

Preliminary accounts 2015
4th quarter 2015

2. February 2016

SpareBank1 SMN, the region's most important finance institution

Core market



Overview

- 200.000 retail customers and 14.000 corporates in Trøndelag and North-West Norway. Market leader in Trøndelag and Romsdal
- Norway's second largest savings bank with total assets of billion including SpareBank 1 Boligkreditt
- Founder and co-owner of SpareBank 1 Gruppen A/S. Forward looking strategy for digitalisation in customer interfaces and bank operations.

History

- Established in 1823
- Regional bank for Mid-Norway since 1985
- Listed Oslo Stock Exchange since 1994
- SpareBank 1 Alliance from 1996
- Located in Romsdal after acquisition of Romsdals Fellesbank AS in 2005
- In Ålesund and Sunnmøre from 2009 after acquisition of BN Bank including Kredittbanken.
- Prime history of results and return on equity

In good shape

The bank is prospering

The bank is growing in terms of lending, deposits, insurance, savings, estate agency and accounting services

The bank is becoming financially stronger and is reaching its capital targets

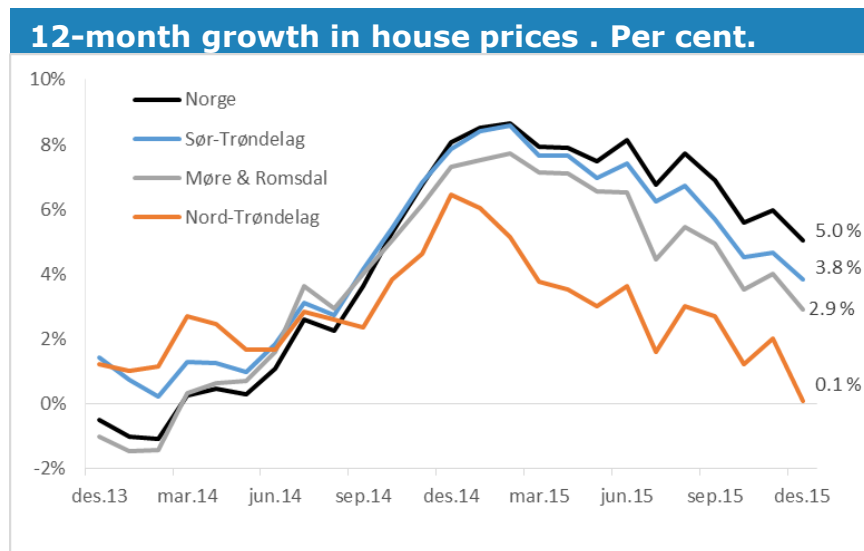
The bank is increasing its efficiency: 10% fewer FTEs at the parent bank

The bank is in a region little affected by the reduced oil price. The bank has good control over its exposure to oil-related activities

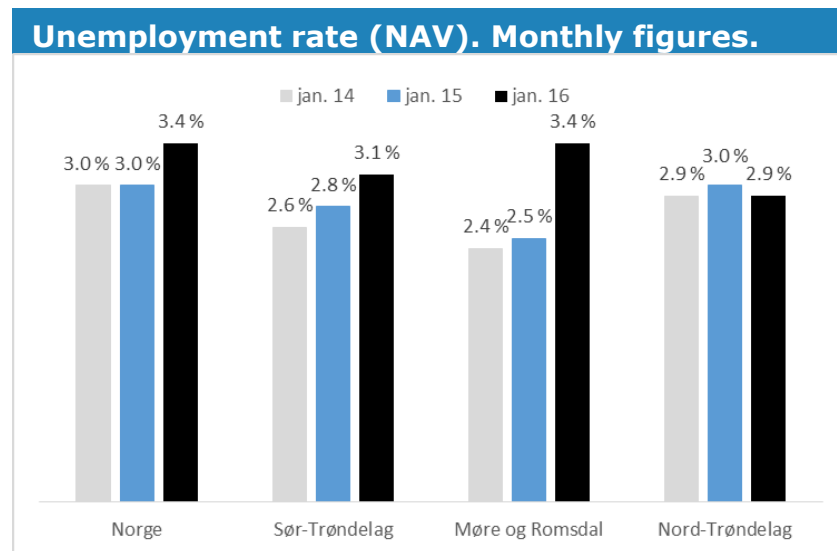
The bank has low loan losses

The bank has started to step up its payout ratio

Midt-Norge : Growth in house prices below average. Unemployment rate below average, except Møre og Romsdal



Sources: Eiendom Norge, FINN og Eiendomsverdi AS



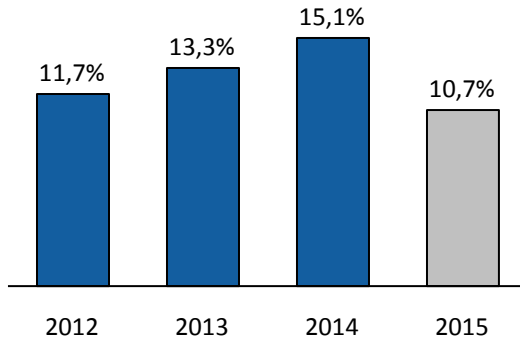
Source: NAV (Norwegian Labour and Welfare Administration)

Status of the business sector in the bank's market area

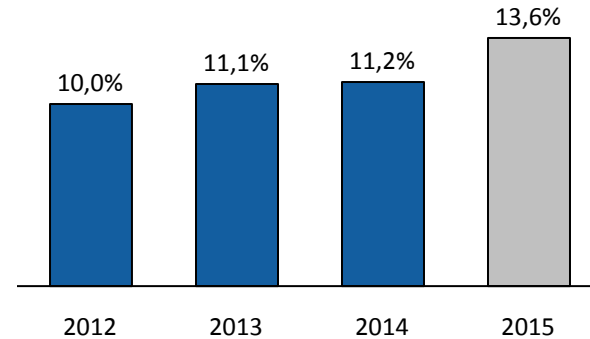
Area		Status	Outlook	Commentary
Macro				- Weaker Norwegian growth due to reduced oil investments and lower oil price – some improvement in European and American growth estimates - Norwegian interest rates down in September, and continued low long Norwegian rates (new cuts factored in) - Further weakening of Norwegian krone (2.5% measured against import-weighted krone exchange rate in last quarter)
Construction				- Order backlog remains good in building and construction alike - Increased new home sales and housing starts. Building activity may slow somewhat due to weaker macro situation. - Bankruptcy rate remains high, but is edging down somewhat - Preliminary analysis of 2014 accounts shows continued high share with negative profit (25%)
Commerical real estate				- Continued stable office rental prices in largest cities exc. Stavanger where prices have dropped sharply. A marginal decline seen in Trondheim and Oslo - Falling yield 2014-15. Prime yield at 5.25% in Trondheim (compared with normal level of 6.5-7.0%) - Increased vacancy rate in Trondheim thus far in 2015 (7.1% -> 8.9%). Large increase noted in Ålesund - More tenants than normal are expected to struggle due to macro outlook
Retail trade				- Price inflation contributed to continued growth as previously, but reduced volume growth - Growth in distributive trades in general is lower than in shopping centres. - Internet- and sports stores at peak growth rate of 14.6 og 9.5% thus far this year. Groceries remain weak at 2.6% -cosmetics and textiles show negative growth (-0.7% and -2.7% respectively).
Offshore Service Vessels				- Falling oil price due to higher supply of oil and weaker demand - Continued weak spot market for supply – about 100 laid-up vessels in the North Sea - Low activity in subsea due to deferred projects and little appetite for investment. Seismic company bankrupt. - Red flag still up – no imminent turn for the better; at any rate not for PSV
Maritime industry				- Thin order book for 2016/2017 (large vessels). OSV contracting largely at a halt, but buoyant activity in fish farming - Trend of weakening profits continues into 2015 for all shipyards - Substantial workforce downsizing among suppliers of oil/gas - Yellow flag still up due to good activity in fishery/fish farming – red for oil/gas
Fish farming				- Salmon prices remained high in 2015 – NOK 49.3 per kg compared with NOK 47.80 NOK per kg at the same point in preceding year. - Profitability negatively affected by increased costs of salmon louse prevention and treatment - Biggest challenge is impact on external environment, disease, louse, escaping salmon. - Investment level is high and cost control is important.
Fisheries				- Good resource situation for white fish / prices still rising from historic low. - Pelagic: Good resource trend for mackerel/blue whiting – herring on the rise. Higher prices in general - Lower fuel costs due to oil price fall - Significantly improved earnings expected for 2016 for fishing vessels in the white fish sector. For pelagic vessels and for fishing industry/exports results similar to 2015 are expected

Strengthened capitalization, good profits and low risk

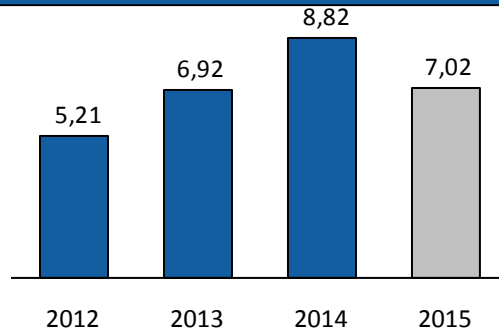
Return on equity



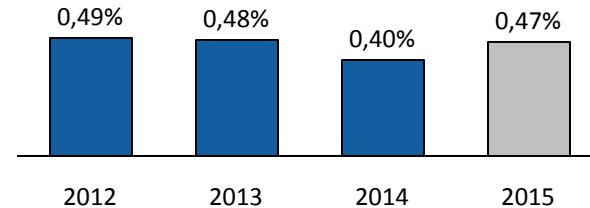
CET 1



Earnings per ECC



Loans in default and other problem loans as a percentage of total loans

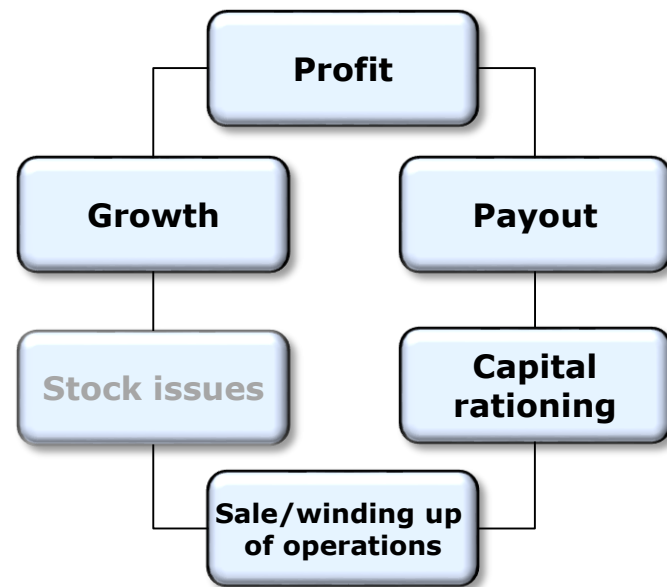


Q4 2015

Capital plan

CET1 ratio 13.6%, an increase of 2.4 percentage points in 2105

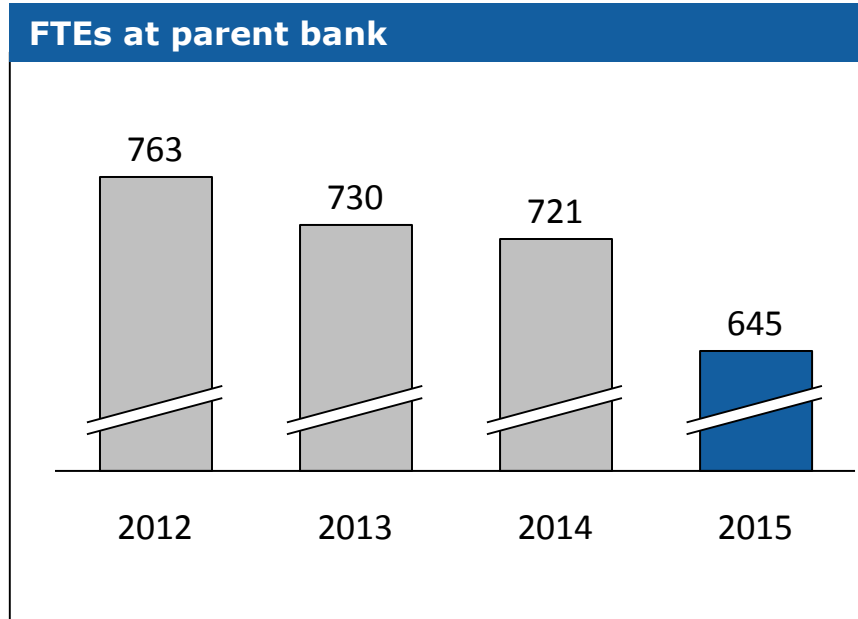
- As at 30 December 2015 the CET1 regulatory requirement is 11.0 per cent, including combined buffer requirements. The CET1 requirement will rise to 11.5 per cent as from 30 June 2016
- The bank has not received any individual Pillar 2 add-on, but Finanstilsynet (Norwegian FSA) informed the bank in autumn 2015 that it expected the bank to attain a CET1 ratio of 14.5 per cent by 31 December 2016
- New target already set by the board of directors: to attain a CET1 ratio of 14.5 per cent by 31 December 2016 including a countercyclical buffer of 1.5 per cent
- Finanstilsynet has announced forthcoming individual Pillar 2 add-ons in 2016
- Improvement in 2015 mainly ascribable to introduction of AIRB, profit retention, moderate growth in corporate lending and downscaling corporate portfolio in BN Bank



Winding down the corporate portfolio in BN Bank

- The process of winding down the corporate banking business will be carried out in a controlled manner over time.
- For SpareBank 1 SMN this will in isolation reduce consolidated risk weighted assets, thereby improving capital adequacy.
- Of SpareBank 1 SMN's risk weighted balance sheet assets of NOK 89.5bn, about NOK 7.5bn relates to corporate exposures at BN Bank along with BN Bank's exposures sold to SpareBank 1 Næringskreditt.
- For SpareBank 1 SMN this amounts to about 1.1 percentage points of CET1 capital adequacy once the scaling back is completed.
- The process of winding down the corporate portfolio is well under way, and in the period September to December 2015 the portfolio was reduced by NOK 5.5bn or 17%.
- The board of directors of BN Bank aims to have wound down 50% of the corporate banking business by 31 December 2016.

