

# Investor Relations

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Supplementary information  
Fourth Quarter 2015



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**Information on the Internet**

SpareBank 1 SMN's home page [www.smn.no](http://www.smn.no)

ECC information in general [www.egenkapitalbevis.no](http://www.egenkapitalbevis.no)

**Financial Calendar 2016**

1st quarter 2016 29 April 2016  
2nd quarter 2016 11 August 2016  
3rd quarter 2016 28 October 2016

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# 1. SpareBank 1 SMN

## 1.1. Financial highlights

### January- December 2015

(Consolidated figures. Figures in parentheses refer to the same period of 2014 unless otherwise stated).

- Profit before tax and inv. held for sale: NOK 1,776 million (NOK 2,143 million)
- Net profit: NOK 1,406 million (NOK 1,782 million)
- Return on equity: 10.7 per cent (15.1 per cent)
- 12-month growth in lending (incl. SB1 Boligkreditt and SB1 Næringskreditt): 5.8 per cent (7.3 per cent)
- 12-month growth in deposits: 5.6 per cent (8.5 per cent)
- Loan losses: NOK 169 million (NOK 89 million), including collective write downs of NOK 82 million (0 million)
- Common equity tier 1 ratio: 13.6 per cent (11.2 per cent)
- Earnings per EC: NOK 7.02 (8.82)

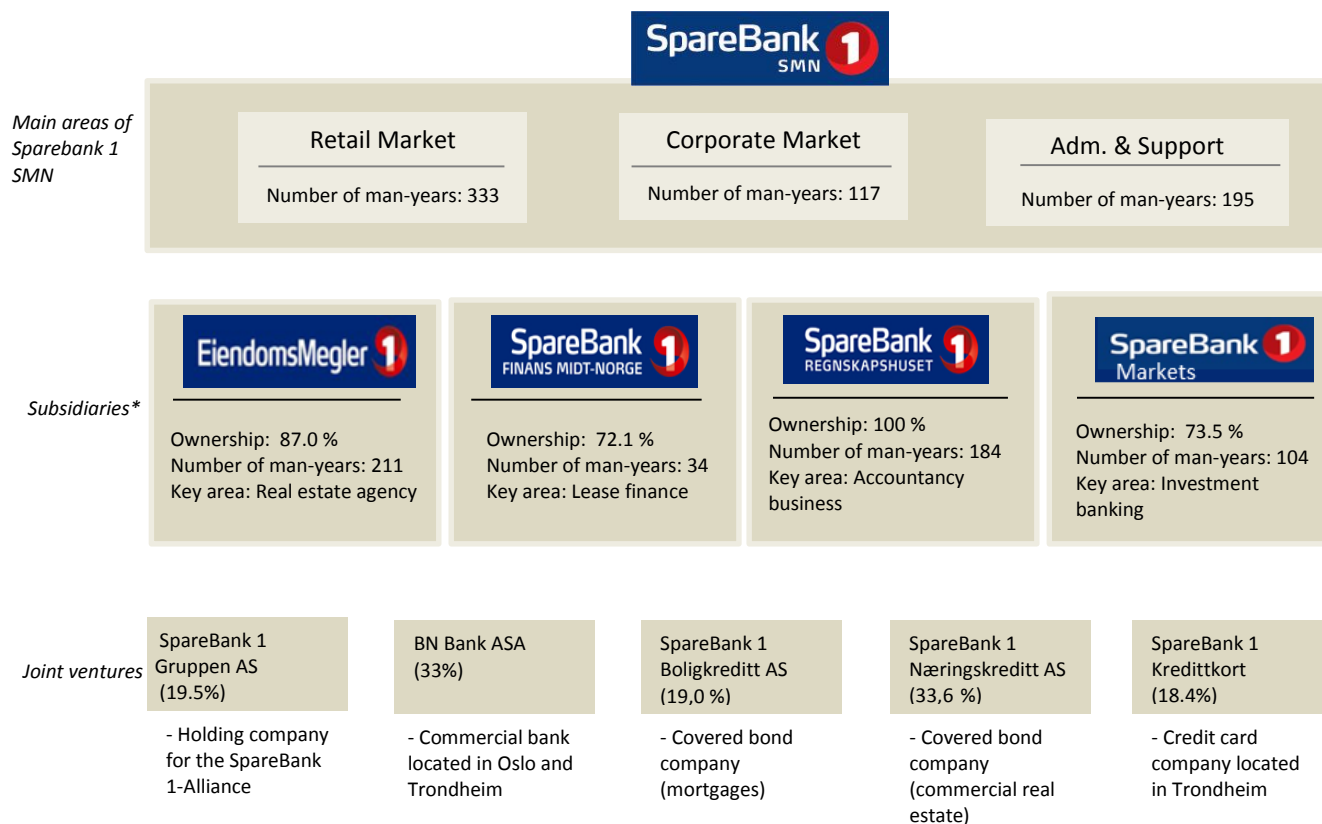
### Fourth quarter 2015

- Profit before tax and inv. held for sale: NOK 388 million (NOK 434 million)
- Net profit: NOK 287 million (NOK 375 million)
- Return on equity: 8.4 per cent (12.1 per cent)
- Loan losses: NOK 56 million (NOK 34 million), including collective write downs of NOK 51 million (0 million)
- Earnings per EC: NOK 1.45 (NOK 1.85)

## 1.2. Business description

SpareBank 1 SMN is Mid-Norway's largest bank with assets totalling NOK 132 billion at the end of December 2015. Head office is in Trondheim. SpareBank 1 SMN employs 1,208 FTE, including subsidiaries, and provides a full range of products and services within financing, investments, money transfers, pensions as well as life and non-life insurance.

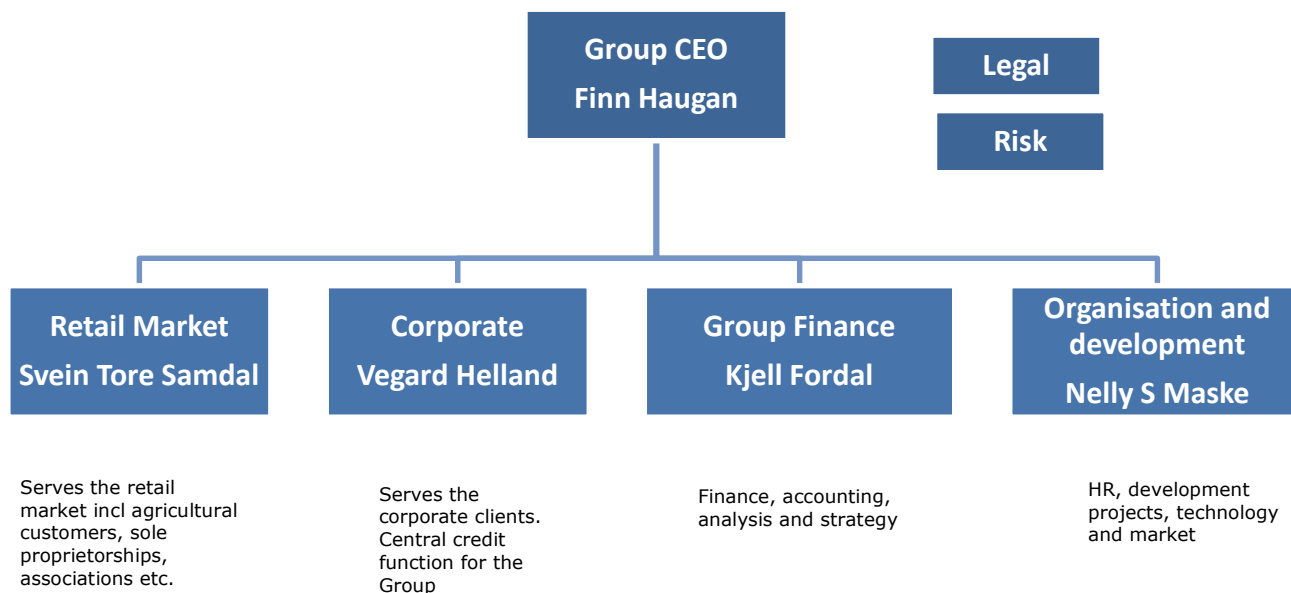
### SpareBank 1 SMN's activities



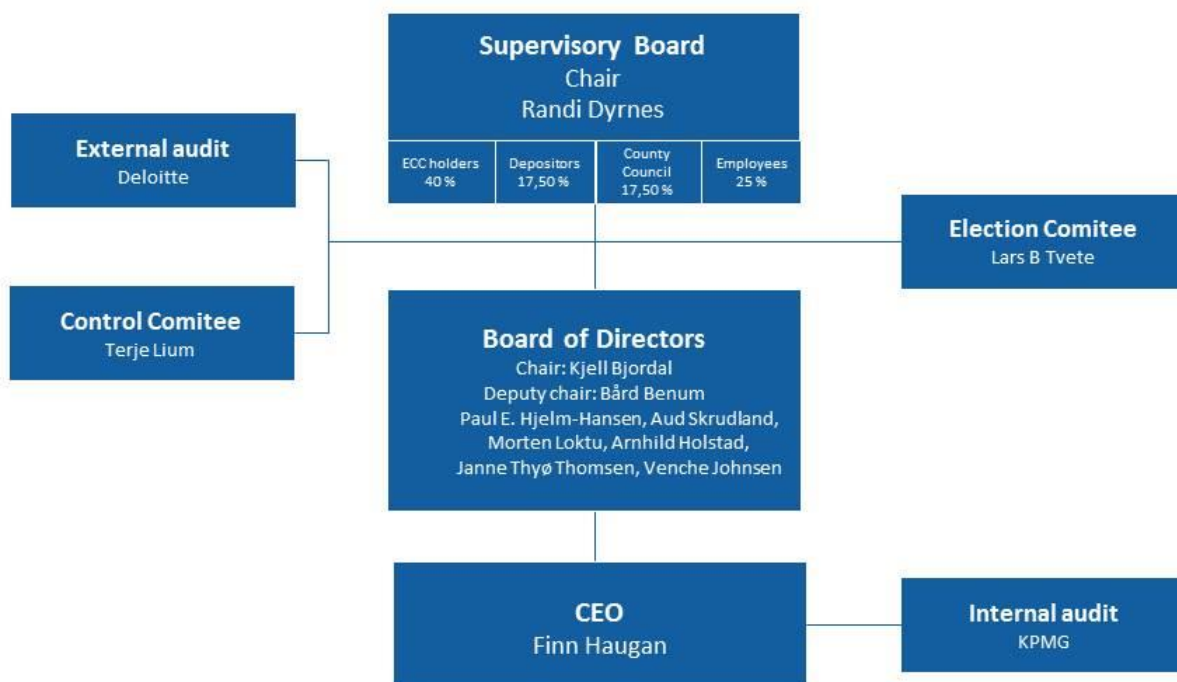
\*In addition SpareBank 1 SMN has subsidiaries with activities covering asset management, investments in regional seed corn, venture and private equity funds, property companies and car fleet management. These subsidiaries account for 29 man-years

