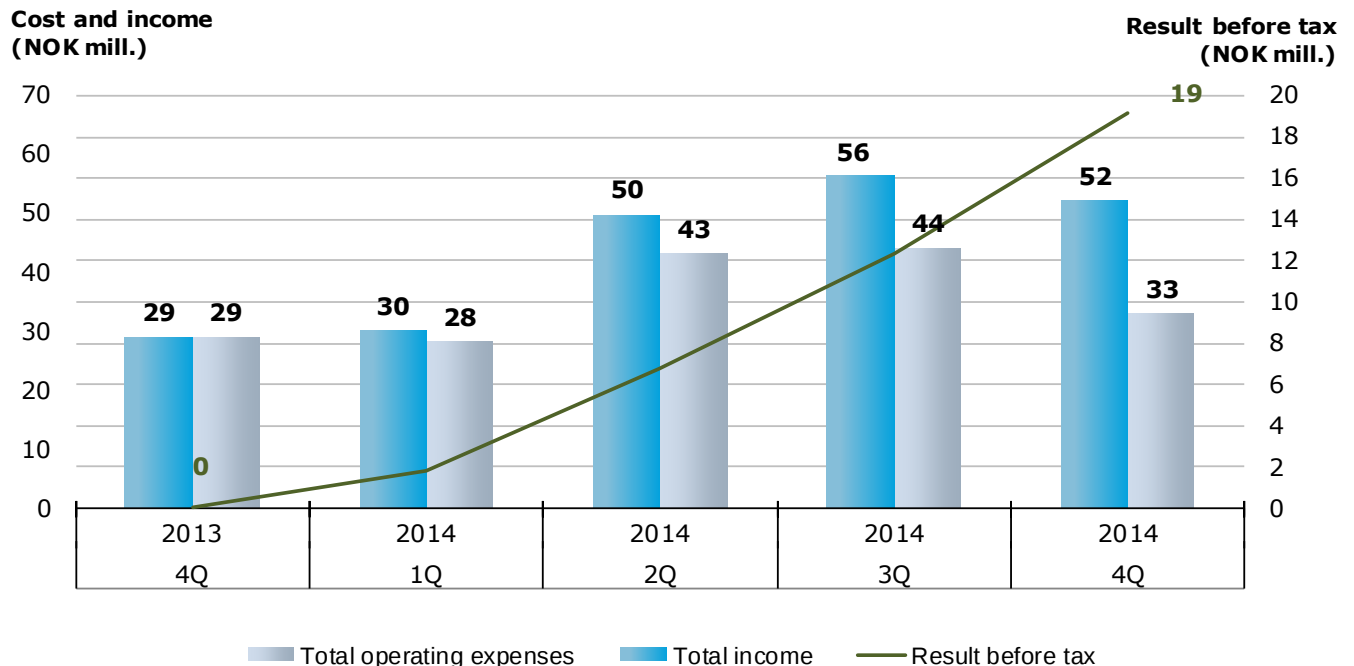
SpareBank 1 Regnskapshuset SMN is an accountancy business, which has also built up a dedicated advisory/technical department, comprising experts in tax, accountancy and governance. In collaboration with other SpareBank 1 banks, SpareBank 1 Regnskapshuset SMN has launched a nationwide drive in the accounting business through SpareBank 1 Regnskapshuset. SpareBank 1 Regnskapshuset intends to be one of Norway's leading actors in the accounting industry by building up a national accounting enterprise based on regional ownership, strong links to the owner banks and closeness to the market.

SpareBank 1 Regnskapshuset SMN took over six accounting firms in 2013. Four further accounting firms have been acquired in 2014. The strategy of growth through acquisitions represents a consolidation of a fragmented accounting industry.

### Financial performance

| (in NOK million)                   | 4Q<br>2014 | 3Q<br>2014 | 2Q<br>2014 | 1Q<br>2014 | 4Q<br>2013 | 31 Dec.<br>2014 2013 |            | 2012       |
|------------------------------------|------------|------------|------------|------------|------------|----------------------|------------|------------|
| Total interest income              | 7          | -0         | 0          | -0         | -0         | 6                    | -0         | 3          |
| Commission income and other income | 44         | 57         | 50         | 31         | 29         | 182                  | 133        | 105        |
| <b>Total income</b>                | <b>52</b>  | <b>56</b>  | <b>50</b>  | <b>30</b>  | <b>29</b>  | <b>188</b>           | <b>132</b> | <b>107</b> |
| <b>Total operating expenses</b>    | <b>33</b>  | <b>44</b>  | <b>43</b>  | <b>28</b>  | <b>29</b>  | <b>148</b>           | <b>118</b> | <b>93</b>  |
| <b>Result before tax</b>           | <b>19</b>  | <b>12</b>  | <b>7</b>   | <b>2</b>   | <b>0</b>   | <b>40</b>            | <b>14</b>  | <b>14</b>  |

Cost and income  
(NOK mill.)



### *Other subsidiaries*

**Allegro Finans:** The company is licensed to carry on active asset management. It manages assets for external public, private and institutional clients. The company's services are sold exclusively through external distributors that are licensed to engage in such activity. The company has distribution agreements with a number of banks in the SpareBank 1 Alliance.