FTEs crucial to achieving costs goal Considerable reduction in 2015



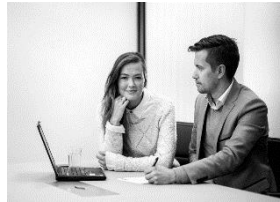
- At end-December there were 76 fewer FTEs at the parent bank than at year-end
- This is mainly natural wastage
- A further reduction of about 45 FTEs is aimed for by the end of 2016

In this set-up 32 FTEs in the capital markets activity at SMN in 2012, 2013 and 2014 are excluded. This activity including 32 FTEs were transferred to SpareBank 1 Markets as from Q2 2015.

An excellent effort across the organisation to develop tomorrow's bank

New distribution model

- SMN working on a new distribution model
- Changing customer behaviour presents new opportunities
- Bank to further increase its selling power



Technological developments provide new opportunities

- New webpages will create better interplay between the channels
- We are further developing the internet bank and the mobile bank
- We are investing in tools to expand dialogue with customers



Improving production efficiency

- Continuous improvement as a tool
- Streamlining processes and products
- Unify production processes where this is considered rational



Increased focus on customer dialogue

- We still have potential to increase the time devoted to customer dialogue
- Through freed-up time and new tools we will increase our dialogue with, and time spent on, our customers



The subsidiaries predominate in their markets and contribute to diversified and robust value creation

SpareBank 1 Finans



- Solid market position
- Leasing NOK 2.1bn, car loans 2.3bn
- Pre-tax profit of NOK 83.1m (67.9m)
- Low losses
- Samspar a new co-owner and distributor

No 1 position in market area

72.1% stake

EiendomsMegler 1



- 40% market share, strong synergy with the bank
- Pre-tax profit of NOK 47.0m (50.9m)

No 1 position in market area

87% stake

SpareBank 1 Regnskapshuset



- Stable and high growth in turnover
- Pre-tax profit of NOK 34.8m (40.5m)
- Long-term strategy to consolidate accounting industry and build synergies with the bank

No 1 position in market area

100% stake

SpareBank 1 Markets



- Markets in SMN to be integrated in SpareBank 1 Markets in Q2 2015
- Strong cost reduction completed
- Net profit in 2015 (pro forma) – NOK 81m, including capital loss on bonds – NOK 76m

No 1 position in market area

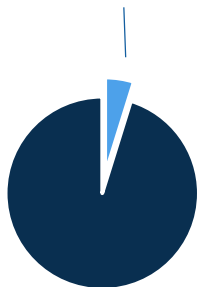
73.7% stake

The Offshore Segment in SpareBank1 SMN



Share of gross lendings

Oil and Offshore 4,8%



Number of vessels*

68

Exposure

- 86% to PSV, AHTS, subsea and standby
- 14% to seismic, barges and tugs

Risk and return

- Rorac: 55% vs 18% for corporate
- PD: 1,0% vs 1,5% for corporate

Opex not included

Total 126,1 mrd. incl. Boligkreditt/Næringskreditt

*) Excluding barges and tugs
Excluding 2 offshore vessels sold in January 2016

The Offshore Segment i SpareBank 1 SMN – further details

- Exposure to the Offshore Service Vessel segment (OSV) – capital intensive industry
- Shipyards - OSV, fishing vessels, wellboats and RoRo
- Exposure to other maritime industries – mainly producers of maritime equipment and engineering companies. Less capital intensive activities and for the shipyards mainly project finance with low risk for SMN.
- Directly and/or indirectly by tenants that are oil and gas related. SMN has a relatively small market share in the retail market in Møre & Romsdal where there are considerably more oil and gas related jobs than in Nord-Trøndelag and Sør Trøndelag.

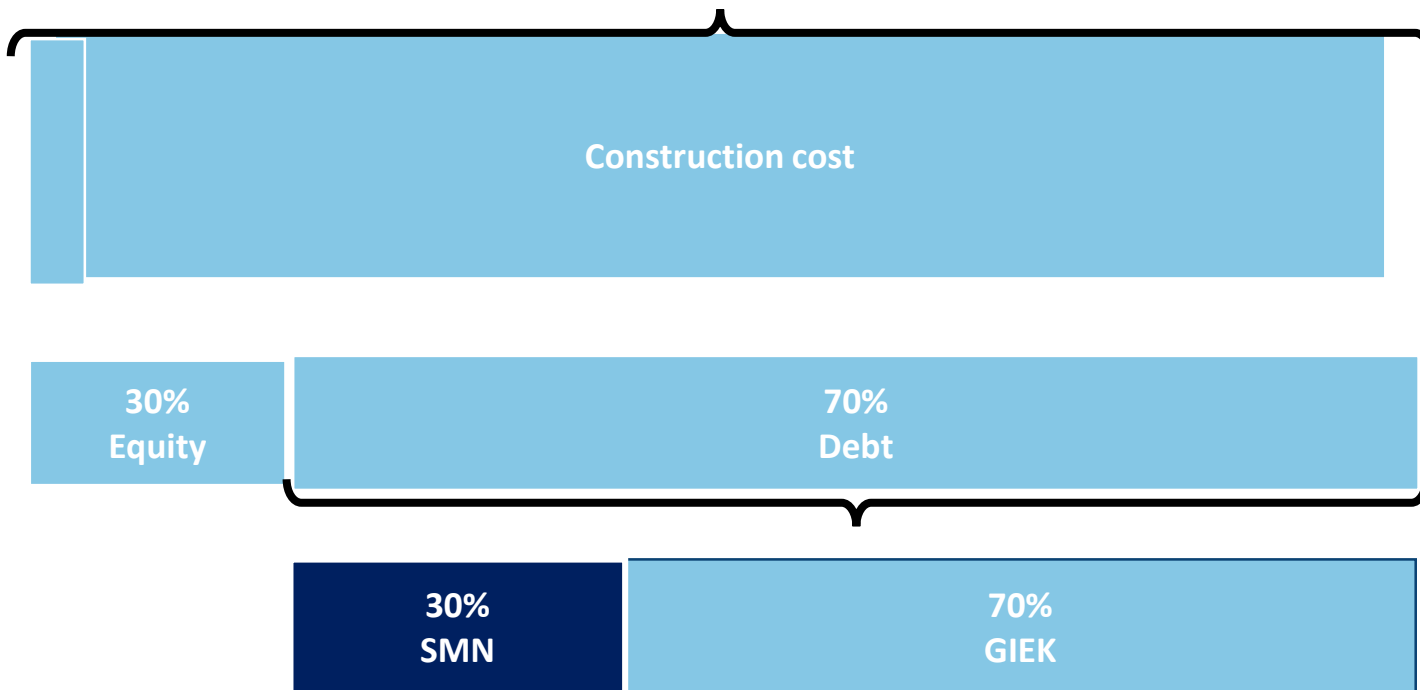


Our exposure are mainly related to Offshore Service Vessels

Standard financing of vessels

- GIEK and syndication enable portfolio diversification

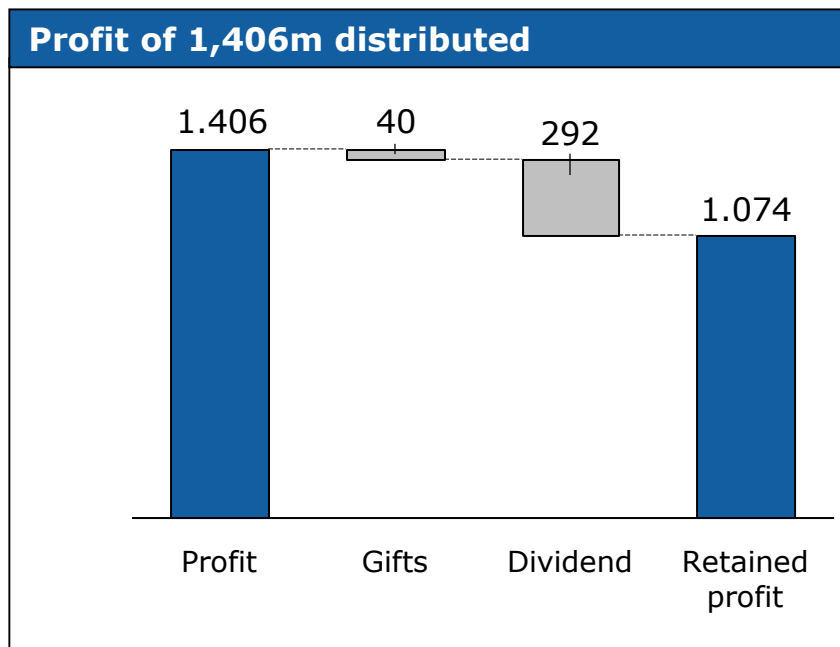
Contract amount / Financing basis



Conclusion

- SMN's corporate portfolio shows excellent diversification. About 5% of the bank's total lending exposure is to petroleum-related activities. This is primarily financing of OSV vessels.
- Portfolio quality is broadly high – however the risk inherent in the OSV segment is also high.
- As of Q4 15, SMN has collectively assessed write-downs of NOK 376m, of which NOK 96m are related to retail borrowers. Losses related to petroleum-related activities are booked at NOK 132.5m, including collectively assessed write-downs of NOK 80m.
- Just under 10 persons are engaged in financing activities in the oil and offshore sector. This requires some leadership focus but does not remove the focus from the bank's core business in general.
- SMN is very well positioned to withstand a further decline in the oil service market. This assessment is based on the bank's position as a secured creditor, its high level of collectively assessed loss provisions and its history of conservative practice as regards loss assessment. Given its very good earnings and CET1 capital ratio, SpareBank 1 SMN's loss-absorbing capacity is among the best in the market.

Board of directors recommends dividend of NOK 2.25 per ECC, a pay out ratio of 32 % (25 %)



Dividend in line with capitalplan

- In line with capital plan the Board recommends a total payout ratio of 24 % of the group's profit. In the capital build-up period, dividend payouts will be in the range 25-35%
- The Board recommends a cash dividend of NOK 2.25 per equity certificate, a total of NOK 292m, a pay out ratio of 32 % (25 %)
- The board of directors further recommends the supervisory board to allocate NOK 40m to non-profit causes, a pay out ratio of 8 % (25 %)

Earnings per ECC NOK **7,02**. ECC holder ratio in 2015 64,6 % - after distribution of profit 64,0 %. Booked value per ECC NOK **67,65** (NOK 62,04)

OCI (other comprehensive income) strengthens the Groups's equity

OCI, NOKm		
	2015	2014
Items that will not be reclassified to profit/loss		
Actuarial gains and losses pensions	115	-117
Tax	-28	31
Share of other comprehensive income of associates	36	-9
Total	123	-94
Items that will be reclassified to profit/loss		
Available-for-sale financial assets	78	-2
Share of other comprehensive income of associates	1	0
Tax	-1	0
Total	78	-2
Total other comprehensive income	201	-96

Comments

- Items not reclassified to profit/loss relate to pensions
- Items to be reclassified to profit/loss relate mainly to the gain on a transaction related to the sale of Visa Europe to Visa Inc.
- Strengthens the CET1 ratio by 23 points in 2015

SpareBank 1 SMN intends to be among the best performing banks

Customer orientation	Best on customer experience Will continue to strengthen market position
Profitable	Among the best performing banks, ROE 12 % annually
Solid	CET1 14.5% by the end of 2016
Efficient	Zero cost growth in parent bank 2014 – 2016
Dividend	Real-terms payout ratio of 25% to 35%. Strong focus on strengthening capital through retained profit

Financial results 4th quarter 2015

2015

Net profit NOK 1,406m (1,782m, including gains Nets 156m)

Return on equity 10.7 % (15.1 %)

Result of core business NOK 1,318m (1,424m)