**Organisation of SpareBank 1 SMN**

The Bank's operational structure as of January 1<sup>st</sup> 2016:

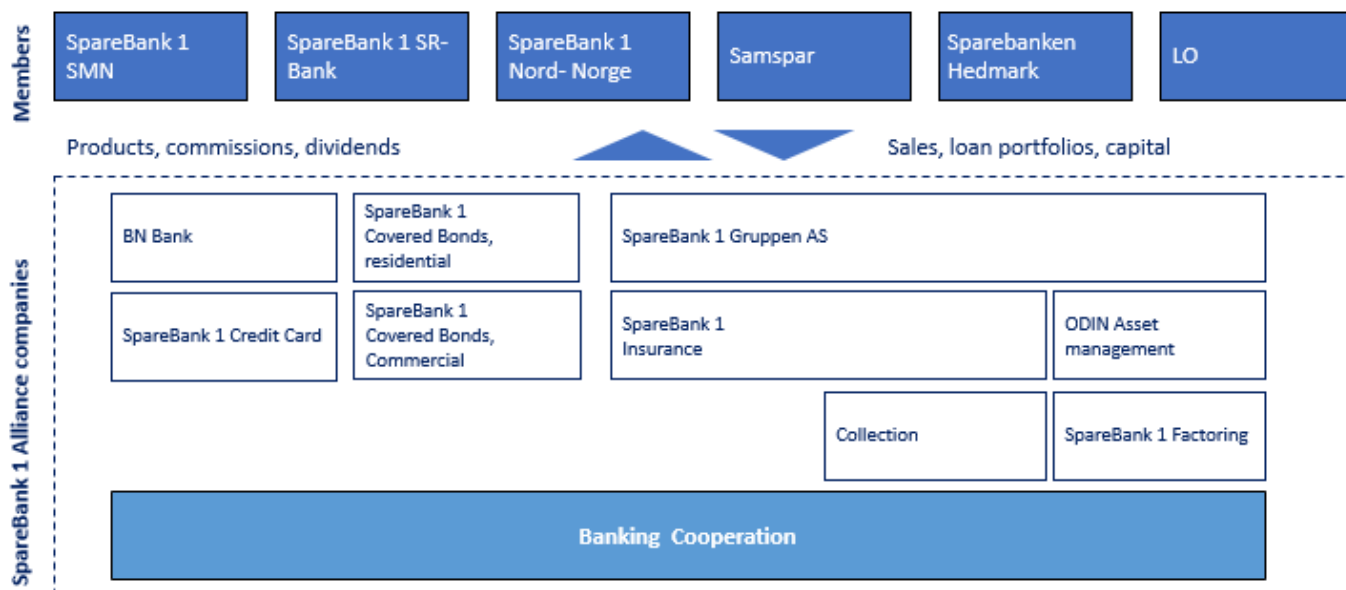


### Overview of governing and control bodies

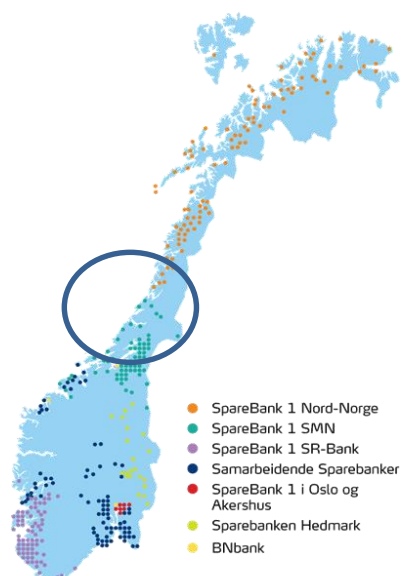


### SpareBank 1 Alliance

SpareBank 1 SMN was one of the founding partners of the SpareBank 1 Alliance ("the Alliance") in 1996. The Alliance consists of closely cooperating savings banks, all of them being independent and locally anchored banks. The purpose of the SpareBank 1 Alliance is for members to develop, procure and supply competitive financial services and products and to exploit economies of scale. The Alliance canalize a lot of its mutual interests through SpareBank 1 Gruppen AS, a holding company of life and non-life insurance, mutual funds, a broker-dealer and other companies. The Alliance is the 2<sup>nd</sup> largest Norwegian financial group with a wide distribution all over Norway.



\*) LO: The Norwegian Confederation of Trade Unions



### 1.3. Credit ratings

<i>Moody's</i>	<b>Today's rating</b>	<b>2015</b>	<b>2014</b>	<b>Year end</b>		<b>2011</b>	<b>2010</b>
				<b>2013</b>	<b>2012</b>		
Outlook	Stable	Stable	Negative	Stable	Rating(s) under review	Stable	Stable
Issuer Rating	A1	A1	A2	A2	A2	A1	A1
Bank Deposits	A1/P-1	A1/P-1	A2/P-1	A2/P-1	A2/P-1	A1/P-1	A1/P-1
Senior Unsecured	A1	A1	A2	A2	A2	A1	A1
Subordinate	Baa2	Baa2	Baa2	Baa3	Baa3	A2	A2

<i>Fitch</i>	<b>Today's rating</b>	<b>2015</b>	<b>2014</b>	<b>Year end</b>		<b>2011</b>	<b>2010</b>
				<b>2013</b>	<b>2012</b>		
Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Negative
Long-term IDR	A-	A-	A-	A-	A-	A-	A
Short-term IDR	F2	F2	F2	F2	F2	F2	F1
Support rating	3	3	3	3	3	3	3



## 1.4. Equity capital certificate (MING)

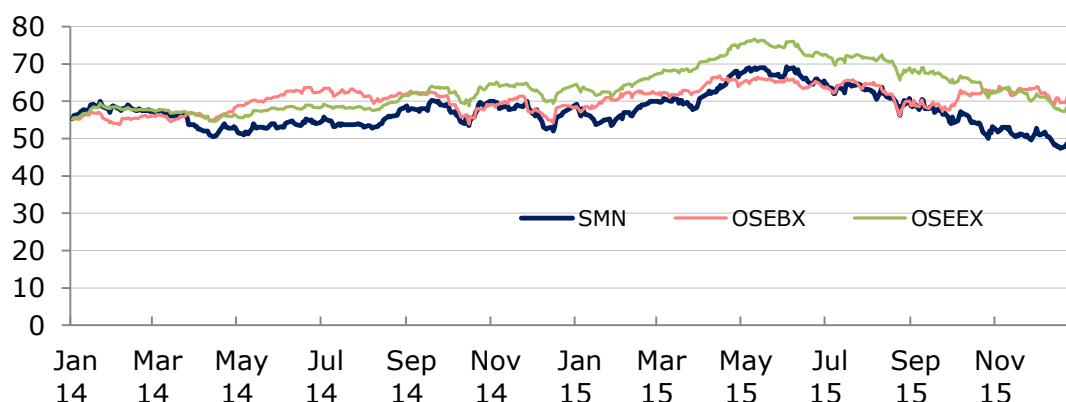
The key figures are corrected for issues.

31 December 2015 the price of the Bank's ECC was NOK 50.50 (NOK 58.50). Earnings per ECC were NOK 7.02 (NOK 8.82). Book value per ECC was NOK 67.65 (NOK 62.04) as of 31 December 2015.

### Key figures

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
ECC price	50,50	54,00	65,50	59,50	58,50	50,50	58,50	55,00
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)	67,65	65,52	64,18	61,95	62,04	67,65	62,04	55,69
Adjusted profit per ECC	1,45	1,26	2,13	2,18	1,85	7,02	8,82	6,92
P/E per ECC	8,71	10,72	7,70	6,81	7,89	7,19	6,63	7,95
P/B equity capital	0,75	0,82	1,02	0,96	0,94	0,75	0,94	0,99

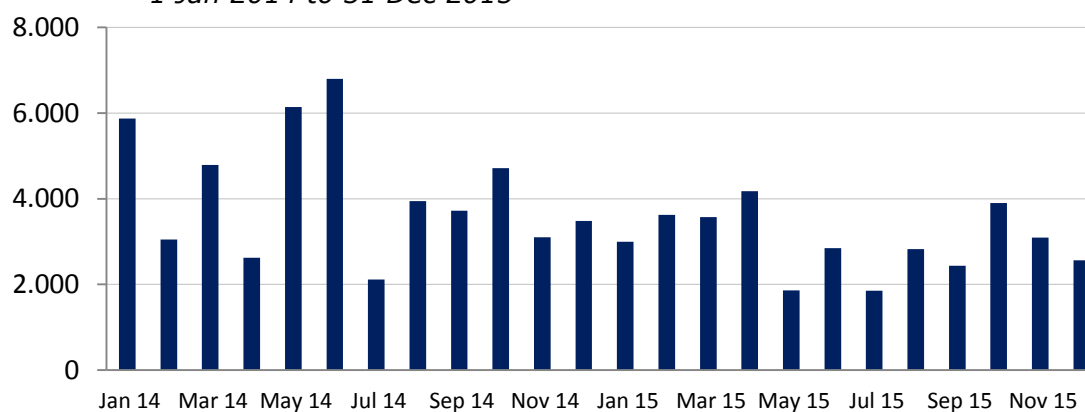
Stock price compared with OSEBX<sup>1)</sup> and OSEEX<sup>2)</sup>  
1 Jan 2014 to 31 Dec 2015