**SpareBank 1 Bilplan:** The company delivers car fleet management solutions to the public and private sectors nationwide. The company services the market through its own sales operation and through cooperation with SpareBank 1 Finans Midt-Norge, SpareBank 1 SR-Finans, SpareBank 1 Finans Nord-Norge and through the Bank's office network.

**SpareBank 1 Invest:** The company's strategy is to carry out investments in regional seedcorn, venture and private equity funds and to invest directly in growth companies with national/international market potential in the same market area.

**Property companies:** Their mission is to own, operate and develop property. Property companies: SpareBank 1 SMN Kvartalet, SpareBank 1 Bygget Steinkjer, Brannstasjonen SMN, St Olavs Plass 1 SMN, Jernbanegata 19 SMN, SpareBank 1 Bygget Trondheim, Bjerkeløkkja

## 8. Development last ten years

### Financial results

| (in NOK million)                             | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         |
|----------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net interest                                 | 877          | 974          | 1,024        | 1,139        | 1,350        | 1,325        | 1,317        | 1,392        | 1,477        | 1,616        |
| Commission income and other income           | 443          | 537          | 580          | 671          | 610          | 756          | 855          | 919          | 1,139        | 1,463        |
| Net return on financial investments          | 65           | 276          | 419          | 332          | 207          | 596          | 410          | 434          | 451          | 502          |
| <b>Total income</b>                          | <b>1,385</b> | <b>1,787</b> | <b>2,022</b> | <b>2,142</b> | <b>2,167</b> | <b>2,677</b> | <b>2,582</b> | <b>2,746</b> | <b>3,067</b> | <b>3,580</b> |
| Staff costs                                  | 379          | 485          | 512          | 583          | 623          | 725          | 583          | 810          | 942          | 923          |
| Other operating expenses                     | 350          | 421          | 478          | 519          | 571          | 528          | 557          | 672          | 712          | 799          |
| <b>Total operating expenses</b>              | <b>729</b>   | <b>906</b>   | <b>990</b>   | <b>1,102</b> | <b>1,194</b> | <b>1,253</b> | <b>1,140</b> | <b>1,482</b> | <b>1,654</b> | <b>1,722</b> |
| <b>Result before losses</b>                  | <b>655</b>   | <b>881</b>   | <b>1,032</b> | <b>1,039</b> | <b>975</b>   | <b>1,424</b> | <b>1,441</b> | <b>1,264</b> | <b>1,414</b> | <b>1,859</b> |
| Loss on loans, guarantees etc.               | 81           | -38          | -84          | -6           | 202          | 277          | 132          | 27           | 58           | 101          |
| <b>Result before tax</b>                     | <b>574</b>   | <b>919</b>   | <b>1,116</b> | <b>1,045</b> | <b>773</b>   | <b>1,147</b> | <b>1,309</b> | <b>1,236</b> | <b>1,355</b> | <b>1,758</b> |
| Tax charge                                   | 144          | 199          | 219          | 200          | 156          | 210          | 260          | 255          | 295          | 388          |
| Results investments held for sale, after tax |              |              |              |              |              |              | -27          | 43           | 16           | 30           |
| <b>Net profit</b>                            | <b>430</b>   | <b>720</b>   | <b>898</b>   | <b>846</b>   | <b>617</b>   | <b>937</b>   | <b>1,022</b> | <b>1,024</b> | <b>1,077</b> | <b>1,400</b> |

### Balance sheet

| (in NOK million)                                    | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011           | 2012           | 2013           |
|-----------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Cash and loans to and claims on credit institutions | 1,541         | 2,123         | 2,323         | 3,878         | 4,548         | 1,260         | 2,532         | 4,075          | 4,091          | 5,981          |
| CDs, bonds and other interest-bearing securities    | 2,566         | 4,133         | 5,602         | 7,246         | 12,036        | 19,302        | 22,948        | 21,485         | 25,614         | 25,591         |
| Gross loans to customers before write-downs         | 34,226        | 45,280        | 52,819        | 59,178        | 64,016        | 61,782        | 69,847        | 73,105         | 74,959         | 80,317         |
| - Specified write-downs                             | -290          | -236          | -147          | -116          | -215          | -219          | -222          | -172           | -144           | -173           |
| <b>Assets</b>                                       | <b>38,505</b> | <b>54,327</b> | <b>63,178</b> | <b>71,503</b> | <b>84,679</b> | <b>84,541</b> | <b>97,997</b> | <b>101,455</b> | <b>107,975</b> | <b>115,360</b> |
| Deposits from credit institutions                   | 48            | 1,029         | 2,766         | 5,346         | 9,000         | 11,310        | 13,062        | 9,118          | 7,410          | 6,379          |
| Deposits from and debt to customers                 | 20,725        | 27,048        | 30,136        | 32,434        | 35,280        | 37,227        | 42,786        | 47,871         | 52,252         | 56,074         |
| Debt created by issue of securities                 | 13,048        | 18,036        | 21,911        | 23,950        | 29,680        | 24,070        | 29,625        | 31,306         | 33,121         | 36,057         |
| Other liabilities                                   | 822           | 2,876         | 1,799         | 2,265         | 2,045         | 1,876         | 1,922         | 2,122          | 2,070          | 2,303          |
| Subordinated loan capital                           | 1,347         | 1,667         | 2,383         | 2,648         | 3,156         | 3,875         | 2,758         | 2,690          | 3,040          | 3,304          |
| Total equity capital                                | 2,515         | 3,671         | 4,183         | 4,860         | 5,518         | 6,183         | 7,846         | 8,348          | 10,082         | 11,242         |
| <b>Total liabilities and equity</b>                 | <b>38,505</b> | <b>54,327</b> | <b>63,178</b> | <b>71,503</b> | <b>84,679</b> | <b>84,541</b> | <b>97,997</b> | <b>101,455</b> | <b>107,975</b> | <b>115,360</b> |