Cost growth parent bank 0.8 % (3.1%)

CET 1 13.6 % (11.2 %)

Growth in lending RM 9.0 % (7.6%) and CM 0.7 % (6.1%), deposits 5.6 % (8.5 %) last 12 months

Booked equity capital per ECC NOK 67.65 (62.04), profit per ECC NOK 7.02 (NOK 8.82)

Q4 2015

Profit NOK 287m (375m)

ROE 8.4 % (12.1 %)

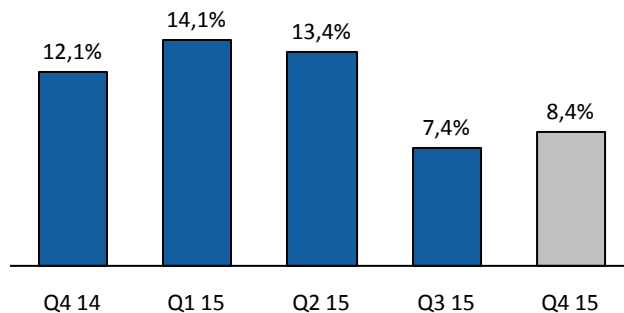
Result of core business NOK 279m (343m)

Growth in lending RM 2.4 % (2.1 %) and CM -1.4 % (5.6 %) in Q4 2015

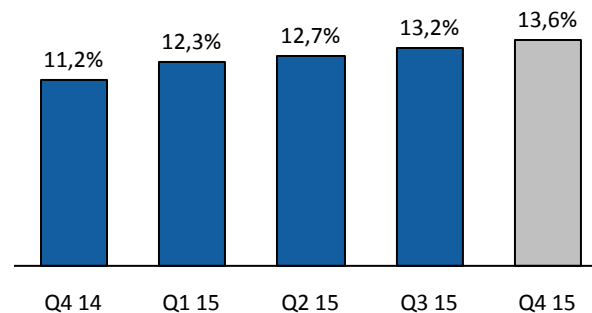
Earnings per ECC NOK 1.45 (1.85)

Key figures, quarterly

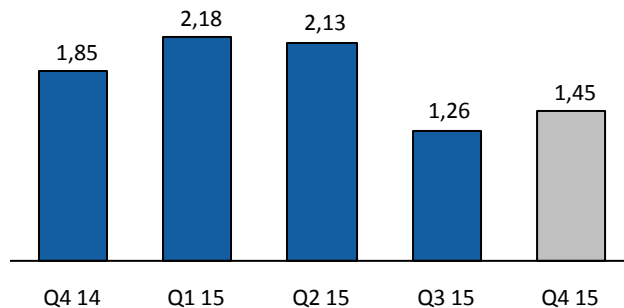
Return on equity



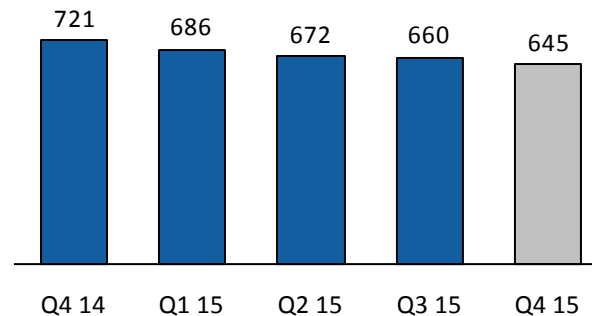
CET 1



Earnings per ECC

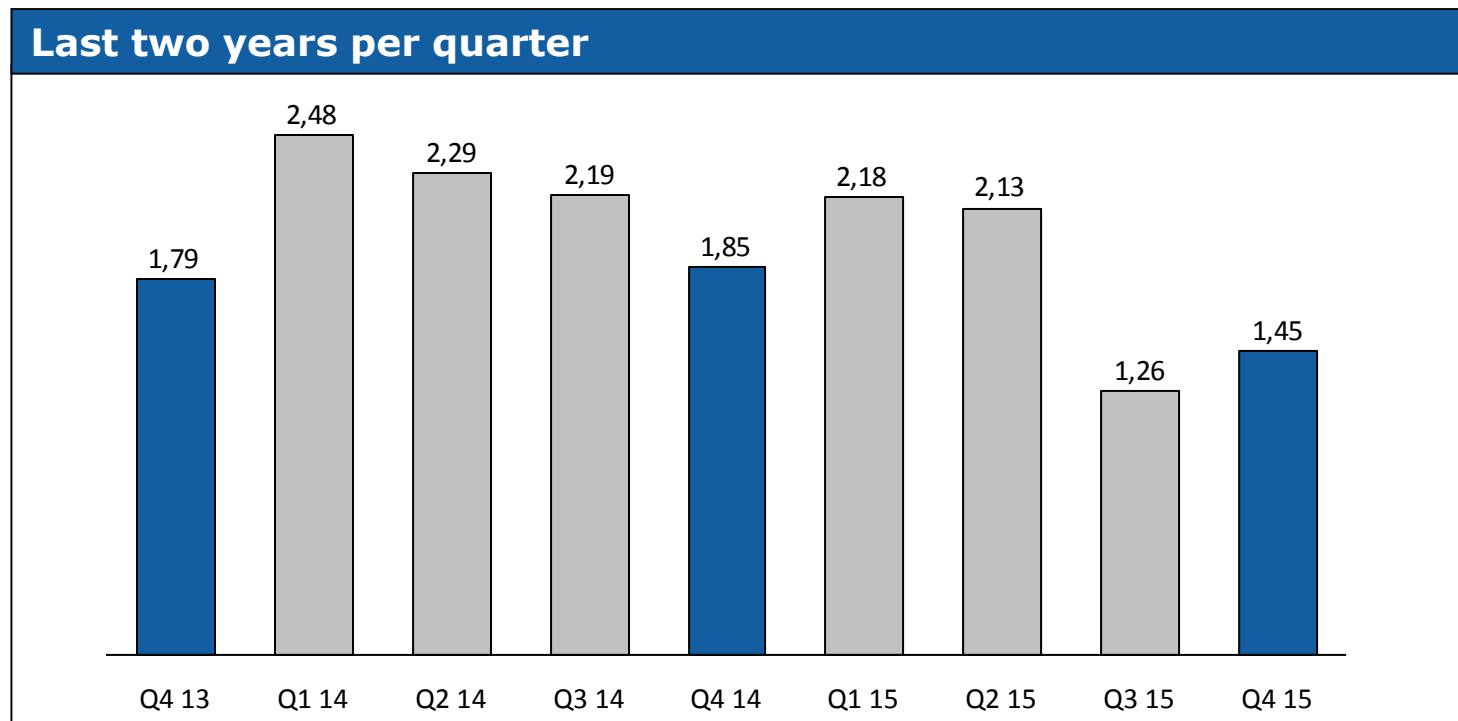


FTEs parent bank

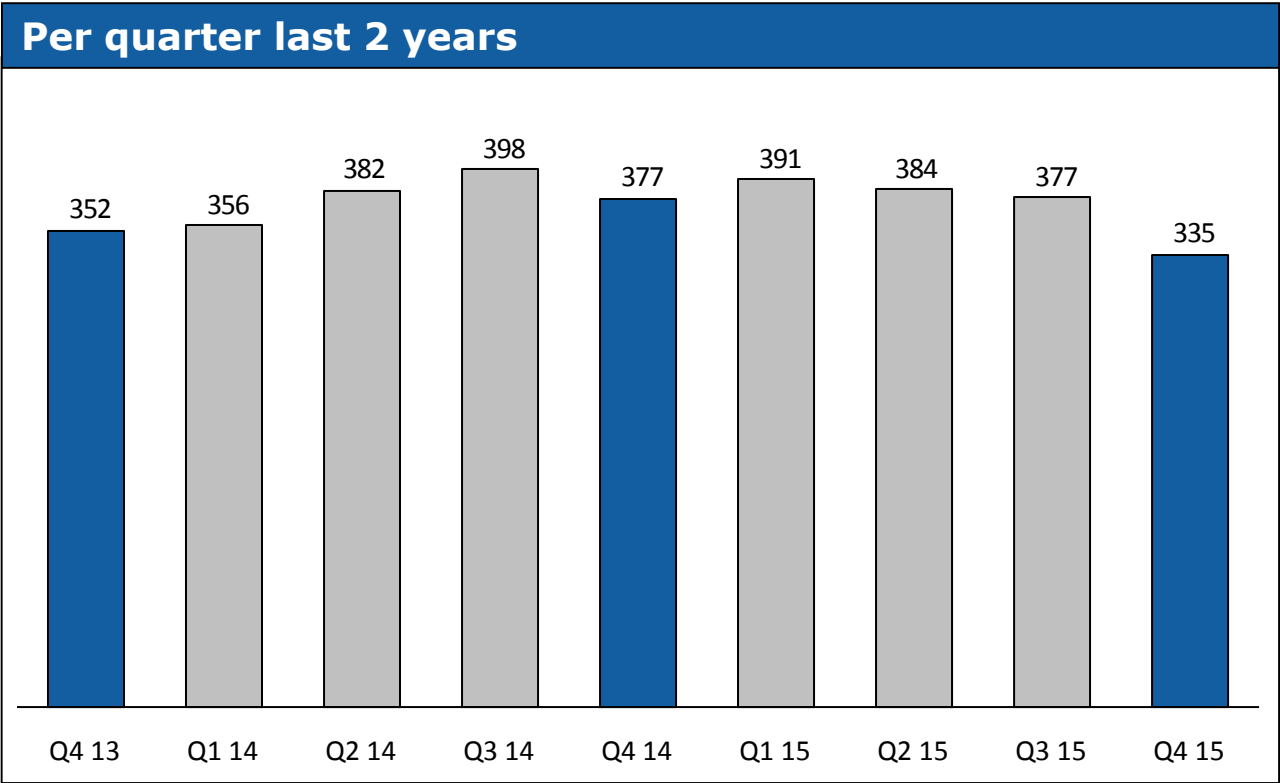


Q4 2015

Earnings per ECC



Profit trend in core business



Commentary

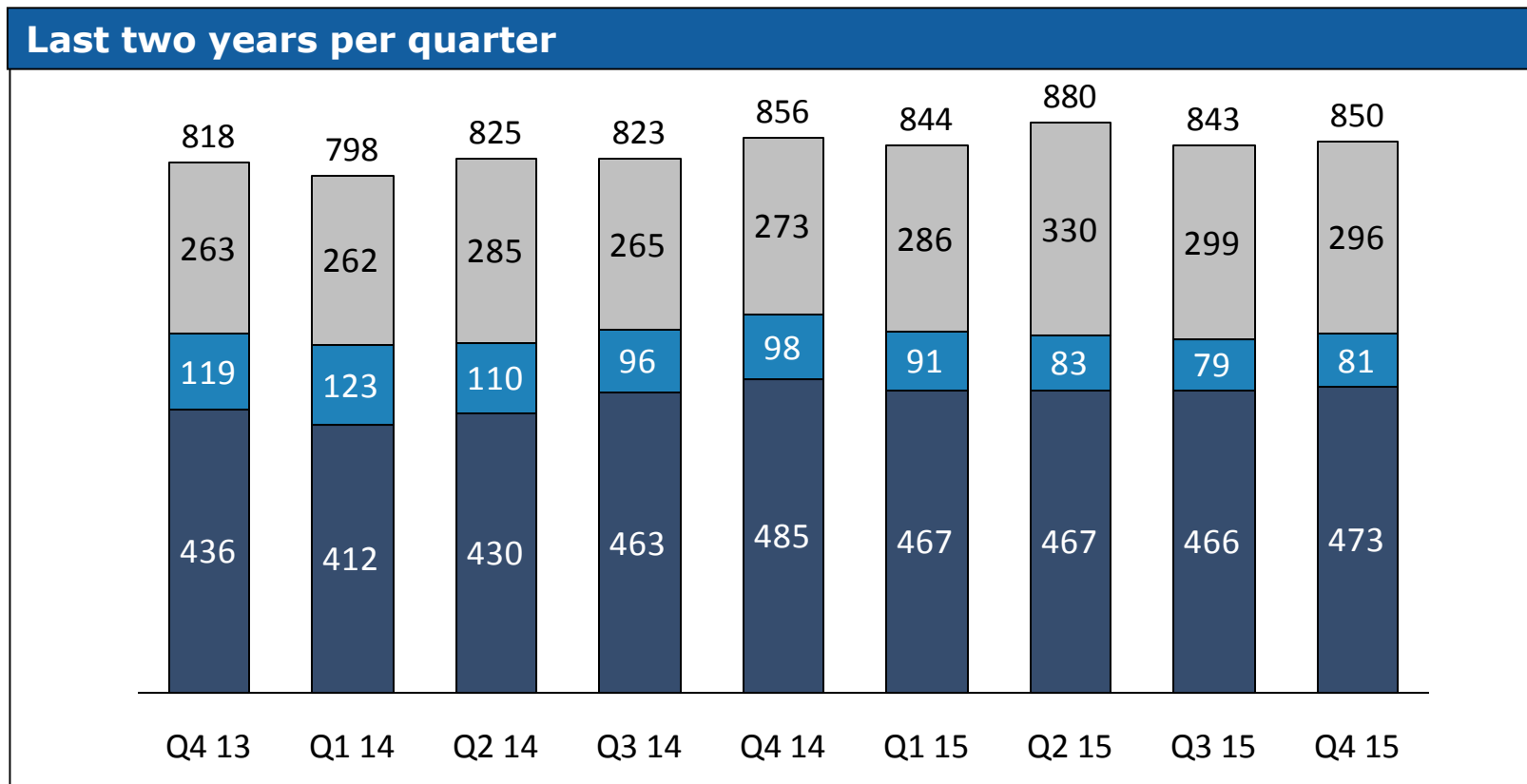
- Good income trend, both net interest income and commission income
- Q4 2015 marked by one-time costs and collectively assessed write-downs