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

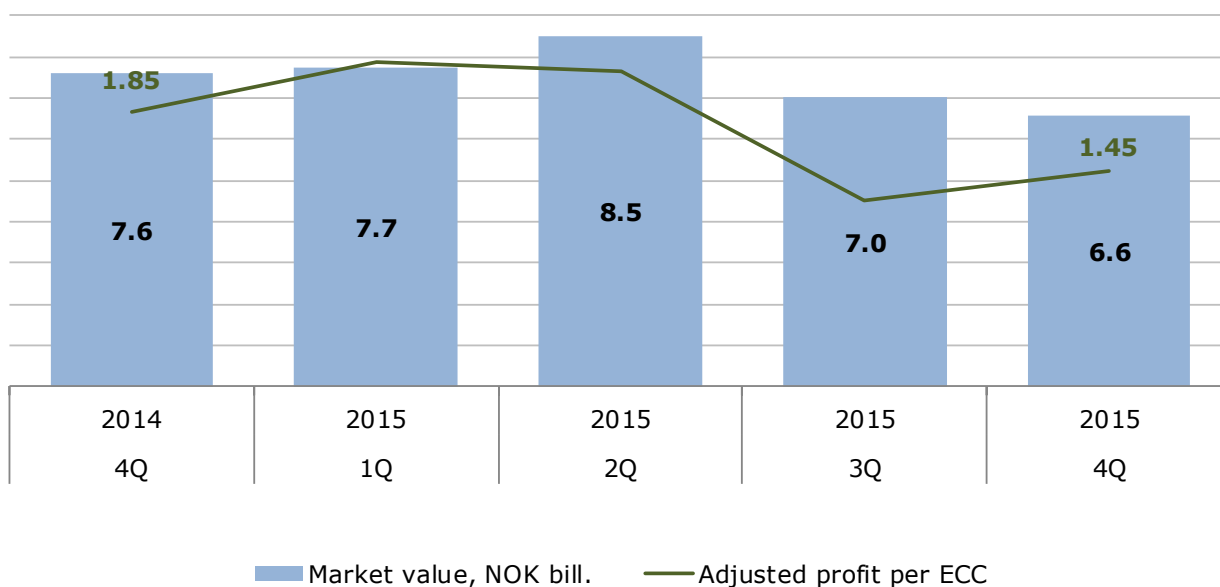
2) OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics<sup>1)</sup>  
1 Jan 2014 to 31 Dec 2015



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

### Market value and profit per ECC



### Equity certificates ratio (parent bank)

(in NOK million)	31 Dec. 2015	30 Sept. 2015	30 Jun. 2015	31 Mar. 2015	31 Dec. 2014	31 Dec. 2013
ECC capital	2,597	2,597	2,597	2,597	2,597	2,597
Dividend equalisation reserve	3,790	3,122	3,122	3,122	3,122	2,496
Premium reserve	895	895	895	895	895	895
Unrealised gains reserve	179	90	90	90	90	126
<b>A. The equity certificate owner's capital</b>	<b>7,461</b>	<b>6,704</b>	<b>6,704</b>	<b>6,704</b>	<b>6,704</b>	<b>6,114</b>
Saving bank reserve	4,105	3,619	3,619	3,619	3,619	3,276
Unrealised gains reserve	100	49	49	49	49	69
<b>B. The saving bank reserve</b>	<b>4,205</b>	<b>3,668</b>	<b>3,668</b>	<b>3,668</b>	<b>3,668</b>	<b>3,345</b>
Provision for gifts	40	-	-	-	160	124
Recommended dividends	292	-	-	-	292	227
<b>Equity ex. profit</b>	<b>11,998</b>	<b>10,372</b>	<b>10,372</b>	<b>10,372</b>	<b>10,824</b>	<b>9,811</b>
Equity certificates ratio A/(A+B)	63.96 %	64.64 %	64.64 %	64.64 %	64.64 %	64.64 %
Equity certificates ratio for distribution	63.96 %	64.64 %	64.64 %	64.64 %	64.64 %	64.64 %

*20 largest ECC holders*

<b>Owner</b>	<b>Number</b>	<b>Ownership in %</b>
VPF Nordea Norge Verdi	4,810,413	3.70 %
Verdipapirfondet DNB Norge (IV)	4,147,494	3.19 %
Sparebankstiftelsen SMN	3,965,391	3.05 %
VPF Odin Norge	3,826,686	2.95 %
State Street Bank and Trust CO (nominee)	3,472,091	2.67 %
VPF Odin Norden	3,363,290	2.59 %
VPF Pareto Aksje Norge	2,909,106	2.24 %
Vind LV AS	2,736,435	2.11 %
VPF Danske Invest Norske Aksjer Inst. II	2,400,567	1.85 %
Wimoh Invest AS	2,359,388	1.82 %
The Bank of New York Mellon (nominee)	1,892,398	1.46 %
Pareto AS	1,821,202	1.40 %
MP Pensjon PK	1,792,160	1.38 %
Forsvarets Personellservice	1,674,646	1.29 %
JP Morgan Chase Bank (Nominee)	1,611,137	1.24 %
VPF Nordea Kapital	1,383,148	1.07 %
DNB Livsforsikring AS	1,355,550	1.04 %
State Street Bank and Trust CO (nominee)	1,329,561	1.02 %
Verdipapirfondet DNB Norge Selektiv (III)	1,325,444	1.02 %
VPF Danske Invest Norske Aksjer Inst. I	1,207,123	0.93 %
<b>Total 20 largest shareholders</b>	<b>49,383,230</b>	<b>38.03 %</b>
Others	80,453,213	61.97 %
<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 2014.

### 2.1. Main figures\*\*

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Net interest	473	466	467	467	485	1,872	1,790	1,616
Commission income and other income	378	378	413	377	371	1,545	1,512	1,463
Net return on financial investments	109	-13	165	198	91	459	720	502
<b>Total income</b>	<b>959</b>	<b>831</b>	<b>1,044</b>	<b>1,042</b>	<b>947</b>	<b>3,876</b>	<b>4,021</b>	<b>3,580</b>
<b>Total operating expenses</b>	<b>515</b>	<b>466</b>	<b>496</b>	<b>454</b>	<b>479</b>	<b>1,931</b>	<b>1,789</b>	<b>1,722</b>
<b>Result before losses</b>	<b>444</b>	<b>364</b>	<b>548</b>	<b>588</b>	<b>467</b>	<b>1,945</b>	<b>2,232</b>	<b>1,859</b>
Loss on loans, guarantees etc.	56	56	35	22	34	169	89	101
<b>Result before tax</b>	<b>388</b>	<b>309</b>	<b>513</b>	<b>567</b>	<b>434</b>	<b>1,776</b>	<b>2,143</b>	<b>1,758</b>
Tax charge	100	61	83	126	60	370	362	388
Results investments held for sale, after tax	0	0	0	0	0	-1	0	30
<b>Net profit</b>	<b>287</b>	<b>248</b>	<b>430</b>	<b>441</b>	<b>375</b>	<b>1,406</b>	<b>1,782</b>	<b>1,400</b>

### Balance sheet - condensed

Balance (in NOK million)	31 Dec.	30 Sept.	30 Jun.	31 Mar.	31 Dec.
	2015	2015	2015	2015	2014
Total assets	131,914	129,237	130,888	123,687	126,047
Average total assets (quarterly)	130,575	130,063	127,288	124,867	121,620
Gross loans to customers *	127,378	126,180	124,519	122,933	120,435
Deposits from customers	64,090	63,620	66,186	60,589	60,680
Total equity capital	13,904	13,455	13,191	12,521	12,524

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

\*\*As from the second quarter of 2015 SpareBank 1 Markets is consolidated as a subsidiary of SpareBank 1 SMN, bringing an increase in the Group's gross incomes and expenses.

<i>Key figures</i>	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Return on equity	8,4 %	7,4 %	13,4 %	14,1 %	12,1 %	10,7 %	15,1 %	13,3 %
Common Equity Tier 1 ratio	13,6 %	13,2 %	12,7 %	12,3 %	11,2 %	13,6 %	11,2 %	11,1 %
Cost/income ratio group	54 %	56 %	47 %	44 %	51 %	50 %	44 %	48 %
Growth in loans incl Boligkreditt and Næringskreditt last 12 months	5,8 %	8,3 %	8,4 %	10,0 %	7,3 %	5,8 %	7,3 %	6,8 %
Growth in deposits last 12 months	5,6 %	9,5 %	11,4 %	10,9 %	8,5 %	5,6 %	8,5 %	7,3 %
Deposits-to-loan ratio	68 %	67 %	70 %	66 %	67 %	68 %	67 %	69 %
Impairment losses ratio	0,18 %	0,18 %	0,11 %	0,07 %	0,11 %	0,14 %	0,08 %	0,09 %
Non-performing commitm. as % of gross loans	0,13 %	0,17 %	0,23 %	0,19 %	0,22 %	0,13 %	0,22 %	0,34 %
ECC price	50,50	54,00	65,50	59,50	58,50	50,50	58,50	55,00
Booked equity capital per ECC (incl. dividend)	67,65	65,52	64,18	61,95	62,04	67,65	62,04	55,69
Adjusted profit per ECC	1,45	1,26	2,13	2,18	1,85	7,02	8,82	6,92