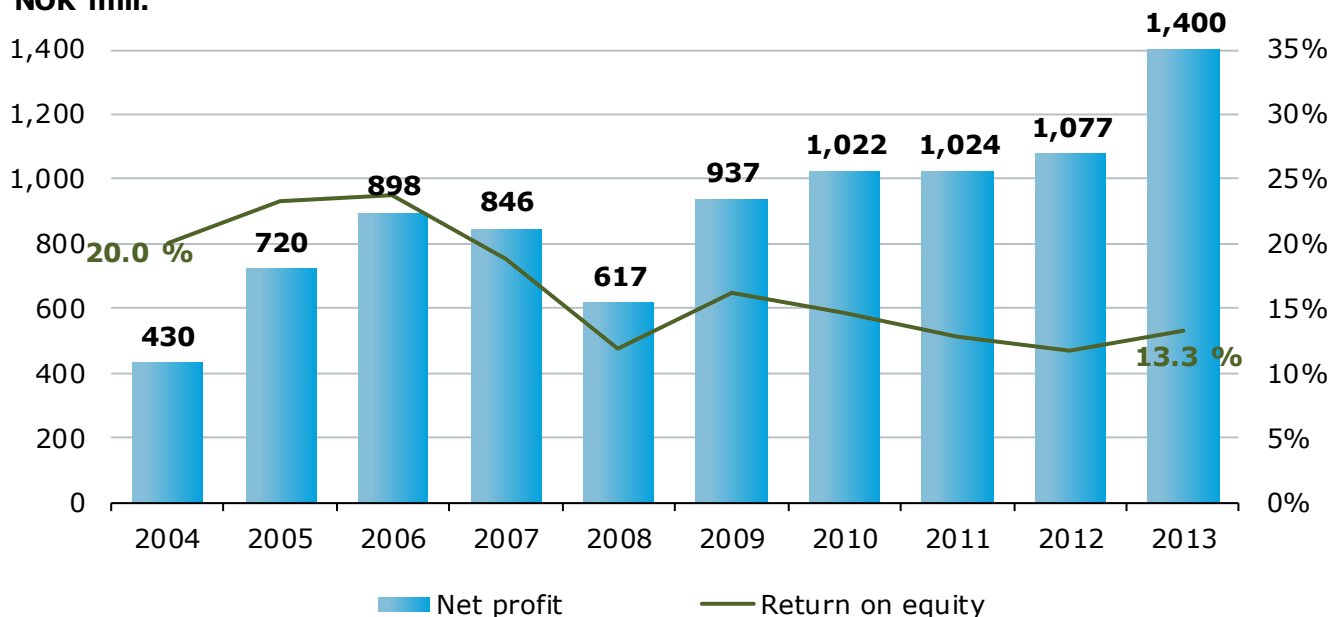
## Key figures

|                                               | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011    | 2012    | 2013    |
|-----------------------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|
| Return on equity                              | 20.0 % | 23.3 % | 23.7 % | 18.9 % | 11.9 % | 16.2 % | 14.6 % | 12.8 %  | 11.7 %  | 13.3 %  |
| Cost/income ratio group                       | 52.7 % | 50.7 % | 49.0 % | 51.7 % | 55.0 % | 46.8 % | 44.2 % | 54.0 %  | 53.9 %  | 48.1 %  |
| Cost/income ratio group, ex. financial inv.   | 60.0 % | 61.7 % | 61.1 % | 60.8 % | 60.2 % | 52.5 % | 52.5 % | 64.1 %  | 63.2 %  | 55.9 %  |
| Cost/income ratio parent bank                 | 48.5 % | 50.0 % | 47.6 % | 52.4 % | 55.3 % | 47.2 % | 40.2 % | 50.5 %  | 47.5 %  | 40.2 %  |
| 12-month cost growth                          | -0.5 % | 24.3 % | 9.3 %  | 11.8 % | 7.9 %  | 4.9 %  | -9.0 % | 30.0 %  | 11.6 %  | 4.1 %   |
| Gross loans to customers*                     | 34,226 | 45,280 | 52,819 | 61,910 | 71,317 | 77,429 | 87,665 | 95,232  | 104,925 | 112,052 |
| Gross loans in retail market                  | 21,491 | 29,032 | 33,808 | 38,872 | 42,679 | 45,157 | 49,619 | 55,034  | 62,587  | 68,515  |
| Gross loans in corporate market               | 12,735 | 16,248 | 19,011 | 23,038 | 28,638 | 32,272 | 38,046 | 40,198  | 42,322  | 43,523  |
| Growth in loans last 12 months*               | 5.1 %  | 32.3 % | 16.6 % | 17.2 % | 15.2 % | 8.6 %  | 13.2 % | 8.6 %   | 10.2 %  | 6.8 %   |
| Deposits from customers                       | 20,725 | 27,048 | 30,136 | 32,434 | 35,280 | 37,227 | 42,786 | 47,871  | 52,252  | 56,074  |
| Deposits from retail market                   | 11,256 | 14,080 | 15,408 | 16,070 | 17,566 | 17,898 | 19,052 | 20,860  | 22,279  | 24,185  |
| Deposits from corporate market                | 9,469  | 12,968 | 13,967 | 16,363 | 17,715 | 19,330 | 23,734 | 27,011  | 29,973  | 30,278  |
| Growth in deposits last 12 months             | 4.3 %  | 30.5 % | 11.4 % | 7.6 %  | 8.8 %  | 5.5 %  | 14.9 % | 11.9 %  | 9.2 %   | 7.3 %   |