Positive development in profits

Profit	To date			per quarter				
	30 Dec. 2015	30 Dec. 2014	Change	Q4 15	Q3 15	Q2 15	Q1 15	Q4 14
NOK mill								
Net interest	1.872	1.790	82	473	466	467	467	485
Commission income and other income	1.545	1.512	34	378	378	413	377	371
Operating income	3.417	3.302	116	850	843	880	844	856
Total operating expenses	1.931	1.789	142	515	466	496	454	479
Pre-loss result of core business	1.486	1.513	-26	335	377	384	391	377
Losses on loans and guarantees	169	89	80	56	56	35	22	34
Post-loss result of core business	1.318	1.424	-106	279	321	349	369	343
Related companies, including held for sale	447	527	-80	121	78	120	128	144
Securities, foreign currency and derivatives	11	193	-182	-12	-91	45	69	-53
Result before tax	1.776	2.144	-368	387	309	513	566	434
Tax	370	362	8	100	61	83	126	60
Net profit	1.406	1.782	-376	287	248	430	441	375
Return on equity	10,7 %	15,1 %		8,4 %	7,4 %	13,4 %	14,1 %	12,1 %

Operating income

- Commission income
- Commission income Boligkreditt - Næringskreditt
- Net interest income



Change in net interest income

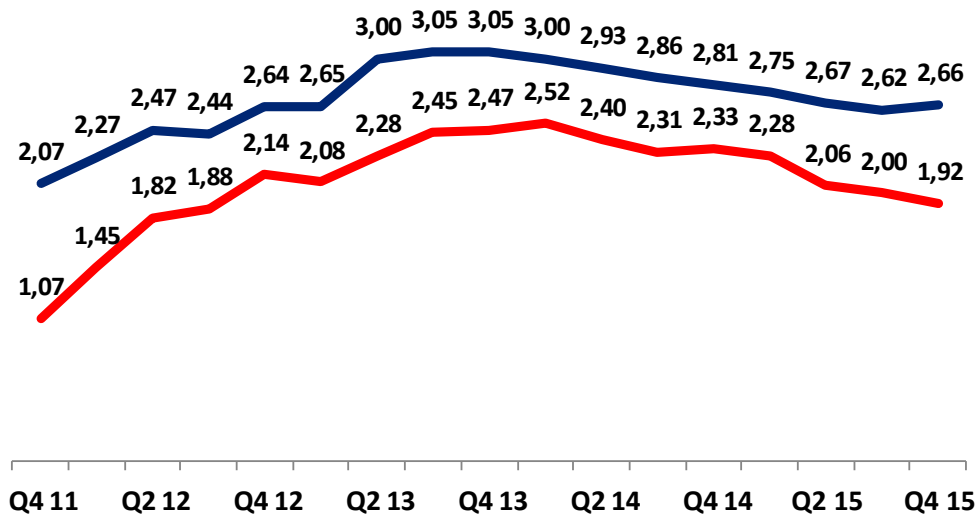
From 2014 - 2015		Comments
Net interest 2014	1.790	
Net interest 2015	1.872	
Change	82	- Increased lending volume and deposit margins strengthens net interest income - Lower lending margins weaken net interest income
Obtained as follows:		
Fees on lending	-7	<i>Commission income from SpareBank 1 Boligkreditt are reduced in the period as well due to lower margins</i>
Lending volume	234	
Deposit volume	-25	
Lending margin	-266	
Deposit margin	170	
Equity capital	-4	
Funding and liquidity buffer	-43	
SMN Finans	23	
Change	82	

Q4 2015

Lending margins Retail and Corporate

Per quarter from Q4 2011

Percent

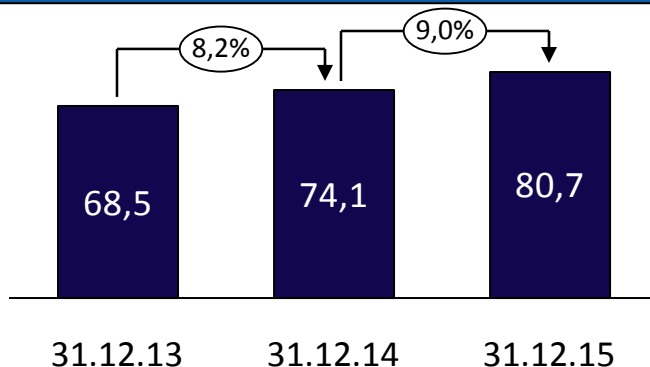


Comments

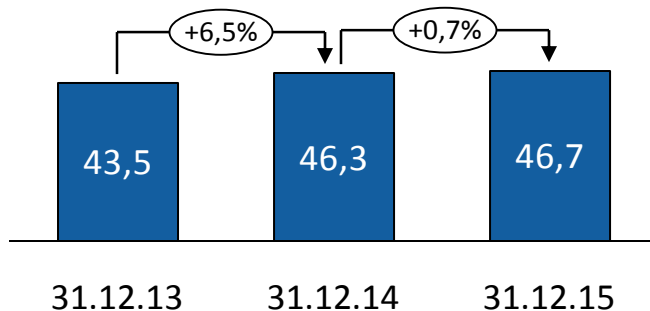
- Strong competition
- Interest rate changed five times on best home loans since June 2014
- There might be a potential for increasing margins to corporates

Total growth lending 5.8 % last 12 months

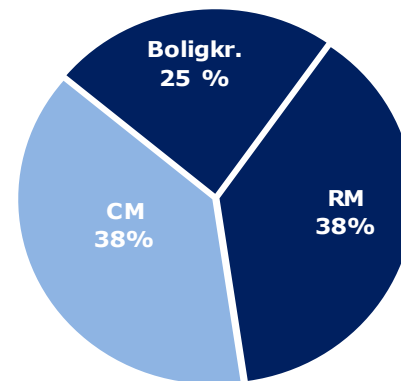
Lending RM +9.0 % last 12 months, 2.4 % in Q4 15



Lending CM +0.7 % in last 12 months, -1.4 % in Q4 15

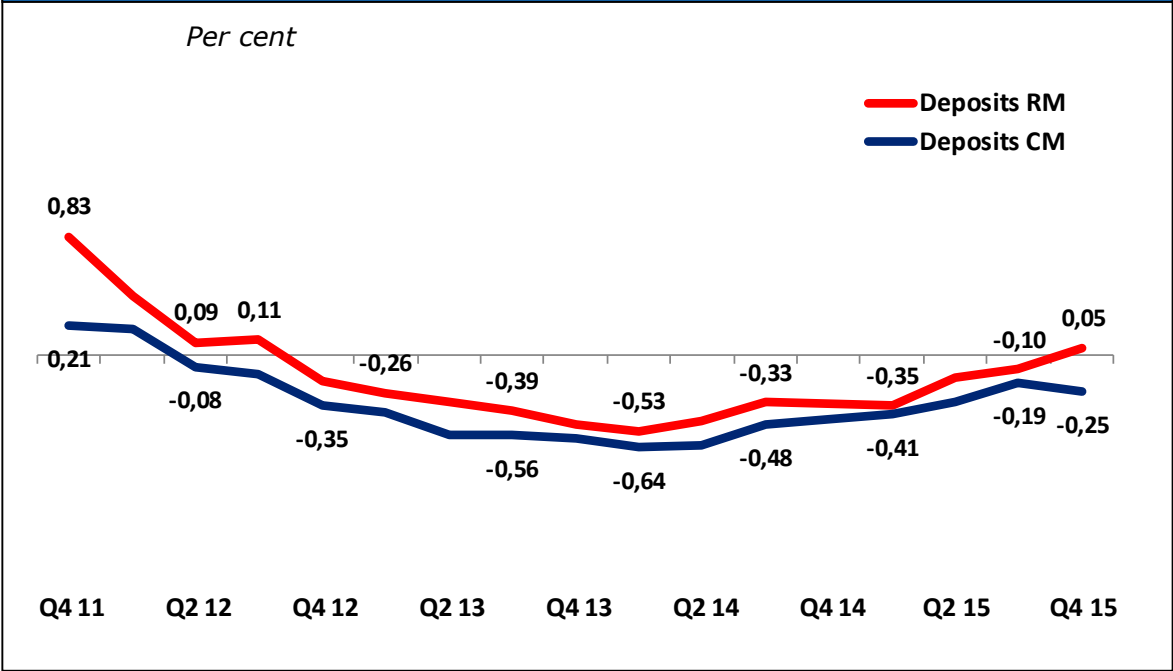


Loans



Deposit margins Retail and Corporate

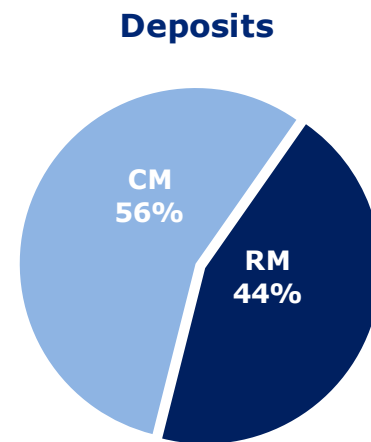
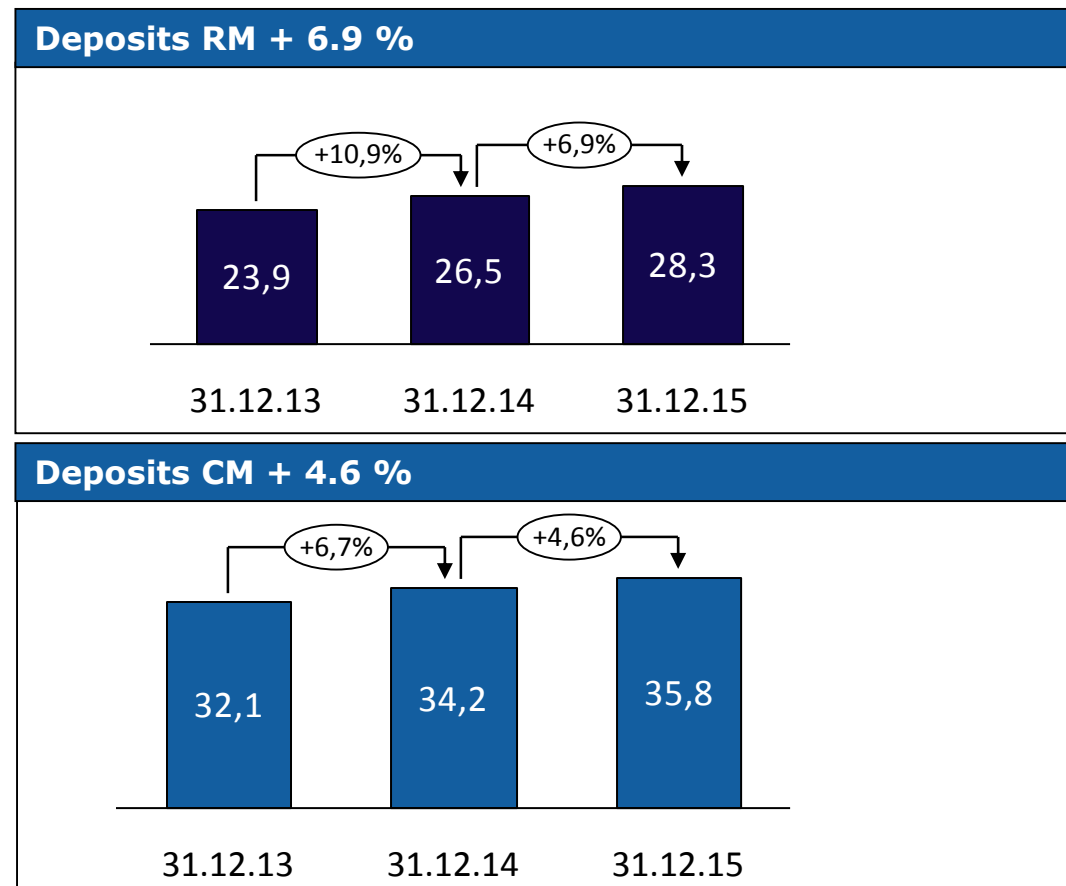
Per quarter from Q4 2011