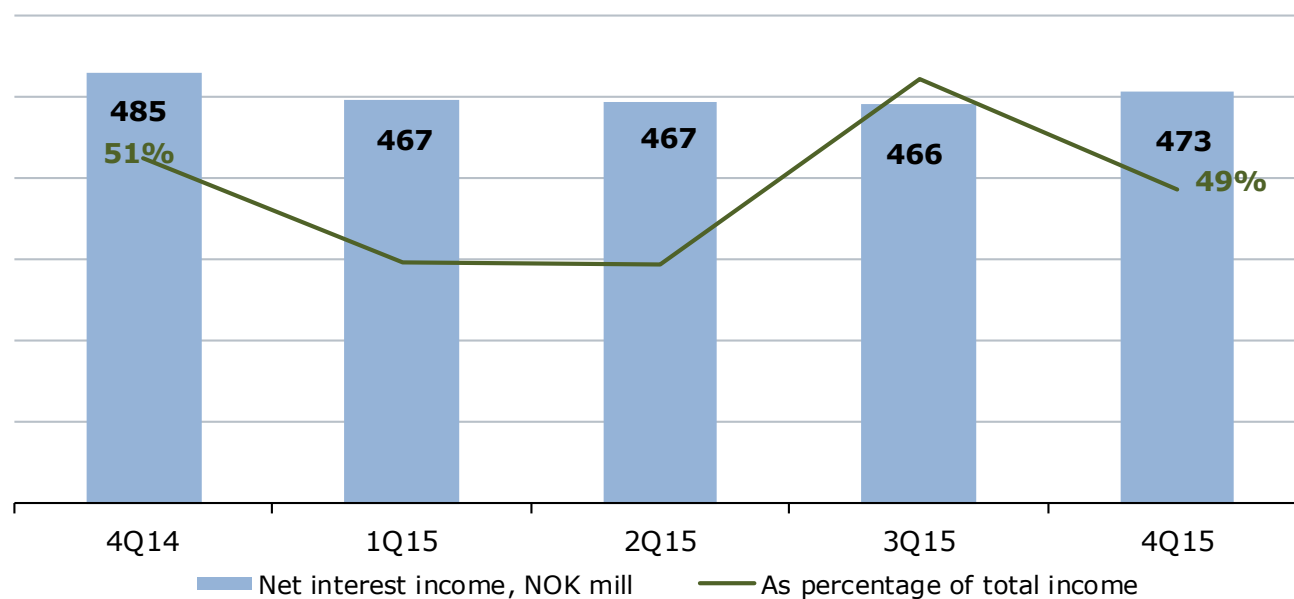
## 2.2. Net interest income\*)

### Net interest income

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Interest income	962	1,058	992	1,019	1,103	4,031	4,265	4,118
Interest expenses	489	593	525	552	618	2,159	2,475	2,502
<b>Net interest income</b>	<b>473</b>	<b>466</b>	<b>467</b>	<b>467</b>	<b>485</b>	<b>1,872</b>	<b>1,790</b>	<b>1,616</b>
<b>As percentage of total income</b>	<b>49 %</b>	<b>56 %</b>	<b>45 %</b>	<b>45 %</b>	<b>51 %</b>	<b>48 %</b>	<b>45 %</b>	<b>45 %</b>

\*) 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



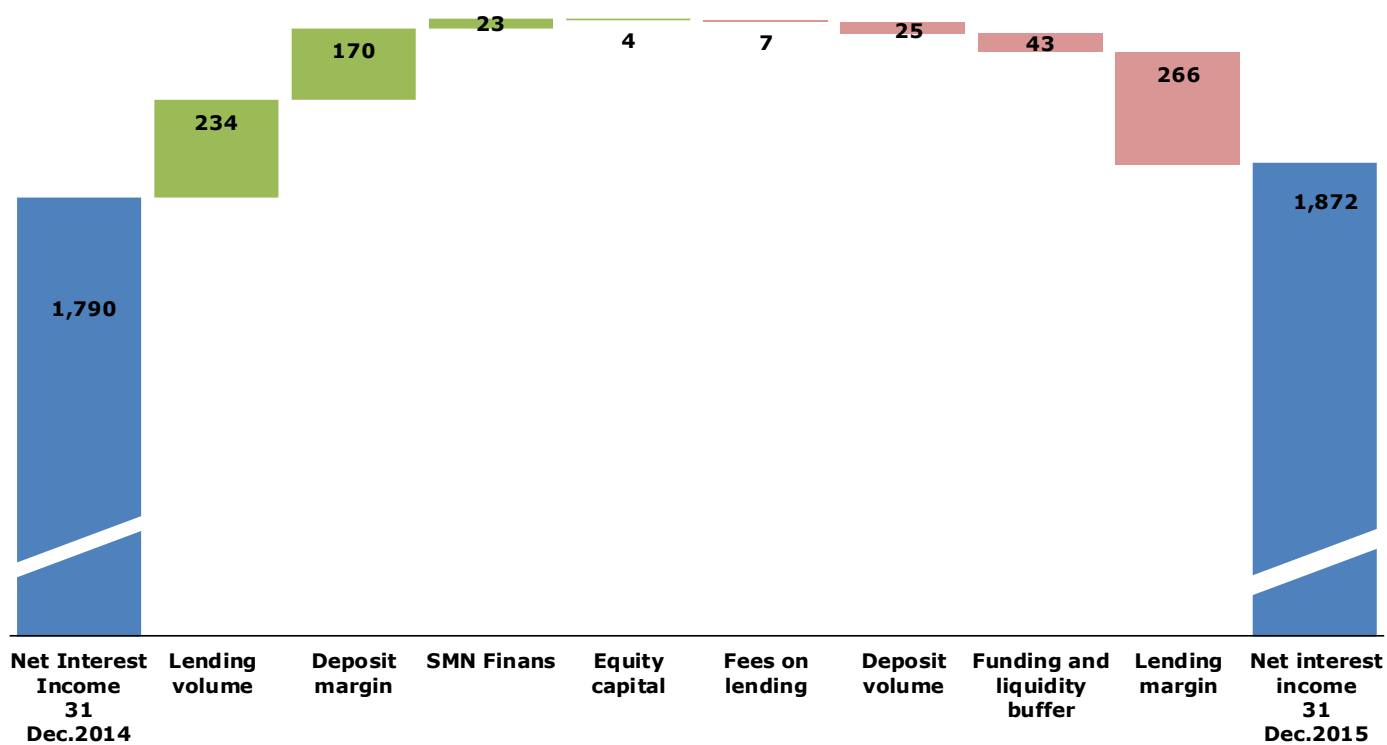
### Changes in interest income from lending and deposits, last 12 months

(in NOK million)	Volume	Margin	Total
Lending	234	-266	-32
Deposits	-25	170	144
<b>Total</b>	<b>209</b>	<b>-97</b>	<b>113</b>

### Changes in net interest income

(in NOK million)

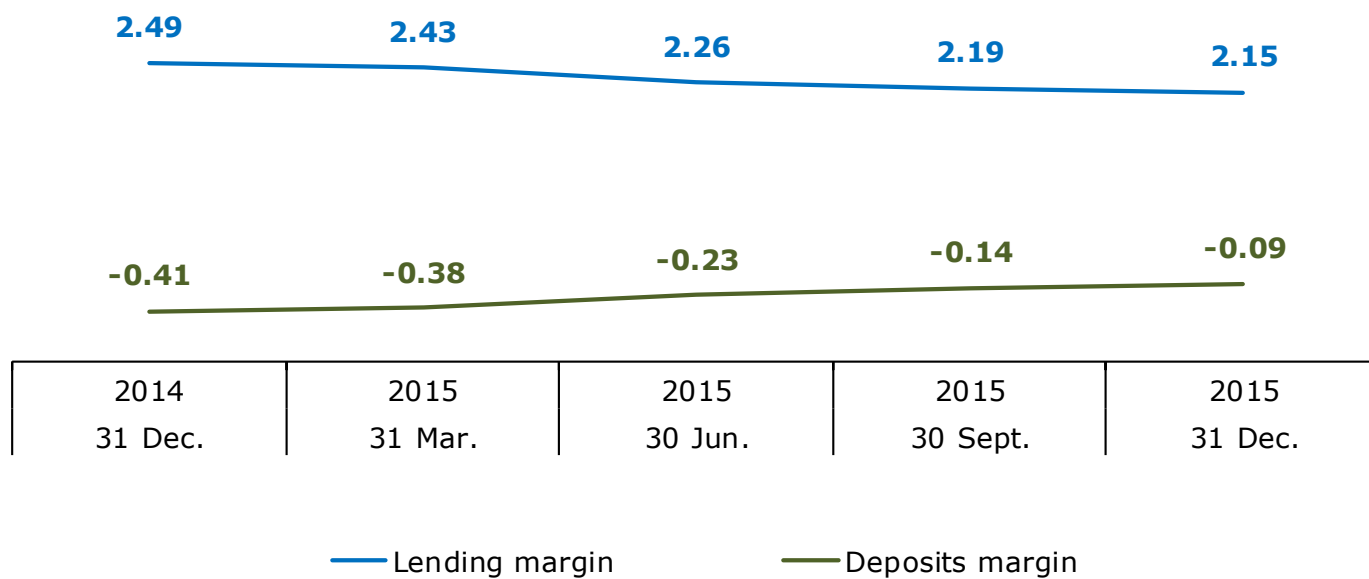
	2015	31 Dec. Change	2014
<b>Net interest income</b>	<b>1,872</b>	<b>82</b>	<b>1,790</b>
Equity capital		-4	
Lending volume		234	
Fees on lending		-7	
Deposit margin		170	
SMN Finans		23	
Deposit volume		-25	
Lending margin		-266	
Funding and liquidity buffer		-43	
<b>Change</b>		<b>82</b>	