| Ordinary lending financed by ordinary deposit | 60.6 % | 59.7 % | 57.1 % | 54.8 % | 55.1 % | 60.3 % | 61.3 % | 65.5 %  | 69.7 %  | 69.8 %  |
| Total assets                                  | 38,505 | 54,327 | 63,178 | 71,503 | 84,679 | 84,541 | 97,997 | 102,479 | 107,975 | 115,360 |
| Average total assets                          | 36,965 | 47,753 | 56,434 | 67,202 | 75,820 | 86,679 | 91,317 | 98,465  | 105,372 | 111,843 |
| Employees in employment group                 | 637    | 806    | 841    | 931    | 982    | 1,016  | 1,035  | 1,098   | 1,135   | 1,159   |
| Employees in employment parent bank           | 510    | 669    | 661    | 723    | 750    | 767    | 764    | 786     | 793     | 757     |
| Employees in employment subsidiaries          | 127    | 137    | 180    | 208    | 232    | 250    | 271    | 312     | 342     | 401     |
| Net other operating income of total income    | 32.0 % | 30.1 % | 28.7 % | 31.3 % | 28.2 % | 28.2 % | 33.1 % | 33.5 %  | 37.1 %  | 40.8 %  |
| Common Equity Tier 1 ratio                    | 9.1 %  | 7.5 %  | 7.5 %  | 7.4 %  | 7.1 %  | 7.7 %  | 9.3 %  | 8.9 %   | 10.0 %  | 11.1 %  |
| Capital adequacy ratio                        | 12.7 % | 10.9 % | 11.9 % | 12.1 % | 11.9 % | 13.6 % | 13.0 % | 12.0 %  | 13.3 %  | 14.7 %  |
| Core capital ratio                            | 10.9 % | 8.8 %  | 8.6 %  | 8.4 %  | 8.1 %  | 10.4 % | 10.9 % | 10.4 %  | 11.3 %  | 13.0 %  |
| Total core capital                            | 2,773  | 3,073  | 3,614  | 4,019  | 4,967  | 6,730  | 7,283  | 7,856   | 9,357   | 10,989  |
| Net subordinated capital                      | 3,239  | 3,808  | 5,229  | 5,762  | 7,312  | 8,730  | 8,646  | 9,055   | 10,943  | 12,417  |
| Impairment losses ratio                       | -0.01% | -0.09% | -0.03% | -0.01% | 0.21%  | 0.31%  | 0.16%  | 0.03%   | 0.06%   | 0.09%   |
| Non-perf. commitm. as % of gross loans        | 1.03%  | 0.78%  | 0.41%  | 0.39%  | 0.46%  | 0.49%  | 0.57%  | 0.36%   | 0.36%   | 0.34%   |
| Other doubtful commitm. as % of gross loans   | 0.91%  | 0.60%  | 0.51%  | 0.37%  | 1.33%  | 0.57%  | 0.24%  | 0.21%   | 0.14%   | 0.14%   |

\* Gross loans to customers includes SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