Comments

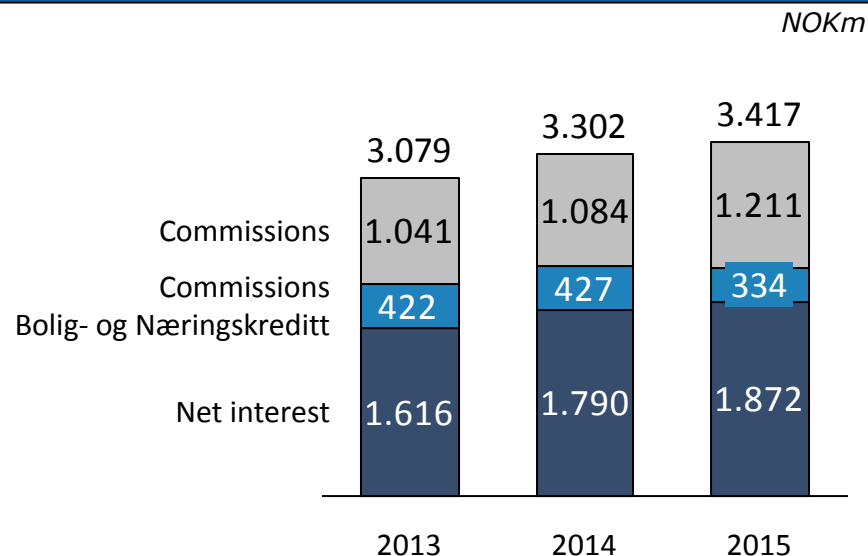
- Margin increased due to repricing
- Further repricing to be considered

Total growth deposits 5.6 % in 2015



Robust income platform and increased commission income

Net interest and other income



Commission 2014 and 2015

<i>mill kr</i>	30 Dec. 2015	30 Dec. 2014	Change
Payment transmission income	188	188	-1
Creditcards	56	50	6
Commissions savings	61	48	13
Commissions insurance	156	138	18
Guarantee commissions	72	57	15
Estate agency	332	315	17
Accountancy services	183	172	10
Markets	64	14	49
Assets management	21	20	1
Other commissions	78	81	-3
Commissions ex. Bolig/Næringskreditt	1.211	1.084	126
Boligkreditt	326	417	-91
Næringskreditt	8	10	-2
Total commission income	1.545	1.512	34

- The Group's income platform is robust
- Incomes derive from a wide range of products both from the parent bank, the subsidiaries, and the SpareBank 1 Group

Return on financial investments

	To date		Per quarter				
<i>NOKm</i>							
	2015	2014	Q4 15	Q3 15	Q2 15	Q1 15	Q4 14
Net gain and dividends on securities	62	202	-17	9	61	10	-15
Net gain on bonds and derivatives	-90	-66	-16	-116	32	11	-48
Change in discount factor in fair value model for fixed interest loans	-64		0	0	-64	0	0
Net gain on trading and derivatives Markets	102	57	20	18	16	48	11
Return on financial investments	11	193	-13	-90	44	69	-52

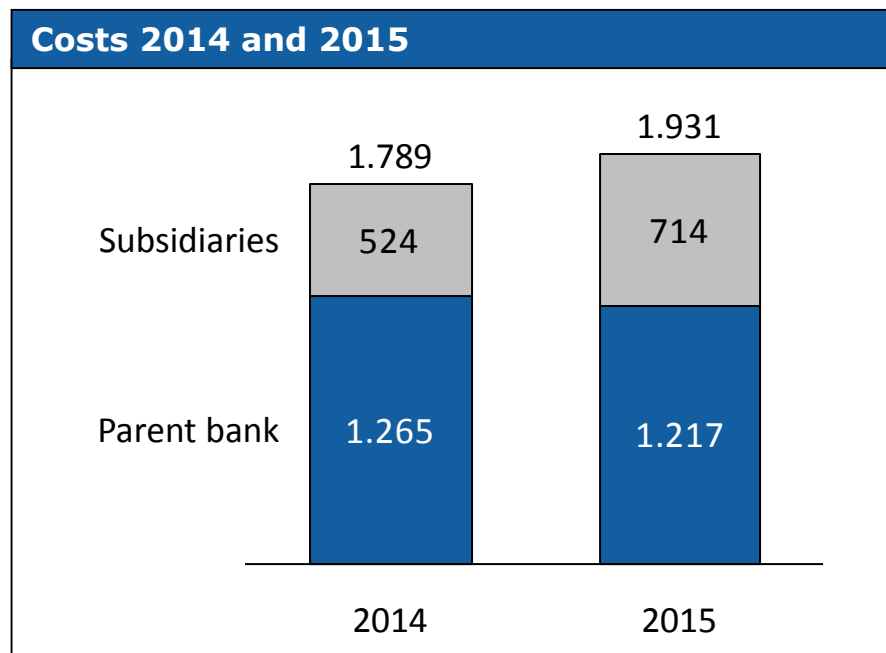
Subsidiaries

Profit subsidiaries pre tax	to date			per quarter				
	30 Dec. 2015	30 Dec. 2014	Change	Q4 15	Q3 15	Q2 15	Q1 15	Q4 14
EiendomsMegler 1 Midt-Norge (87 %)	47,0	50,9	-3,9	7,5	10,3	21,3	7,8	8,7
SpareBank 1 Regnskapshuset SMN	34,8	40,5	-5,7	8,8	5,7	12,4	7,9	16,4
SpareBank 1 Finans Midt-Norge (90 %)	83,1	67,9	15,1	19,5	20,1	22,2	21,3	18,1
Allegro Kapitalforvaltning (90 %)	1,4	2,6	-1,2	-0,7	0,7	1,0	0,3	3,9
SpareBank 1 SMN Invest	38,6	1,7	36,9	5,6	20,0	12,1	0,9	-29,4
SpareBank 1 Markets (73 %)	-84,1	-	-	-21,4	-52,6			

Associated companies

Profit shares after tax	To date			per quarter				
	30 Dec. 2015	30 Dec. 2014	Change	Q4 15	Q3 15	Q2 15	Q1 15	Q4 14
SpareBank 1 Gruppen (19,5 %)	251,4	358,0	-106,6	68,0	55,8	68,2	59,4	98,5
SpareBank 1 Boligkreditt (18,4 %)	79,7	37,5	42,1	15,1	14,5	9,1	41,0	14,8
SpareBank 1 Næringskreditt (29,3 %)	30,0	40,5	-10,5	8,0	6,6	7,3	8,1	10,1
BN Bank (33 %)	41,3	92,6	-51,3	10,6	-4,1	16,5	18,3	14,6
Companies owned by SpareBank 1 SMN Invest	27,1	30,5	-3,5	14,1	0,0	12,9	0,0	12,7
SpareBank 1 Kredittkort (18,4 %)	20,6	2,2	18,4	5,3	5,6	5,8	3,8	2,2

Costs, parent bank and subsidiaries

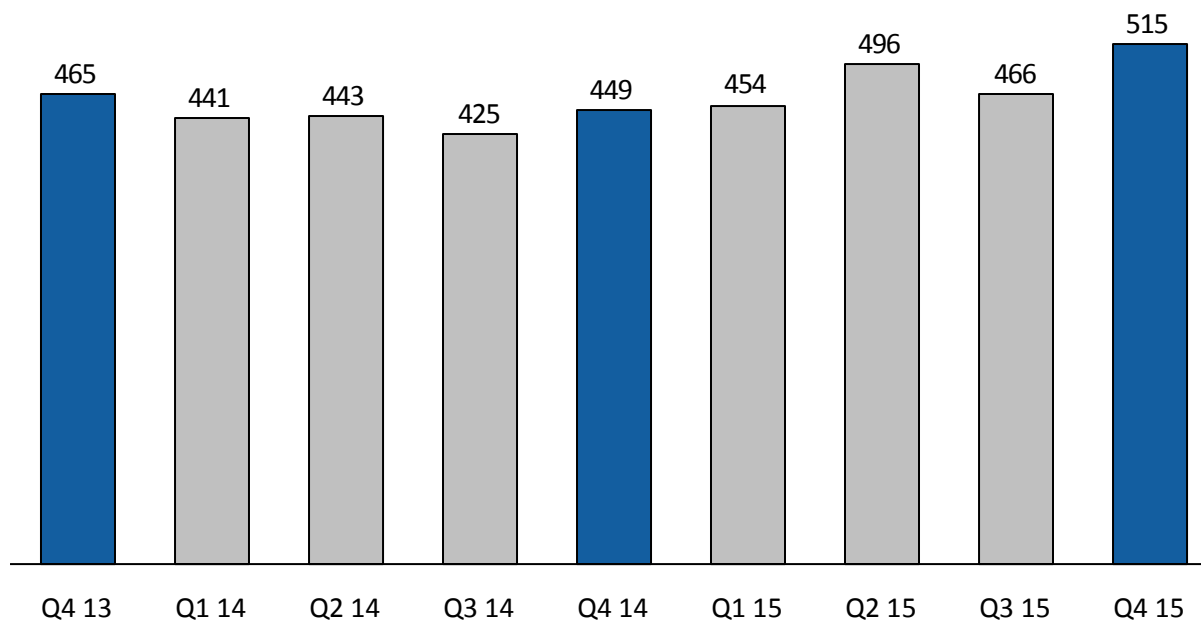


Comments

- Group costs have risen due to the consolidation of SpareBank 1 Markets as a subsidiary
- At the same time a cost reduction at the parent bank for the same reason
- When this, and one-time effects in 2014 / 2015 are taken into account, costs growth at the parent bank is 0.8 %

Cost development

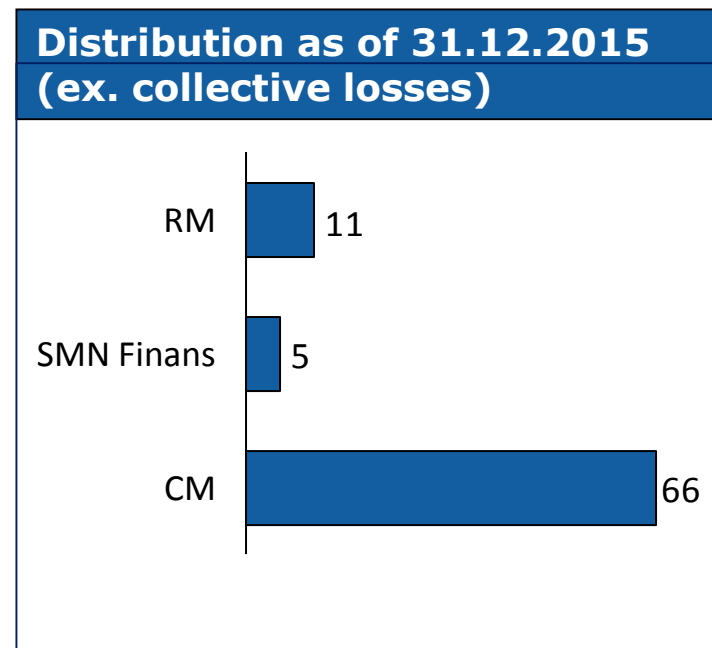
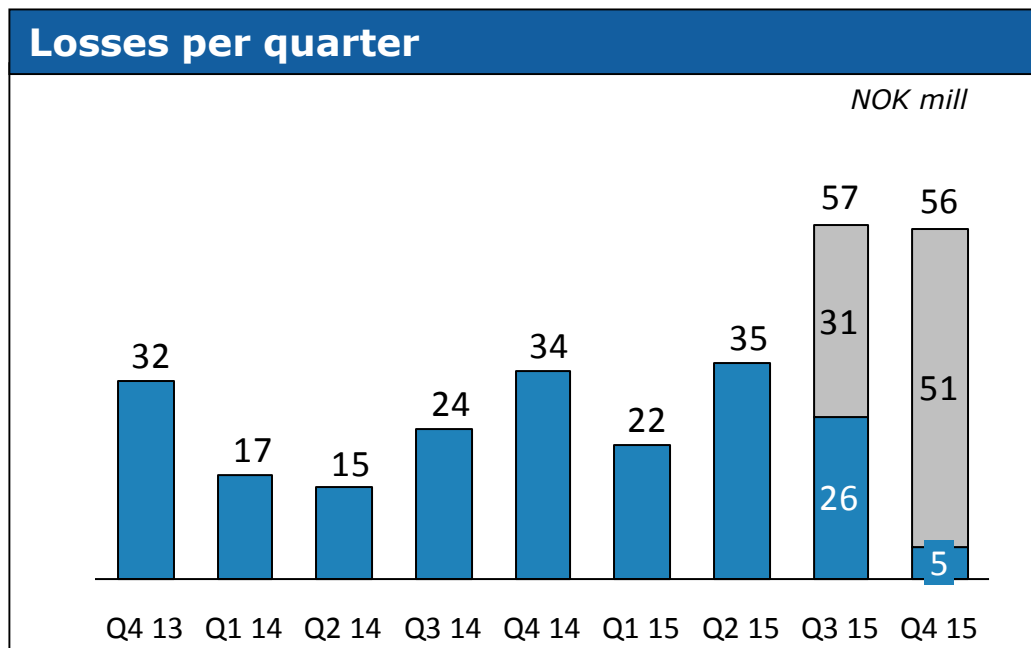
Total costs per quarter last 2 years