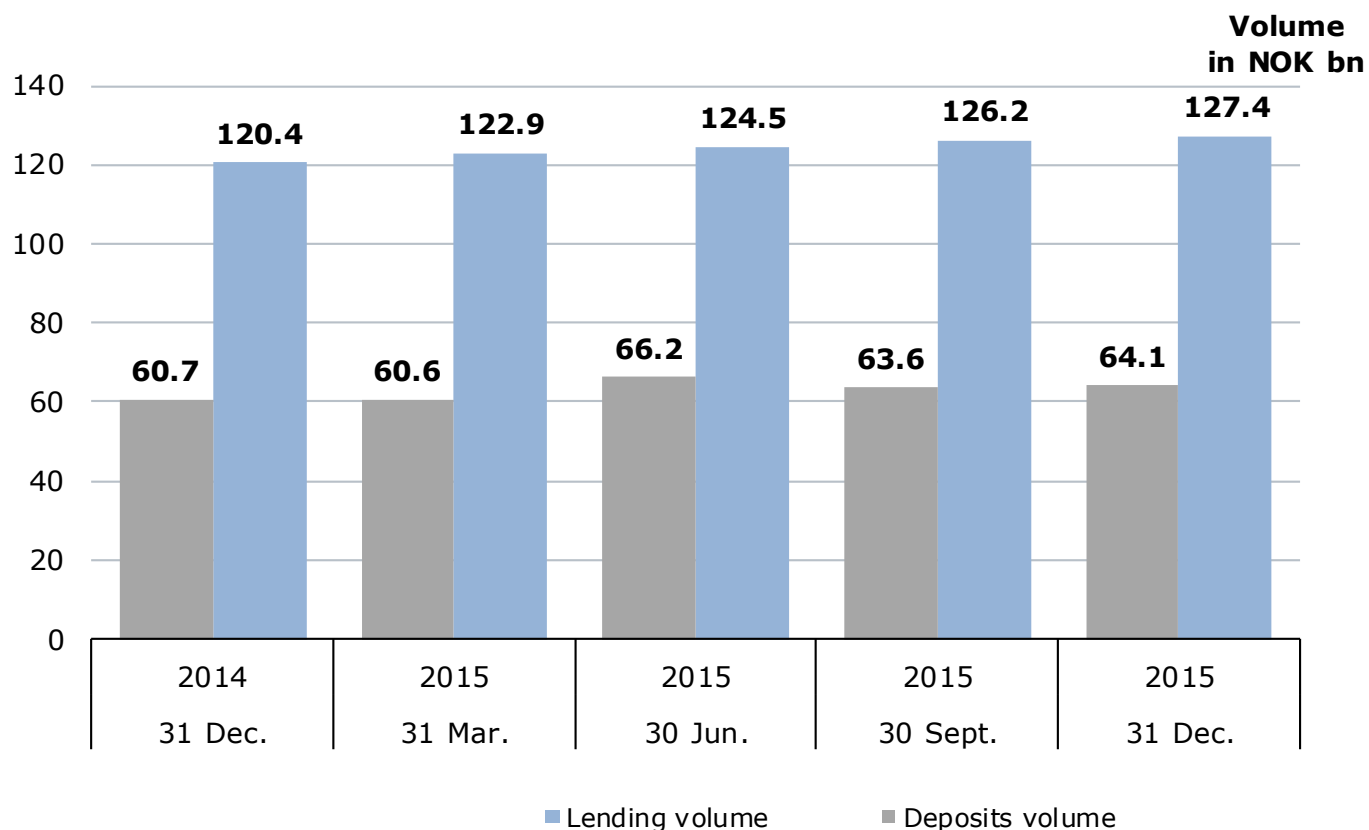


## Margin development

Definition margin: Average customer interest minus 3 months average nibor



## Volume development

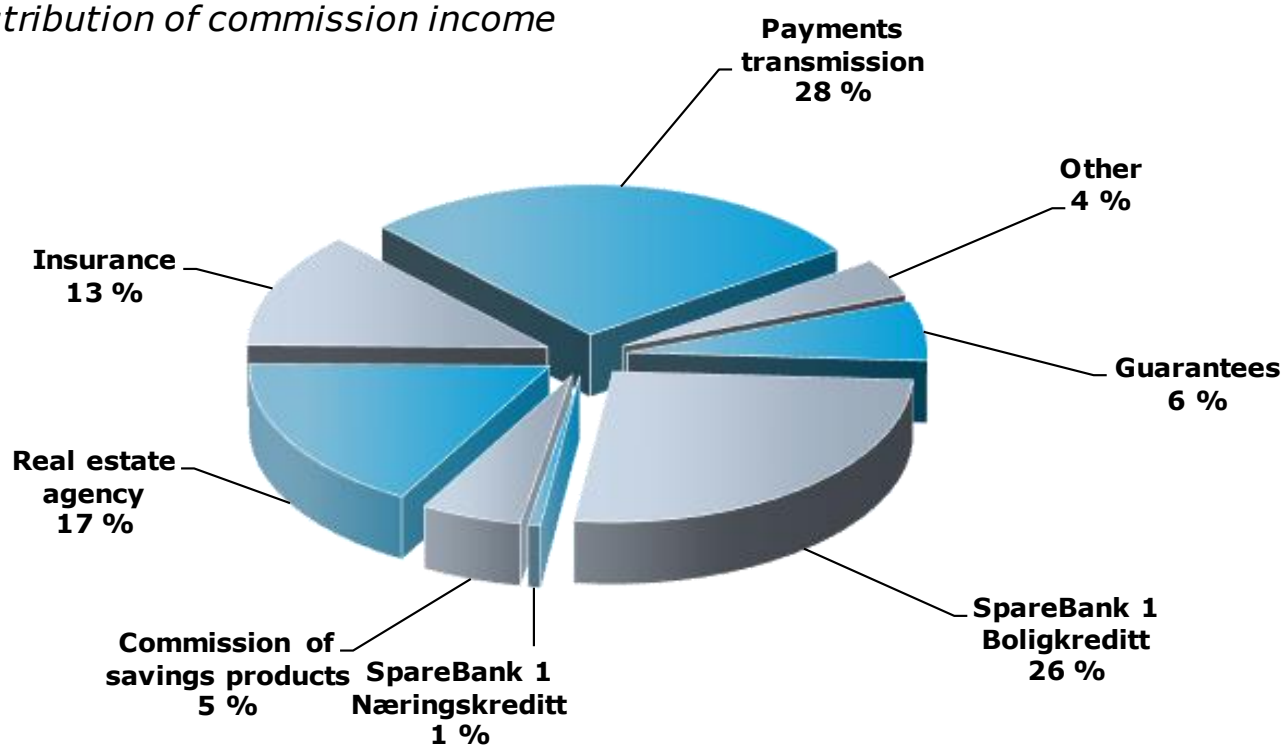


## 2.3. Commission income

### Total commission and other income

(in NOK million)	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	31 Dec.		2013
						2015	2014	
Guarantees	20	22	18	20	16	80	73	67
SpareBank 1 Boligkreditt	79	77	81	89	96	326	417	414
SpareBank 1 Næringskreditt	2	2	2	2	2	8	10	8
Commission of savings products	18	18	17	15	13	68	50	57
Real estate agency	45	52	60	55	57	212	223	224
Insurance	42	39	38	37	37	156	138	124
Payments transmission	90	93	82	80	91	344	328	300
Other	12	14	15	10	10	50	41	37
<b>Total commissions income</b>	<b>309</b>	<b>317</b>	<b>313</b>	<b>306</b>	<b>323</b>	<b>1,245</b>	<b>1,281</b>	<b>1,230</b>
Operating- and sales income real estate	22	27	33	26	17	108	82	88
Accounting services	39	33	57	53	37	182	171	122
Other operating income	46	39	43	18	27	145	91	118
<b>Total other operating income</b>	<b>107</b>	<b>99</b>	<b>132</b>	<b>97</b>	<b>81</b>	<b>435</b>	<b>344</b>	<b>327</b>
Commission expenses	38	38	32	27	33	135	113	94
<b>Total commissions and other income</b>	<b>378</b>	<b>378</b>	<b>413</b>	<b>377</b>	<b>371</b>	<b>1,545</b>	<b>1,512</b>	<b>1,463</b>
<b>As percentage of total income</b>	<b>39 %</b>	<b>45 %</b>	<b>40 %</b>	<b>36 %</b>	<b>39 %</b>	<b>40 %</b>	<b>38 %</b>	<b>41 %</b>

### Distribution of commission income



## Change in commission and other income

(in NOK million)	2015	31 Dec. Change	2014
<b>Total</b>	<b>1,545</b>	<b>34</b>	<b>1,512</b>
Real estate agency		-11	
Other operating income		55	
Operating- and sales income real estate		26	
Accounting services		10	
Insurance		18	
Commission of savings products		17	
Commission expenses		-22	
Other		10	
Payments transmission		16	
Guarantees		7	
SpareBank 1 Boligkreditt		-91	
SpareBank 1 Næringskreditt		-2	

## Net return on financial investments

(in NOK million)	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	31 Dec. 2015	31 Dec. 2014	2013
Income from investment in related companies	<b>121</b>	<b>78</b>	<b>120</b>	<b>129</b>	<b>144</b>	<b>448</b>	<b>527</b>	<b>355</b>
of which SpareBank 1 Gruppen AS	68	56	68	59	99	251	358	210
BN Bank ASA	11	-4	17	18	15	41	93	91
SpareBank 1 Boligkreditt AS	15	15	9	41	15	80	38	40
SpareBank 1 Næringskreditt AS	8	7	7	8	10	30	41	8
Sparebank 1 Kredittkort	5	6	6	4	2,2	21	2	
Comp. owned by Sparebank 1 SMN Invest	14	0	13	0	13	27	31	14
Other <sup>1) 2)</sup>	0	0	0	-2	-10	-2	-34	-8
Capital gains/dividends, shares and ECCs <sup>2)</sup>	<b>-17</b>	<b>8</b>	<b>61</b>	<b>10</b>	<b>-15</b>	<b>62</b>	<b>202</b>	<b>114</b>
of which dividends	3	0	22	0	5	25	65	41
capital gains on shares	-20	8	39	9	-20	37	137	64
capital gains on ECCs	0	0	0	0	0	0	0	9
Capital gains, bonds and derivatives	<b>-16</b>	<b>-116</b>	<b>32</b>	<b>11</b>	<b>-48</b>	<b>-90</b>	<b>-66</b>	<b>-40</b>
Forex and fixed income business, Markets	<b>20</b>	<b>18</b>	<b>16</b>	<b>48</b>	<b>11</b>	<b>102</b>	<b>57</b>	<b>73</b>
Change in discount factor in fair value model for fixed interest loans			<b>-64</b>			<b>-64</b>		
<b>Net return on financial investments</b>	<b>109</b>	<b>-13</b>	<b>165</b>	<b>198</b>	<b>91</b>	<b>459</b>	<b>720</b>	<b>502</b>
<b>As percentage of total income</b>	<b>11 %</b>	<b>-2 %</b>	<b>16 %</b>	<b>19 %</b>	<b>10 %</b>	<b>12 %</b>	<b>18 %</b>	<b>14 %</b>

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

2) 1Q 2015 and earlier: Income from SpareBank 1 Markets (as related company) is included in Other