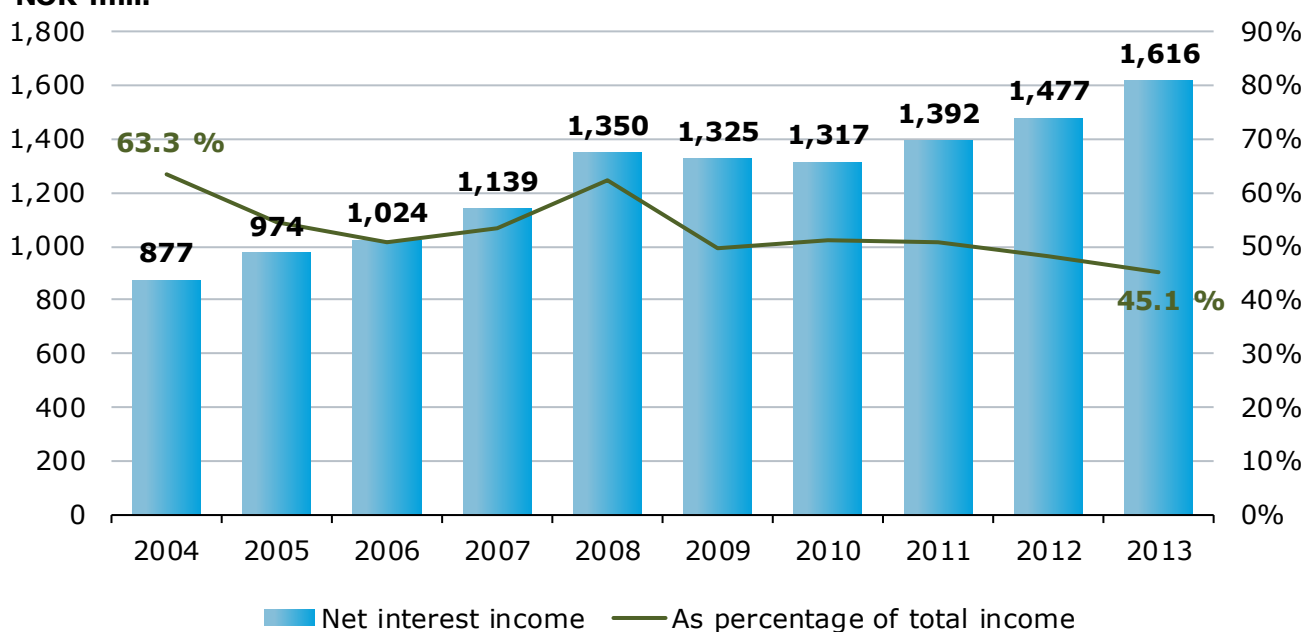
### Net profit and return on equity

NOK mill.

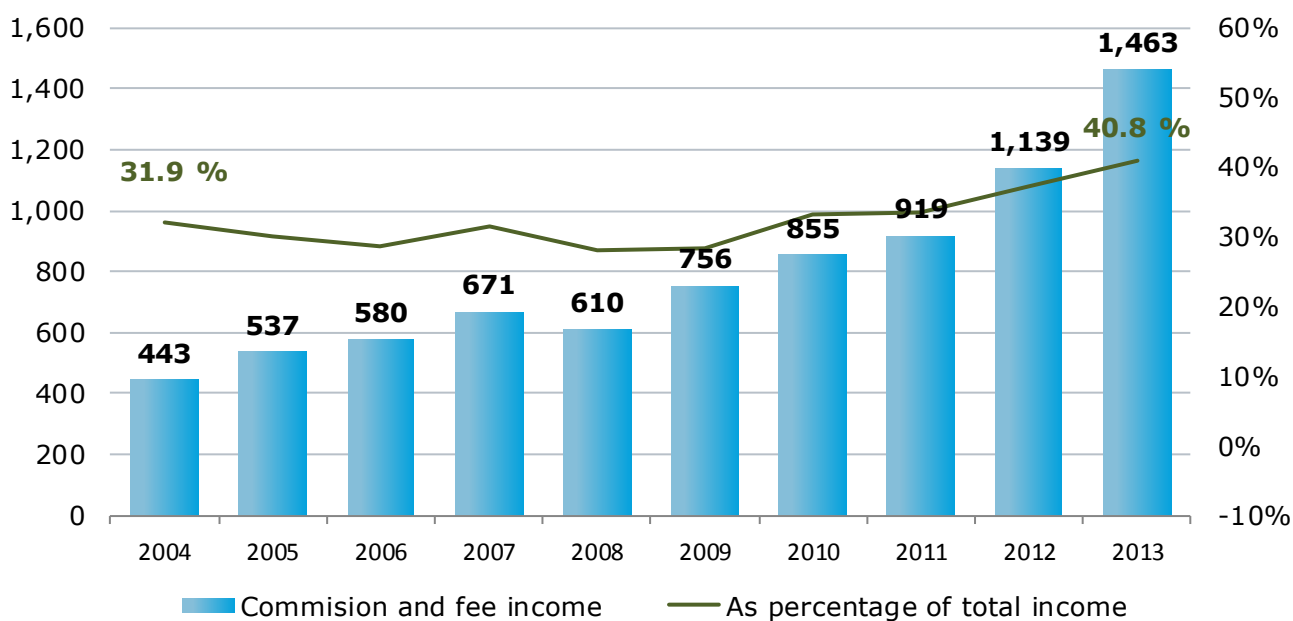


### Development in net interest income

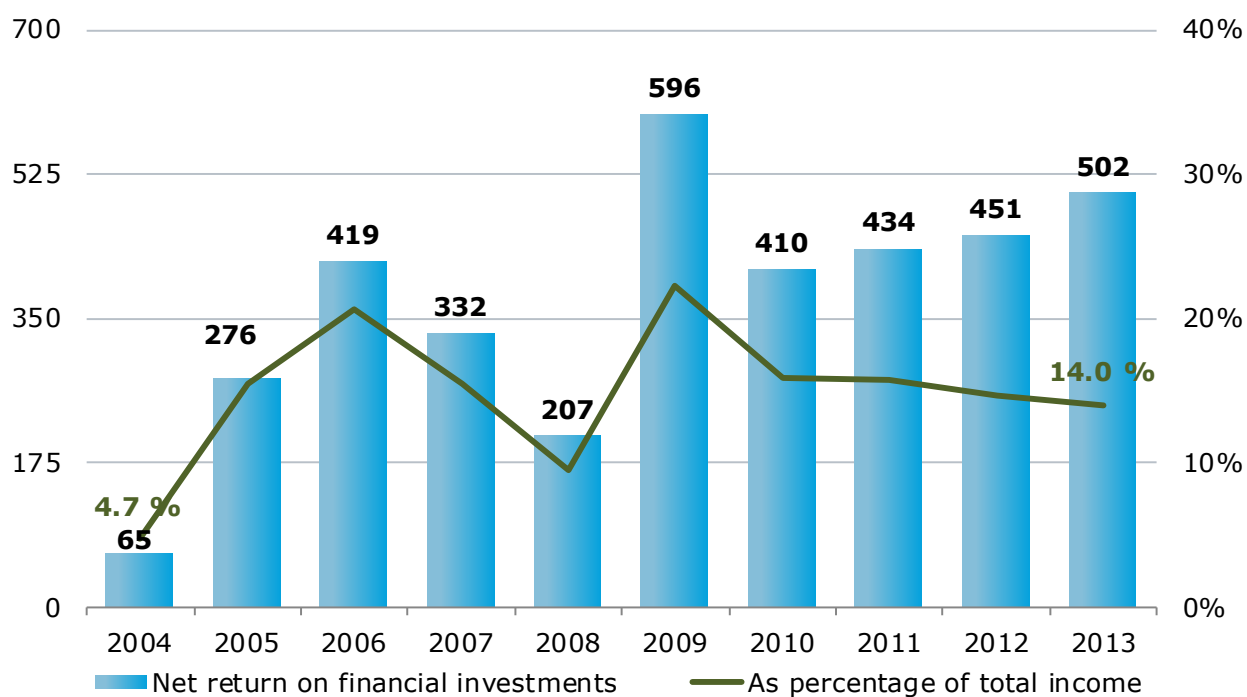
NOK mill.