Comments

- Stable costs quarter by quarter
- High costs in Q4 15, but largely of a one-time nature
 - Employee get-together
 - Write-downs
 - Banking collaboration
 - Sponsor
 - Capital tax

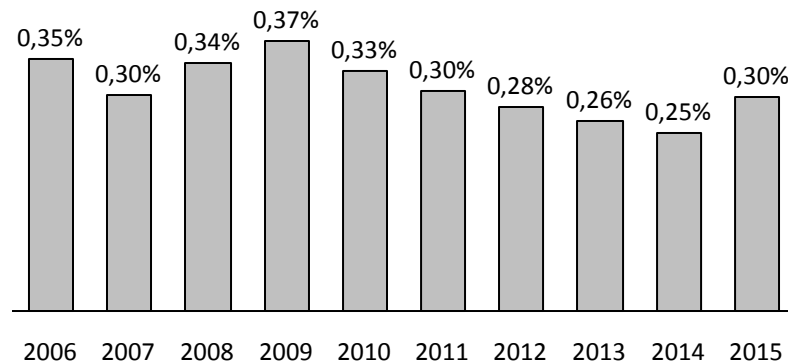
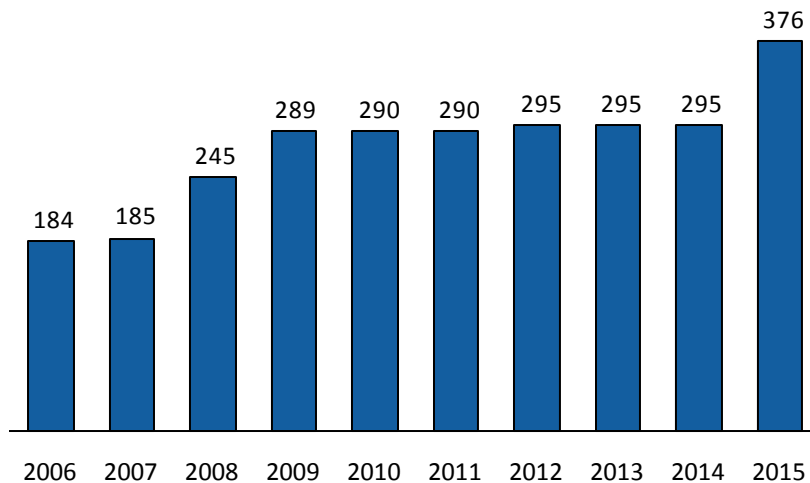
Low losses , 169 mNOK, 0.14 % of total gross lending, including 82 mNOK, 0.07 %, collective losses provisions



- Loan losses 0.14 % (0.08 %) of gross lending as of 31.12.2015

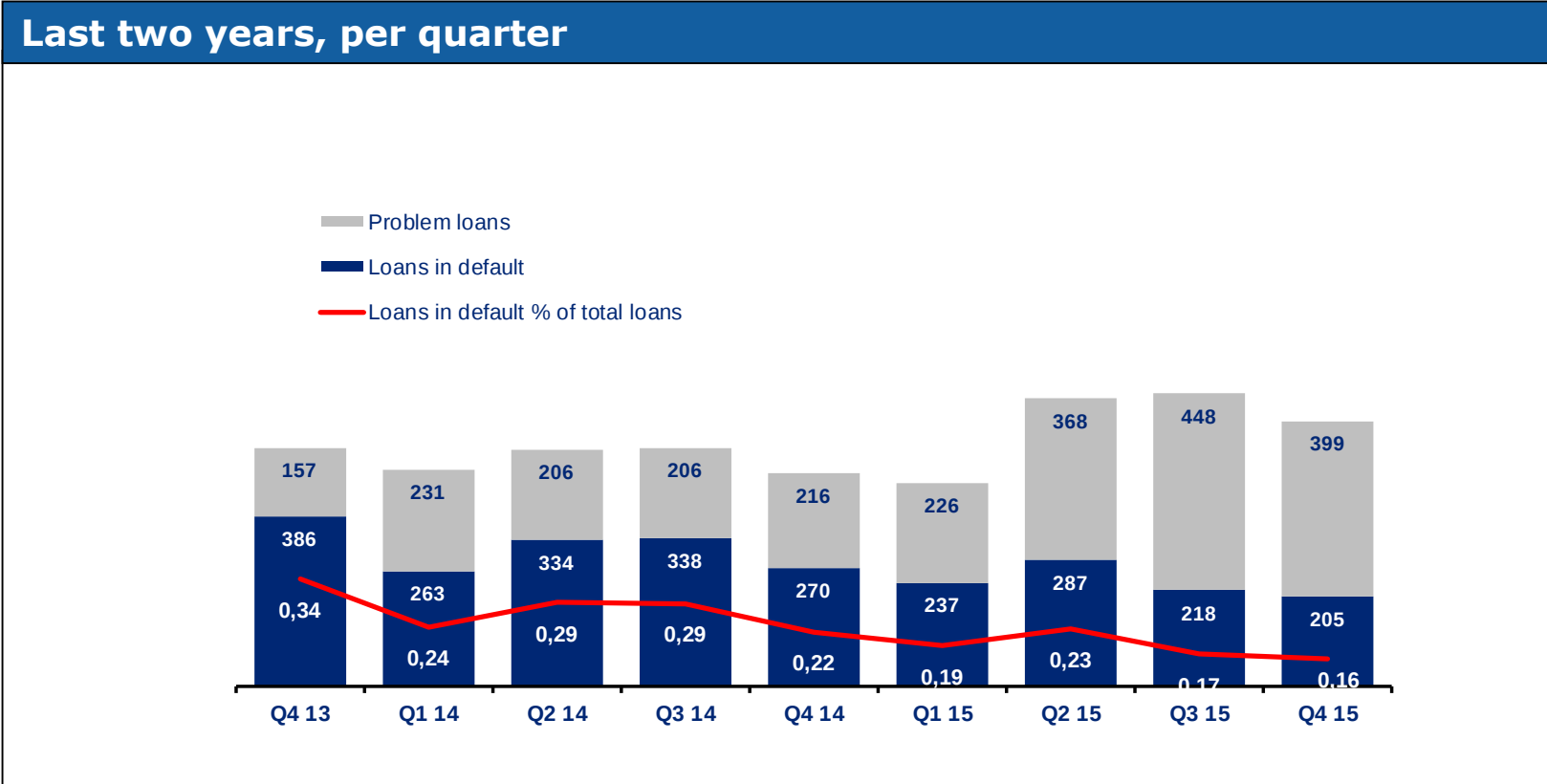
Collectively assesses write-downs

Last 10 years, NOKm and as a percentage of gross lending



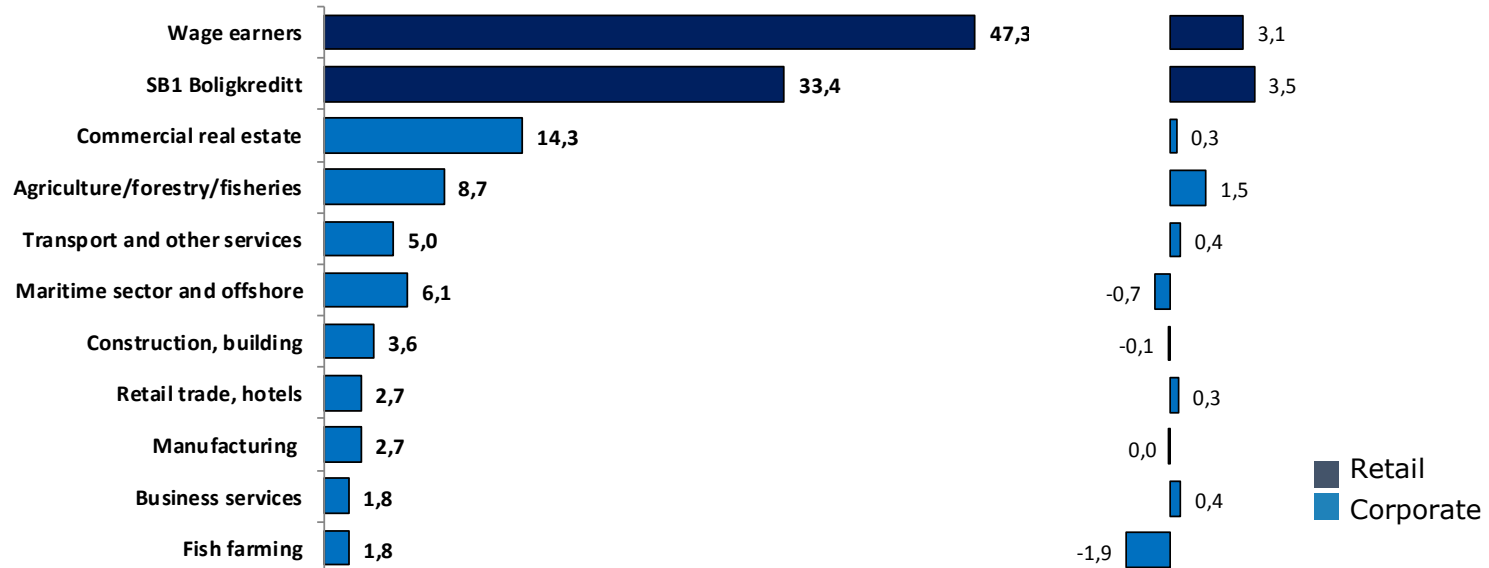
Defaults and other problem loans

Low levels



High share mortgages and diversified portfolio SMEs

Lending and change last 12 months by sector in mNOK



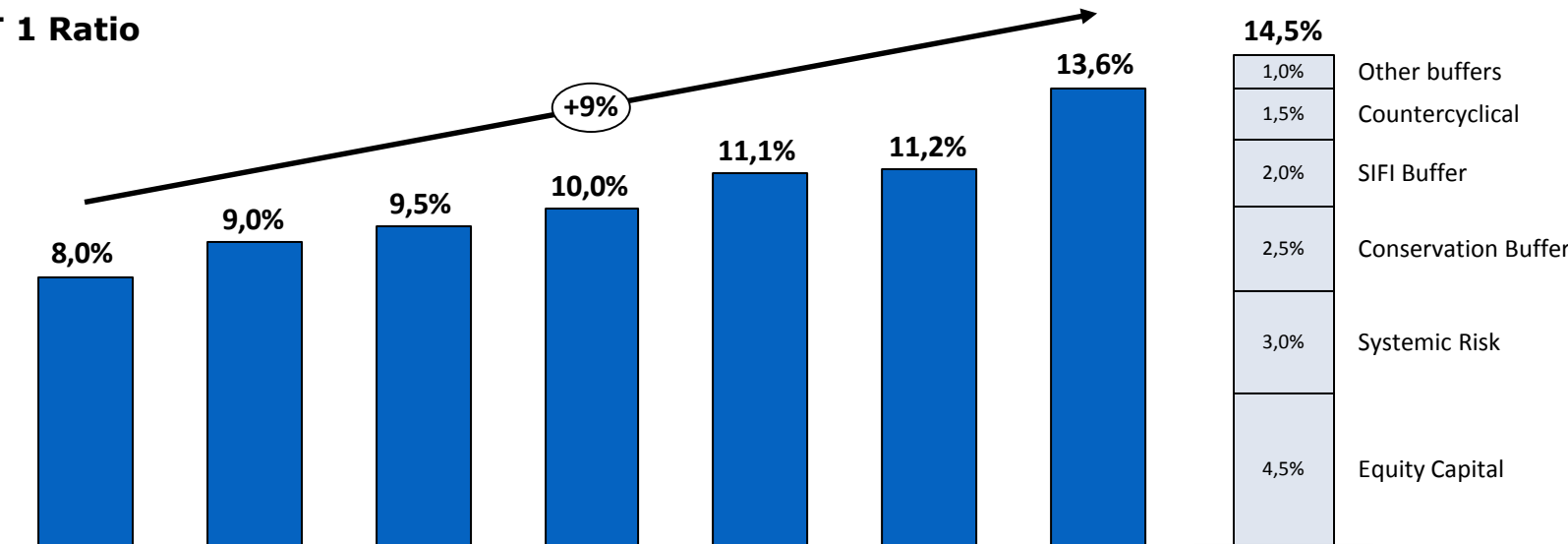
- Large portions of the retail market and primary industries are risk-dampening. The Group has a well diversified corporate market portfolio
- The growth is relatively diversified

Balance sheet

Last three years			
	30 Dec. 2015	30 Dec. 2014	30. Dec 2014
Funds available	21,4	20,1	20,1
Net loans	93,4	90,1	90,1
Securities	1,5	0,7	0,7
Investment in related companies	5,5	5,2	5,2
Goodwill	0,5	0,5	0,5
Other assets	9,5	9,4	9,4
TOTAL ASSETS	131,9	126,0	126,0
Capital market funding	43,3	42,1	42,1
Deposits	64,1	60,7	60,7
Othe liabilities	7,1	7,3	7,3
Subordinated debt	3,5	3,4	3,4
Equity	13,9	12,5	12,5
TOTAL DEBT AND EQUITY	131,9	126,0	126,0
in addition loans sold to Boligkreditt and Næringskreditt	33,4	29,9	29,9