3) 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)	2015	31 Dec. Change	2014
<b>Total</b>	<b>459</b>	<b>-261</b>	<b>720</b>
Capital gains from bonds and derivatives		-24	
Forex and fixed income business, Markets		45	
Capital gains/dividends on shares and ECC's		-139	
Change in discount factor in fair value model for fixed interest loans		-64	
Income from investment in related companies, incl inv held for sale		-79	

## 2.4. Operating expenses

### *Operating expenses*

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Salary	203	202	222	206	206	833	786	737
Pension costs (defined benefit plan)	16	19	19	17	20	71	61	45
Employer's insurance contributions	3	4	4	3	0	14	14	14
Other personnel expenses	58	38	38	42	42	176	141	128
<b>Total personnel expenses</b>	<b>280</b>	<b>264</b>	<b>283</b>	<b>267</b>	<b>267</b>	<b>1093</b>	<b>1002</b>	<b>923</b>
EDP and telecommunication expenses	47	64	68	62	46	240	223	206
Postage and transportation services	6	5	5	6	6	22	25	29
Marketing	31	20	22	23	22	96	81	58
Operating exp. on properties and premises	25	26	26	23	24	100	93	118
Other external services	37	25	28	15	27	105	78	71
Other operating expenses	65	34	38	33	56	171	178	199
Depr./write-downs of fixed & intangible assets	25	28	25	25	29	104	109	118
<b>Other expenses</b>	<b>235</b>	<b>203</b>	<b>213</b>	<b>186</b>	<b>212</b>	<b>838</b>	<b>787</b>	<b>799</b>
<b>Total operating expenses</b>	<b>515</b>	<b>466</b>	<b>496</b>	<b>454</b>	<b>479</b>	<b>1,931</b>	<b>1,789</b>	<b>1,721</b>
Cost/income ratio	54 %	56 %	47 %	44 %	51 %	50 %	44 %	48 %
Cost/income ratio ex financial inv.	61 %	55 %	56 %	54 %	56 %	57 %	54 %	56 %
12-month cost growth*	7.5 %	9.6 %	11.9 %	2.8 %	3.0 %	7.9 %	3.9 %	4.1 %

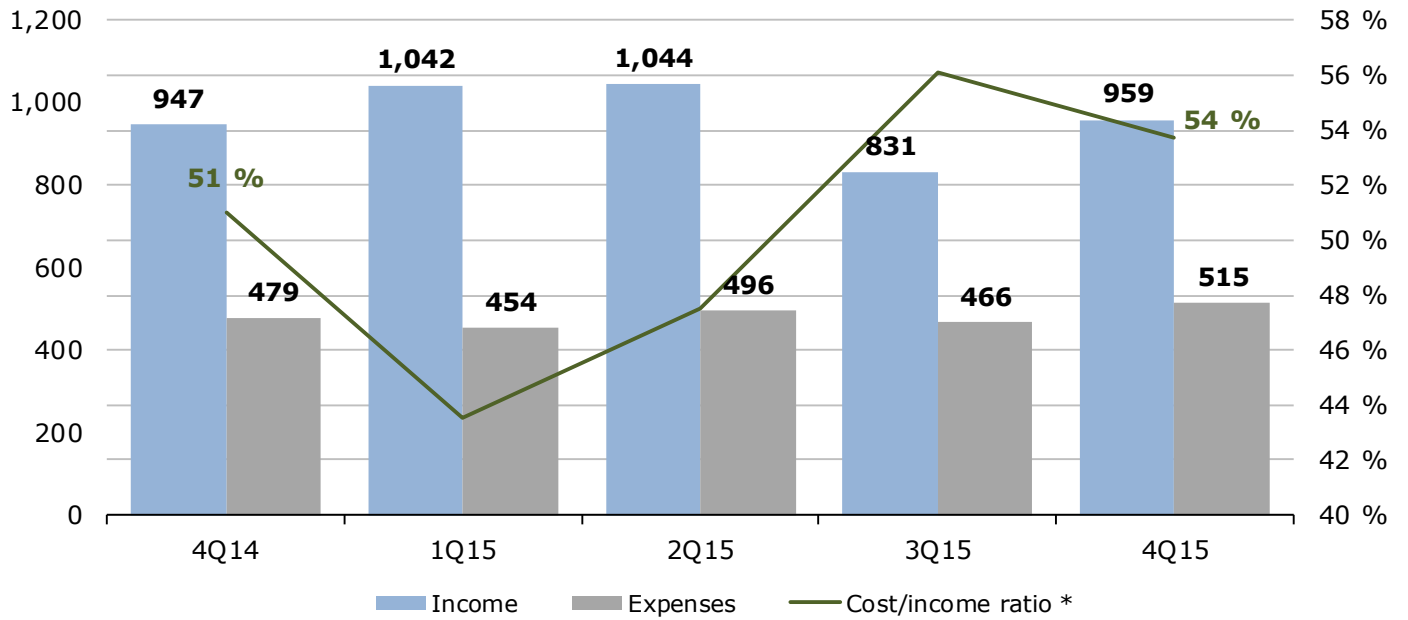
\* The increase in 12 month cost growth is effected by the consolidation of SpareBank 1 Markets as a subsidiary

### *Change in operating expenses*

(in NOK million)	2015	31 Dec. Change	2014
<b>Total</b>	<b>1,931</b>	<b>142</b>	<b>1,789</b>
Total personnel expenses		91	
Depr./write-downs of fixed & intangible assets		- 5	
EDP and telecommunication expenses		16	
Other operating expenses		- 8	
Operating exp. on properties and premises		8	
Other external services		27	
Marketing		15	
Postage and transportation services		- 3	

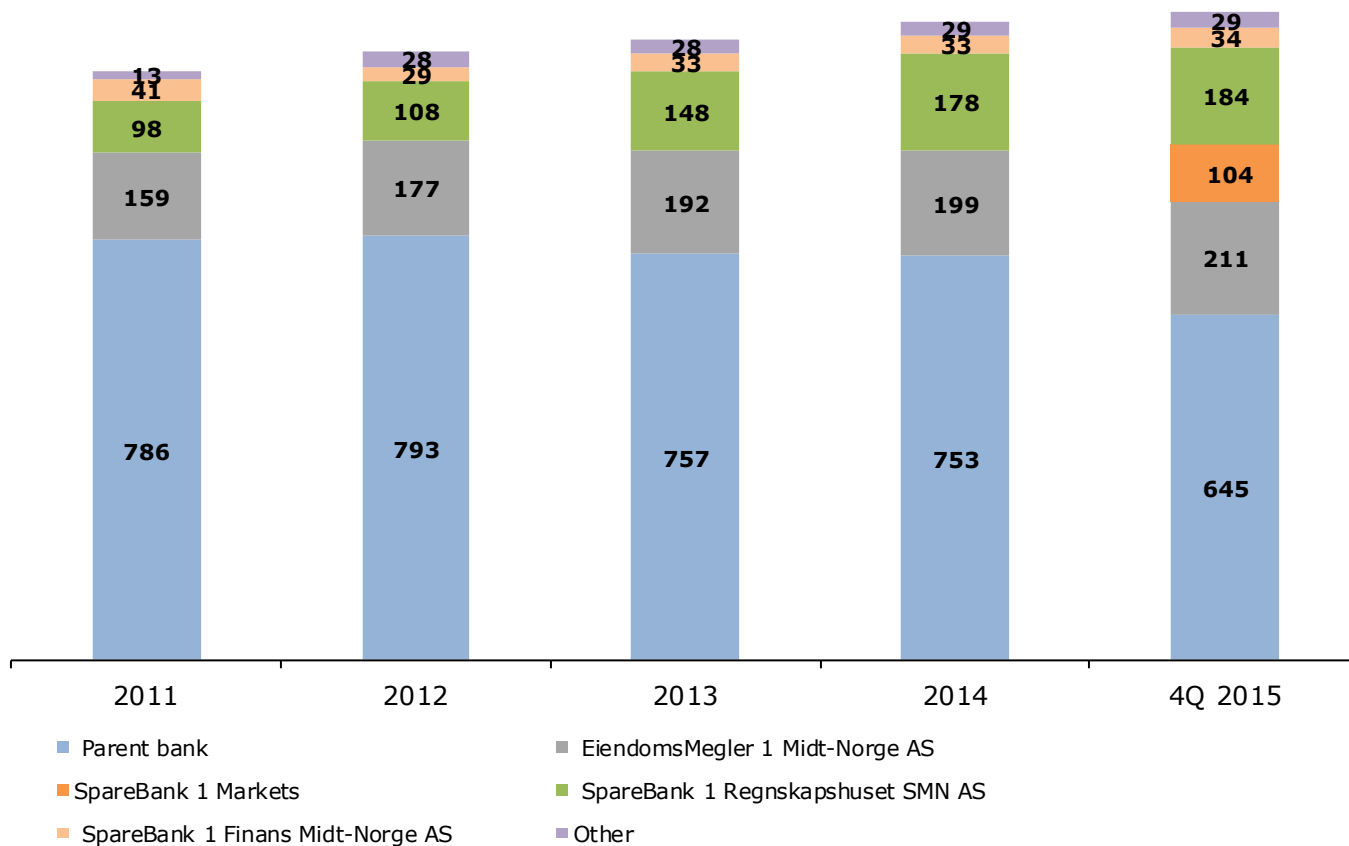
### Cost/income ratio

NOK mill.



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

Employees in employment



SpareBank 1 Markets has been a subsidiary of SpareBank 1 SMN since 1 April 2015. SpareBank 1 SMN's capital market activities, including 32 FTEs, were transferred to SpareBank 1 Markets as part of the transaction.