### Development in commission income and other income

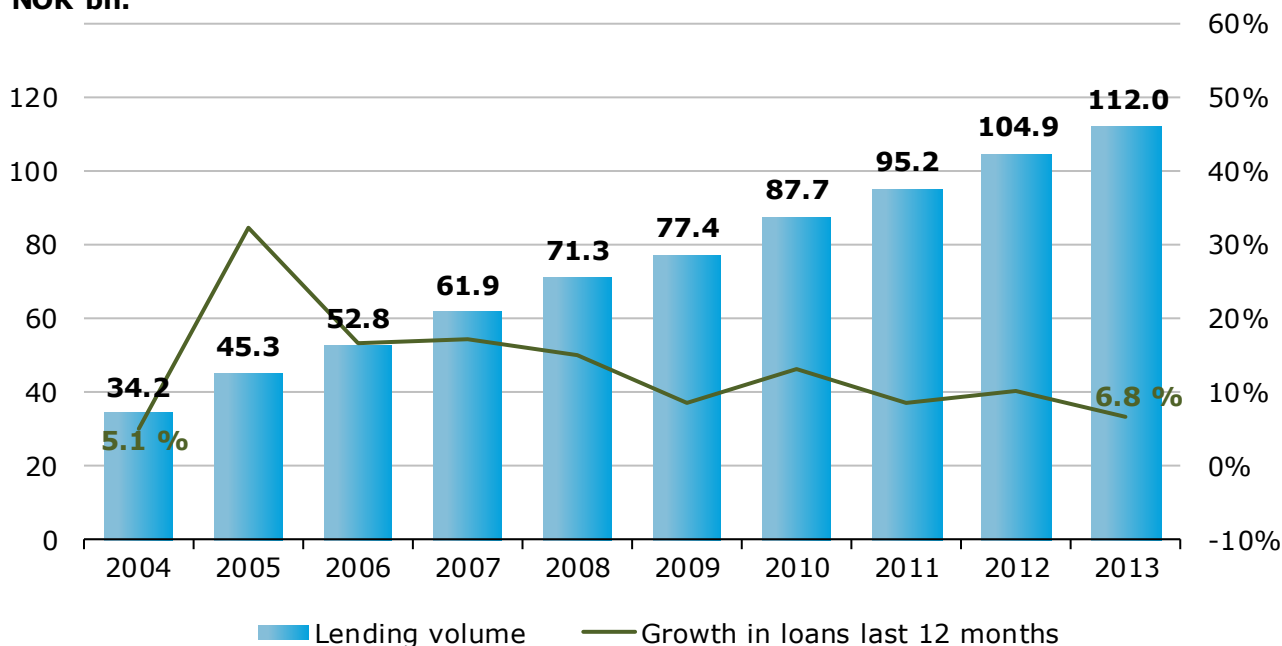


### Development in net return on financial investments



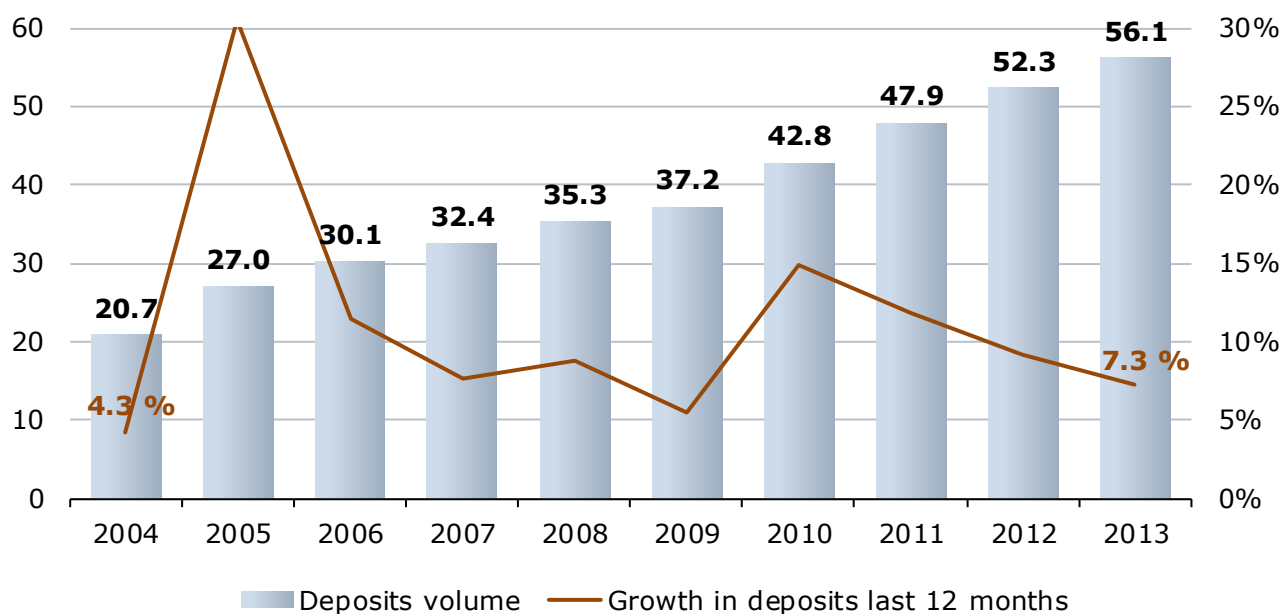
### Volume development, Lending\*

NOK bn.