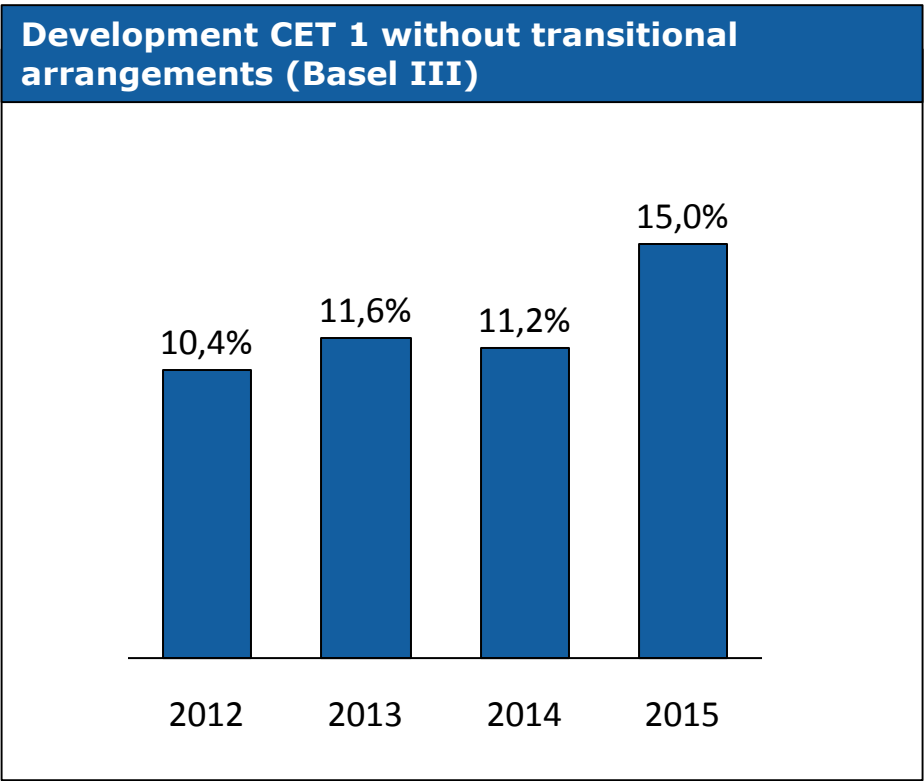
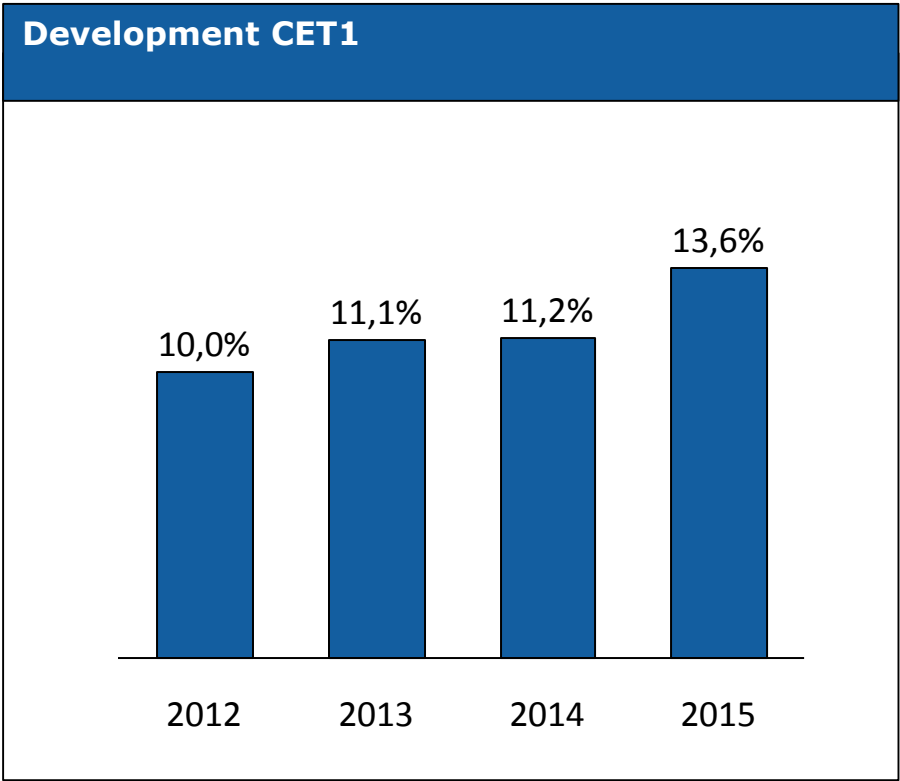
Development in common equity Tier 1 (capital and ratio), and ROE from 2009 to 2015

CET 1 Ratio

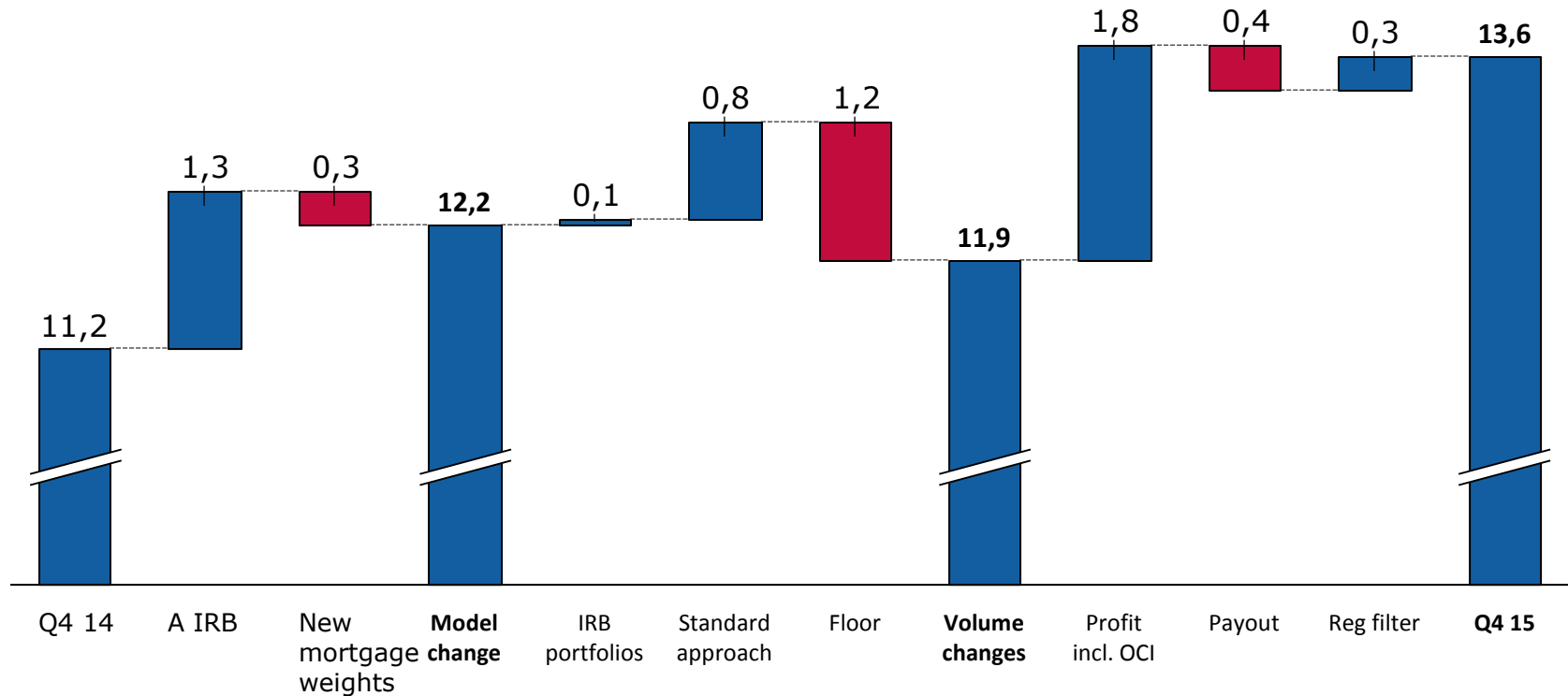


	2009	2010	2011	2012	2013	2014	2015	Goal dec. 2016
CET 1 Capital	4.938	6.177	6.687	8.254	9.374	10.679	12.192	
ROE	16,2 %	14,6 %	12,8 %	11,7 %	13,3 %	15,1 %	10,7 %	
RWA	64.400	66.688	75.337	82.450	84.591	95.322	89.465	

Strengthened capital



Group strengthened CET1 ratio by 240 points in 2015

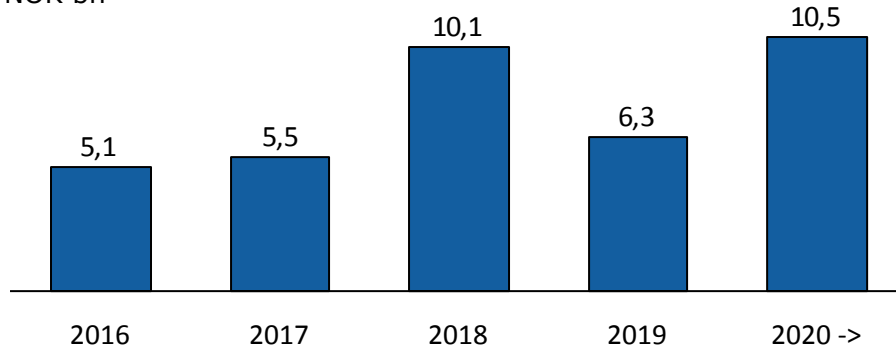


- AIRB has had a substantial positive effect on IRB capital requirement
- Underlying growth incl. BN Bank has been moderate, skewed towards exposures with lower risk weights
- The floor has offset parts of this effect and now constitutes 9% of aggregate capital requirement, compared with 0% as at 31.12.14
- Satisfactory profit, and lower effective payout ratio has strengthened CET1 by a substantial margin
- AIRB has enabled reduction in regulatory EL and deduction in CET1 capital has fallen in 2015

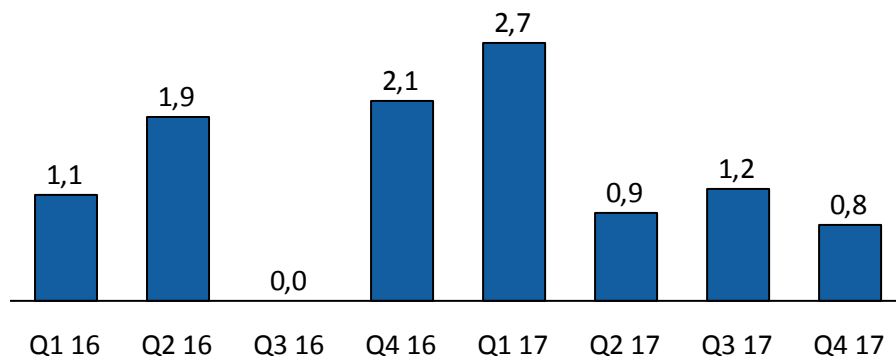
Satisfying access to capital market funding

Funding maturity 31. December 2015

In NOK bn



In NOK bn



Comments

- SpareBank 1 Boligkreditt is the main funding source through covered bonds. NOK 32 billion transferred as of 31. December 2015
- Maturities next two years NOK 11.3 bn :
 - NOK 5.1 bn in 2016
 - NOK 5.5 bn

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Hugin-Online: www.huginonline.no

Equity capital certificates in general:
www.grunnfondsbevis.no

Financial calender 2016

1. Quarter: 29. April 2015
2. Quarter: 11. august 2016
3. Quarter: 28. October 2016

Appendix



Cost growth in parent bank 0.8 %, SB1 Markets transaction taken into account

Change in costs 2014 – 2015

Expenses 2015	1.931,0
Expenses 2014	1.789,0
Change	142,0

Obtained as follows:

Parent bank	-48,1
Provision for reorganisation 2014	30,0
SMN Markets transferred to SB1 Markets	38,4
Parent bank, ex Provision reorganisation and SMN Markets	20,3

Personnel costs	-8,4
IT	5,0
Marketing / Sponsoring	11,0
Employee get together / Write downs	15,1
Other expenses	-2,4

Subsidiaries

Regnskapshuset SMN	12,6
EiendomsMegler 1	5,2
SpareBank 1 Finans Midt-Norge	6,9
SpareBank 1 Markets	188,2
Other subsidiaries	7,1