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

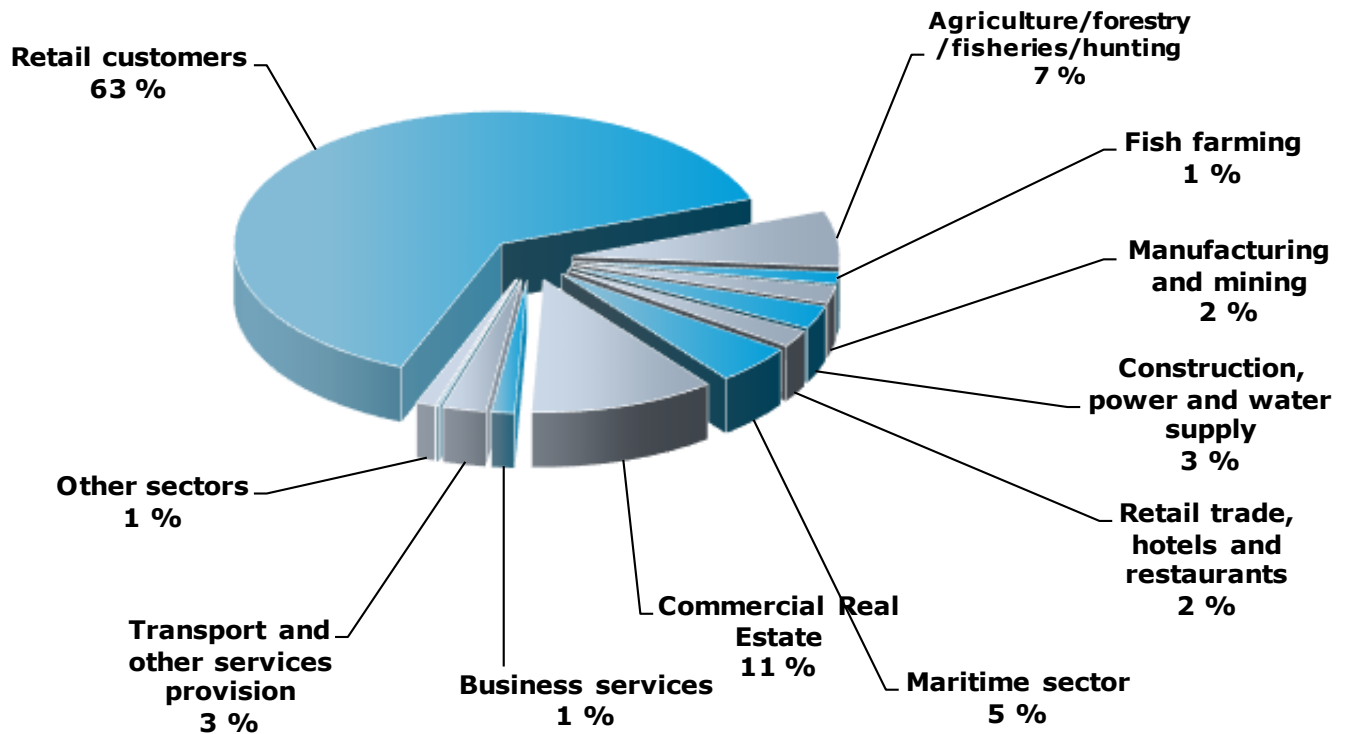
## 3. Loans to customers

### 3.1. Distribution of loans by industry

#### *Distribution of loans by industry*

	<b>31 Dec.</b>	<b>30 Sept.</b>	<b>30 Jun.</b>	<b>31 Mar.</b>	<b>31 Dec.</b>	<b>31 Dec.</b>
(in NOK million)	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Agriculture/forestry/fisheries/hunting	8,674	8,313	8,152	7,694	7,158	6,380
Fish farming	1,807	1,581	1,798	1,322	1,367	2,468
Manufacturing and mining	2,675	2,517	2,333	2,190	2,330	2,152
Construction, power and water supply	3,598	3,707	4,247	4,048	3,717	3,217
Retail trade, hotels and restaurants	2,666	2,940	2,856	2,937	2,671	2,447
Maritime sector	6,066	6,097	6,024	6,017	5,638	5,403
Commercial Real Estate	14,346	14,142	14,167	14,375	14,075	12,152
Business services	1,777	1,698	1,681	3,594	3,681	3,878
Transport and other services provision	3,355	3,509	3,408	3,344	3,141	2,750
Public administration	211	225	208	286	300	424
Other sectors	1,477	2,587	2,342	1,969	2,270	2,421
<b>Gross loans in corporate market</b>	<b>46,653</b>	<b>47,315</b>	<b>47,215</b>	<b>47,776</b>	<b>46,348</b>	<b>43,692</b>
<b>Retail customers</b>	<b>80,725</b>	<b>78,864</b>	<b>77,304</b>	<b>75,157</b>	<b>74,087</b>	<b>68,591</b>
<b>Gross loans incl. Boligkr. and Næringskr.</b>	<b>127,378</b>	<b>126,180</b>	<b>124,519</b>	<b>122,933</b>	<b>120,435</b>	<b>112,283</b>
- Adv. of this Boligkreditt	31,944	29,894	28,965	29,165	28,393	30,514
- Adv. of this Næringskreditt	1,460	1,369	1,375	1,457	1,463	1,221
<b>Gross loans in balance sheet</b>	<b>93,974</b>	<b>94,917</b>	<b>94,179</b>	<b>92,311</b>	<b>90,578</b>	<b>80,548</b>
<b>Share of loans, corporate market</b>	<b>37 %</b>	<b>37 %</b>	<b>38 %</b>	<b>39 %</b>	<b>38 %</b>	<b>39 %</b>
<b>Share of loans, retail market</b>	<b>63 %</b>	<b>63 %</b>	<b>62 %</b>	<b>61 %</b>	<b>62 %</b>	<b>61 %</b>

*Distribution of loans by industry*

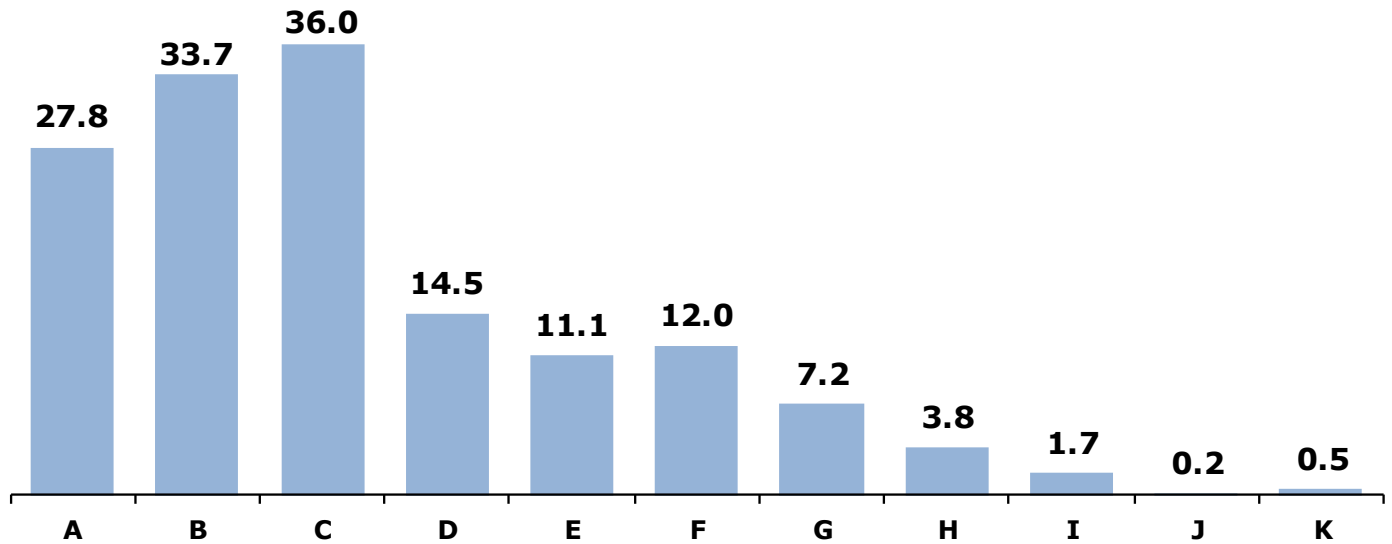




### 3.2. Risk profile and write-downs

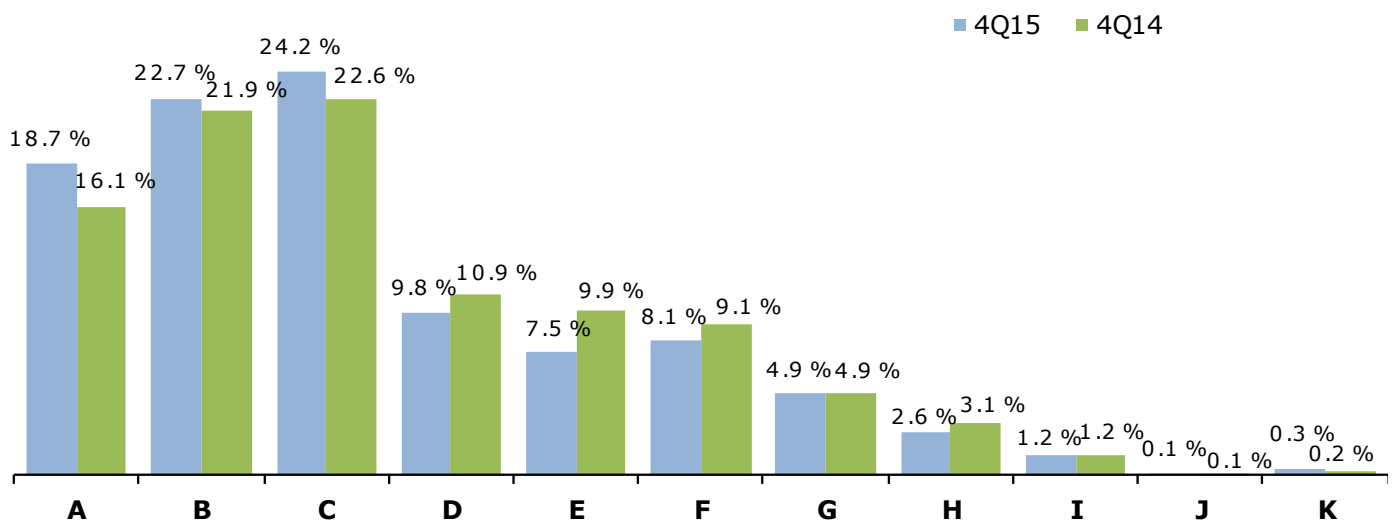
#### Actual risk profile, Exposure At Default