### Volume development, Deposits\*

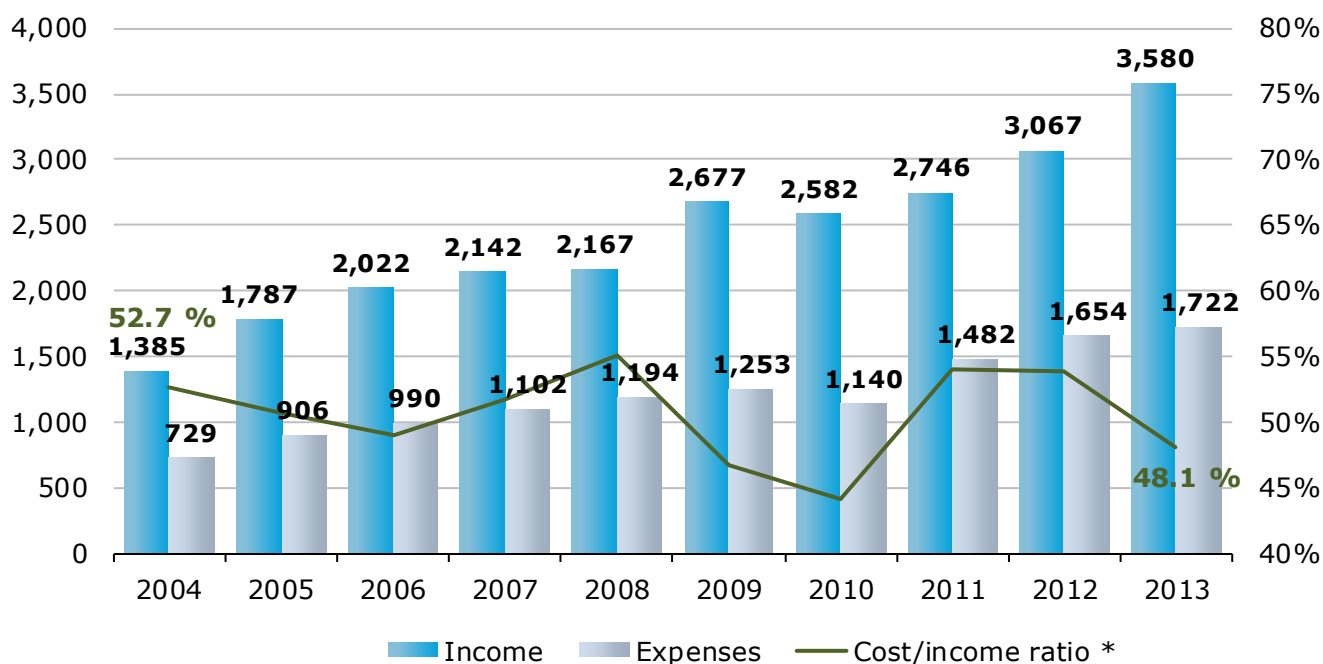
NOK bn.



\*) The strong growth in 2005 in lending and deposits is related to the acquisition of 100 per cent of Romsdals Fellesbank.