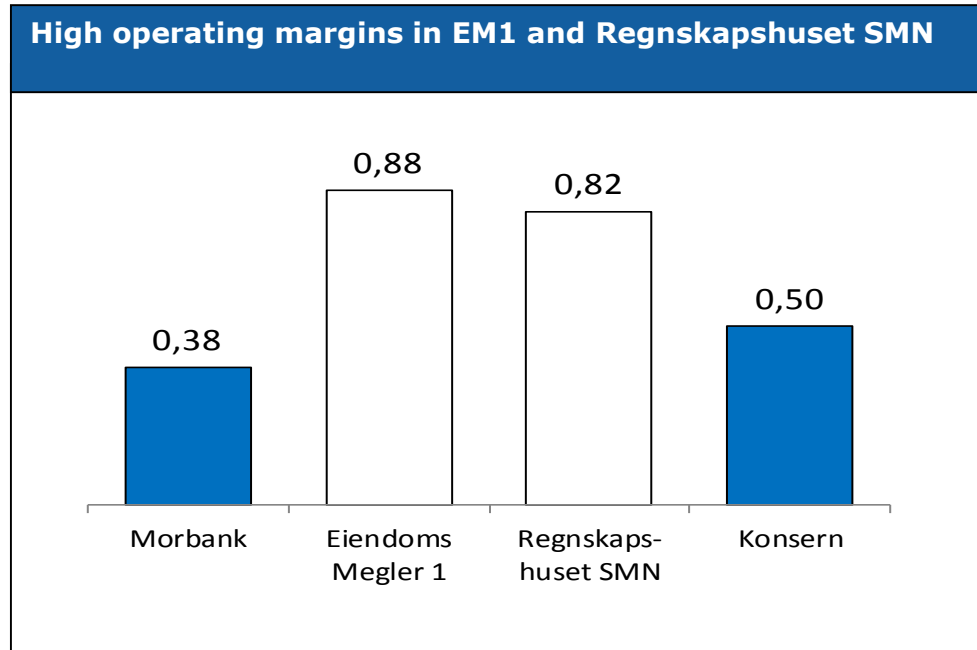
Group

Group effect SB1 Markets	149,8
Group, effect SB1 Markets taken into account	22,1

Modest cost growth

- Fewer FTEs reduces personnel costs
- The SB1 Markes transaction gives a high cost growth in the group

SpareBank 1 SMN will come across as cost-efficient not just on an individual basis but also as a group

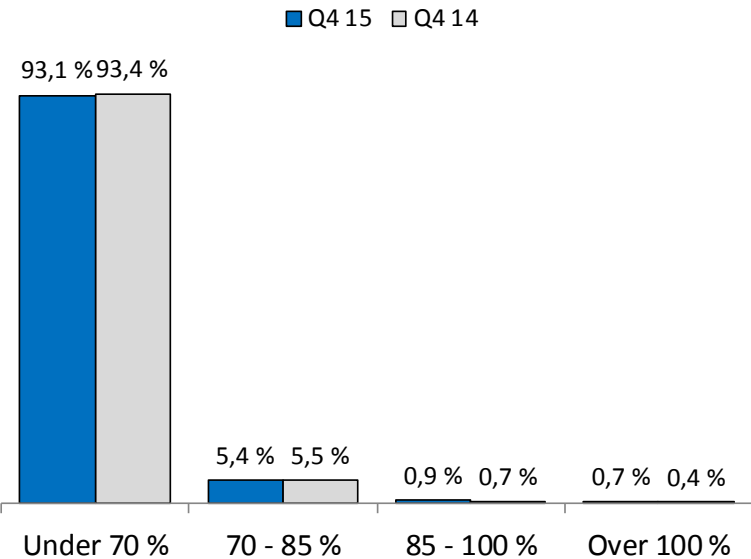


Profitable and non-capital-intensive subsidiaries:

- ① Both EM1 and Regnskapshuset SMN are companies making a sound profit – and requiring little equity capital compared with the group's other businesses
- ② In their respective segments they are highly cost-efficient
- ③ But pose a challenge to the group's cost / income ratio

Loan to value mortgages

Last two years

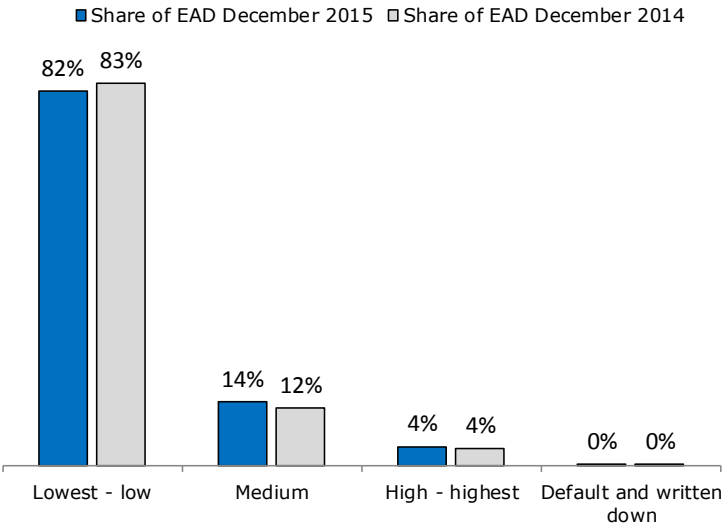


Comments

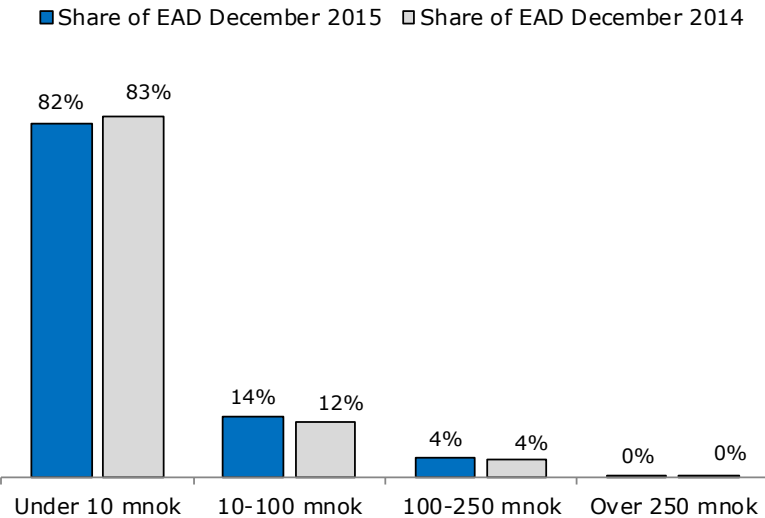
- 98.5 % of the exposure has an LTV of less than 85 %
- Exposure with LTV higher than 85 points 1.5 %

Stable credit risk

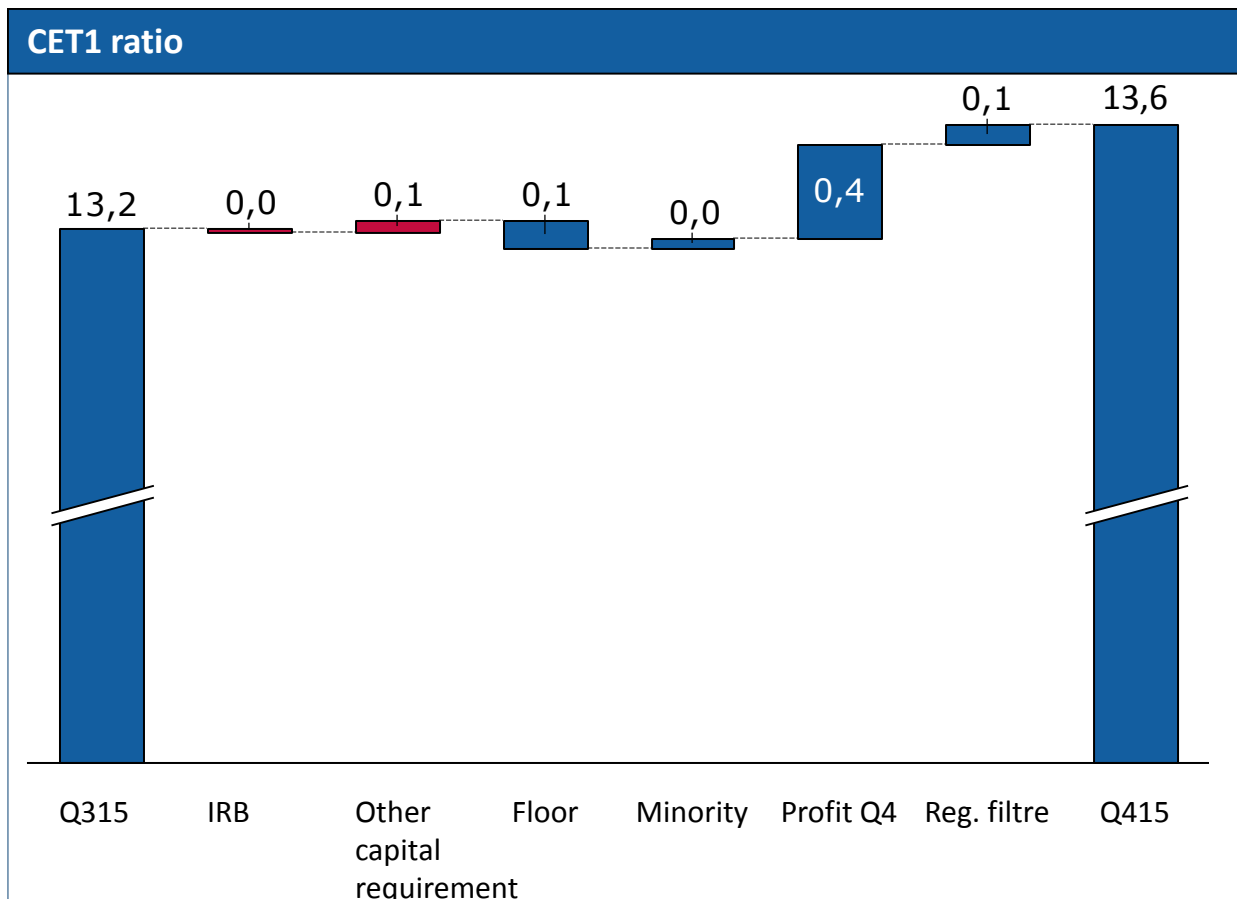
SpareBank 1 SMN's loans distributed on risk class and share of Exposure At Default



SpareBank 1 SMN's loans distributed on size of customer engagement and share of Exposure At Default



The Group strengthened CET1 ratio by 40 points in Q4 2015



Changes in Q4 15

40 points in strengthened CET1 capital influenced by one-time events.

- Little change in capital requirements from operations
- Increased floor
- Adjustment of calculation of qualifying share of minority interests
- Skewed payout ratio strengthens core capital
- Gain on Visa

Capital adequacy

Last two years

NOKm

	31.12.15	31.12.14
Core capital exclusive hybrid capital	12.192	10.674
Hybrid capital	1.796	1.707
Core capital	13.988	12.382
Supplementary capital	2.390	2.555
Total capital	16.378	14.937
Total credit risk IRB	4.082	4.748
Debt risk, Equity risk	74	398
Operational risk	457	416
Exposures calculated using the standardised approach	1.805	1.971
CVA	106	92
Transitional arrangements	634	0
Minimum requirements total capital	7.157	7.625
RWA	89.465	95.317
CET 1 ratio	13,6 %	11,2 %
Core capital ratio	15,6 %	13,0 %
Capital adequacy ratio	18,3 %	15,7 %

Key figures

Last three years

	30 Dec. 2015	30 Dec. 2014	30 Dec. 2013
Net interest	1,46	1,52	1,40
Comm. income and net retur on fin. inv.	1,56	1,89	1,51
Operating expenses	1,50	1,52	1,57
Net profit as a percentage of ATA	1,52	1,89	1,34
CET 1 ratio	13,6 %	11,2 %	10,0 %
Core capital ratio	15,6 %	13,0 %	11,3 %
Capital adequacy	18,3 %	15,7 %	14,7 %
Growth in loans incl.Boligkreditt	5,8 %	7,3 %	10,2 %
Growth in deposits	5,6 %	8,5 %	9,2 %
Deposit-to-loan ratio	68 %	67 %	70 %
RM share loans	63 %	62 %	60 %
Cost-income ratio	50 %	44 %	54 %
Return of equity	10,7 %	15,1 %	11,7 %
Impairment losses ratio	0,14 %	0,08 %	0,06 %

Key figures ECC

Including effects of issues

Last five years

	2015	2014	2013	2012	2011
ECC ratio	64,0 %	64,6 %	64,6 %	64,6 %	60,6 %
Total issued ECCs (mill)	129,83	129,83	129,83	129,83	102,76
ECC price	50,50	58,50	55,00	34,80	36,31
Market value (NOKm)	6.556	7.595	7.141	4.518	3.731
Booked equity capital per ECC	67,65	62,04	55,69	50,09	48,91
Post-tax earnings per ECC, in NOK	7,02	8,82	6,92	5,21	6,06
Dividend per ECC	2,25	2,25	1,75	1,50	1,85
P/E	7,19	6,63	7,95	5,99	6,68
Price / Booked equity capital	0,74	0,94	0,99	0,69	0,74