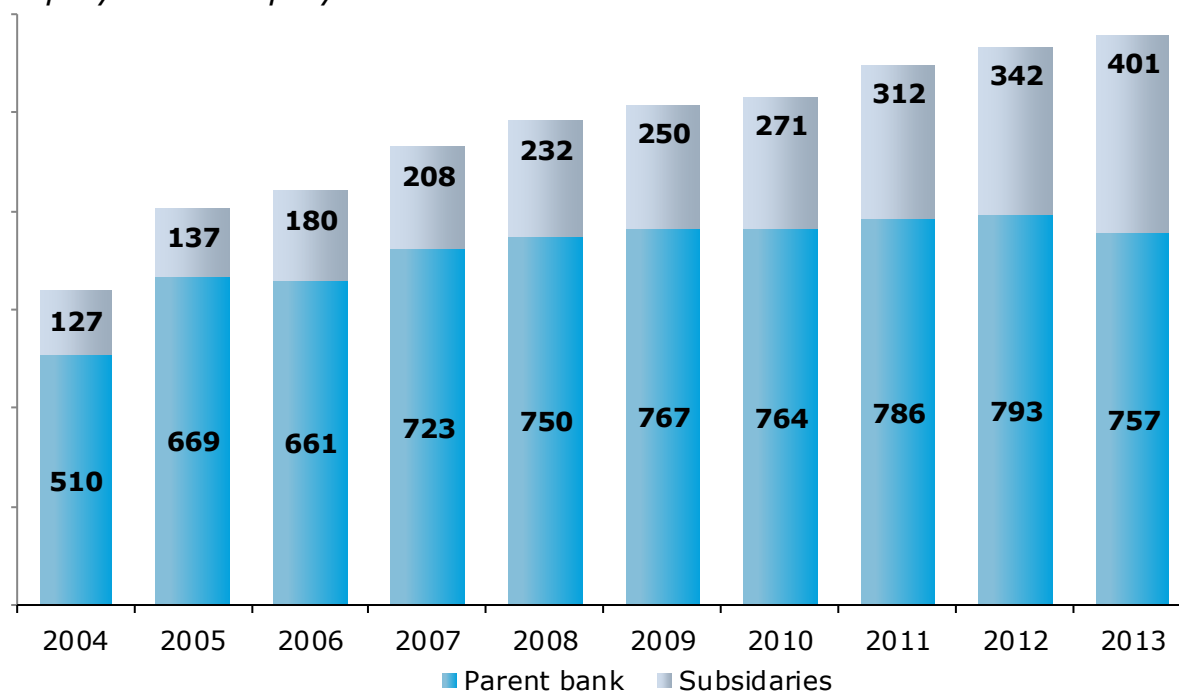
## Cost/income ratio

NOK mill.



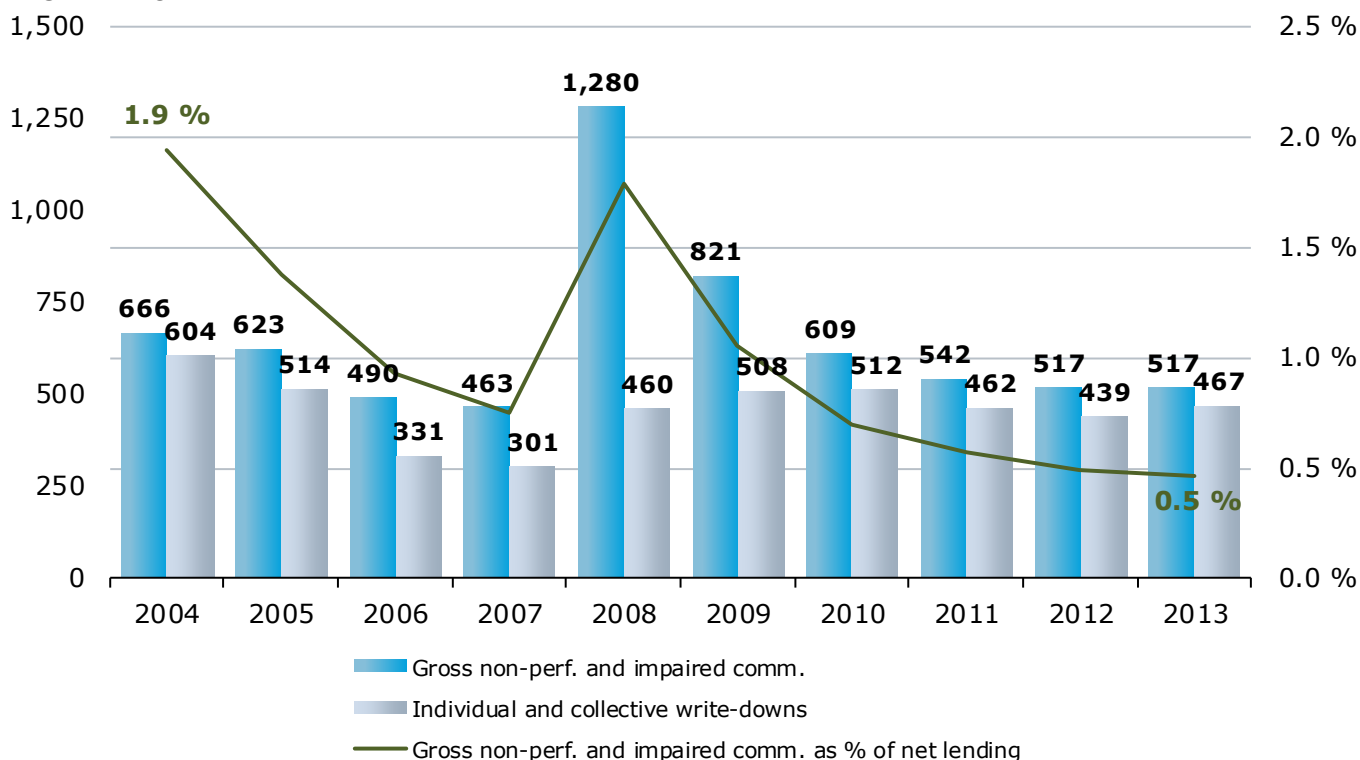
\* Total operating expenses as a percentage of total operating income

## Employees in employment



## Net non-performing and impaired commitments

NOK million



## Capital Adequacy