NOK billion



#### Actual risk profile, 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 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	31 Dec.		2013
						2015	2014	
Increase in and new individual write-downs	-8	23	9	-13	-10	11	-1	29
Reassessments and recoveries	-14	-3	-24	-35	-44	-76	-90	-71
Total individual write-downs	6	26	33	22	34	87	89	101
Change in group write-downs on loans	51	30	1	0	0	82	0	0
<b>Write-downs on loans and guarantees</b>	<b>56</b>	<b>56</b>	<b>34</b>	<b>22</b>	<b>34</b>	<b>169</b>	<b>89</b>	<b>101</b>
<b>As % of gross loans incl. Boligkreditt</b>	0.18 %	0.18 %	0.11 %	0.07 %	0.11 %	0.14 %	0.08 %	0.09 %

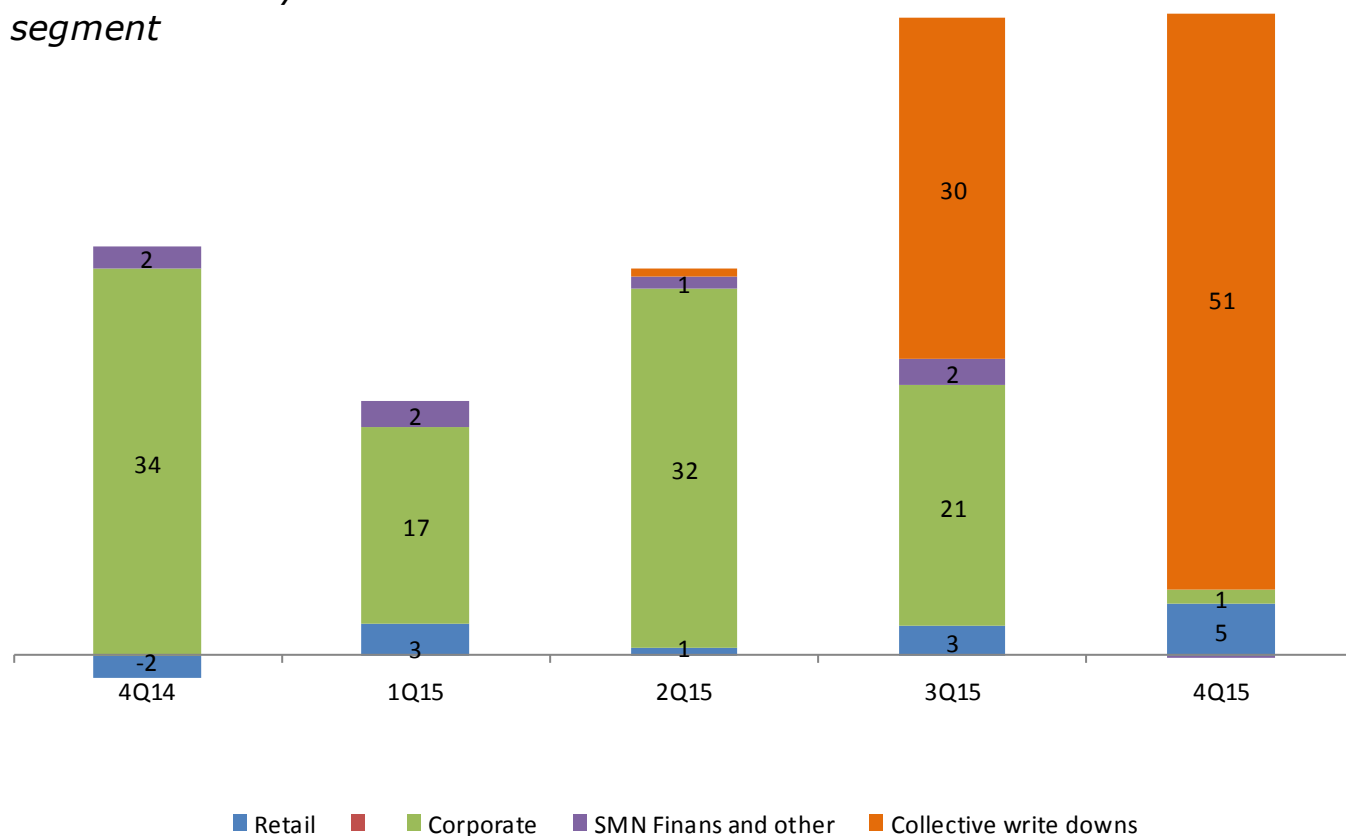
## Loss on loans by segment

(in NOK million)	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	31 Dec.		2013
						2015	2014	
Retail	5	3	1	3	-2	11	6	6
SME *								5
Corporate**	1	21	32	17	34	71	77	71
SMN Finans and other	0	2	1	2	2	6	6	19
Collective write downs	51	30	1	0	0	82	0	0
<b>Total loss on loans</b>	<b>56</b>	<b>56</b>	<b>34</b>	<b>22</b>	<b>34</b>	<b>169</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

\*\* The increase in collective write downs related to the Corporate portfolio includes NOK 30 million in 3Q and NOK 50 million in 4Q

## Loss on loans by segment



## Individual and collective write-downs

(in NOK million)	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	31 Dec. 2015	31 Dec. 2014	2013
Individual write-downs to cover loss on loans, guarantees at start of period	191	168	160	172	182	172	173	144
Write downs of loans previously subject to individual write down	17	0	0	4	-5	22	2	15
Reversal of previous years' write downs	-14	-15	-14	-3	1	-46	-22	-18
Increase in write downs of commitments not previously subject to individual write down	-5	41	46	20	25	101	84	72
Confirmed losses in the period on loans, guarantees etc., prev. subject to ind. write down	-7	-3	-24	-33	-32	-67	-66	-40
<b>Individual write downs to cover loss</b>	<b>183</b>	<b>191</b>	<b>168</b>	<b>160</b>	<b>172</b>	<b>183</b>	<b>172</b>	<b>173</b>
Collective write downs to cover loss on loans, guarantees at start of period	326	296	295	295	295	295	295	295
Period's collective write down to cover loss on loans, guarantees etc.	51	30	1	0	0	82	0	0
<b>Collective write downs to cover loss on loans, guarantees</b>	<b>376</b>	<b>326</b>	<b>296</b>	<b>295</b>	<b>295</b>	<b>376</b>	<b>295</b>	<b>295</b>

## Loans and guarantees by industry

	Total	Very low risk	Low risk	Medium risk	High risk	Very high risk	Default and written down
Wage earners	85,358	68,802	11,010	3,476	907	951	211
Public administration	1,535	1,535	-	-	-	-	-
Agriculture and forestry	9,721	4,805	2,983	1,595	160	141	37
Sea farming industries	2,386	1,092	1,209	85	-	0	-
Manufacturing	4,189	1,149	513	2,224	218	79	5
Construction, power and water supply	4,852	1,601	765	2,006	362	70	48
Retail trade, hotels and restaurants	3,622	496	1,105	1,671	184	93	74
Maritime sector	838	63	309	378	88	0	-
Property management	16,105	6,036	4,533	4,296	820	344	76
Business services	3,685	756	965	1,470	455	33	5
Transport and other services provision	10,924	6,125	2,192	1,875	507	34	190
Finance	0	0	-	-	-	-	-
Other sectors	5,466	5,126	48	154	138	-	-
<b>4Q15</b>	<b>148,680</b>	<b>97,588</b>	<b>25,632</b>	<b>19,231</b>	<b>3,838</b>	<b>1,746</b>	<b>645</b>
<b>2014</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>

## Write-down ratio

(in NOK million)	31 Dec. 2015	30 Sept. 2015	30 Jun. 2015	31 Mar. 2015	31 Dec. 2014	31 Dec. 2013
Non-performing commitments (gross)	205	218	287	237	270	386
Impaired commitments (gross)	399	448	368	226	216	157
Gross non-performing and impaired commitments	604	667	655	463	486	543
Individual write-downs	183	190	168	160	172	173
Collective write-downs	376	326	296	295	295	295
Write-down ratio (%)	92.5 %	77.3 %	70.7 %	98.2 %	96.0 %	86.0 %

### Default in excess of 90 days

NOK million

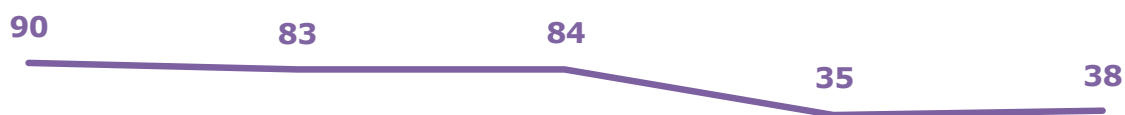


2014	2015	2015	2015	2015
4Q	1Q	2Q	3Q	4Q

— Retail > 90 d

### Default in excess of 90 days

NOK million



2014	2015	2015	2015	2015
4Q	1Q	2Q	3Q	4Q

— Corporates\* > 90 d

## 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 2015 the capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement is 3.0 per cent and countercyclical buffer is 1.0 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital, so that the overall minimum requirement on CET1 capital is 11.0 per cent. The countercyclical buffer is announced to increase to 1.5 per cent with effect from 30 June 2016.

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. As from 31 March 2015 the bank has received permission to apply the Advanced IRB Approach to those corporate portfolios that were previously reported under the Basic Indicator Approach.

SpareBank 1 SMN has reviewed the intention for the bond portfolios and on that basis reclassified certain portfolios from trading to banking in the first quarter of 2015. This is reflected in reduced debt risk and increased credit risk under the standardised approach.

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 be subject to a stepwise reduction of 30 per cent in 2015 and 10 per cent thereafter. As at 31 December 2015 SpareBank 1 SMN held hybrid capital worth NOK 450 m 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.

The parent bank calculates capital charges against operational risk using the standardised approach. In the case of subsidiaries, the basic indicator approach is applied.

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

SpareBank 1 SMN's methods for calculating the minimum regulatory capital requirements are summarized below:

Type of risk	Portfolio	Regulatory method
Credit risk	States - parent bank	Standard method
	Institutions - parent bank	Standard method
	Housing cooperatives, clubs and associations - parent bank	Standard method
	Enterprises - parent bank	Advanced IRB approach
	Mass market - parent bank	IRB - mass market (advanced)
	Sparebank 1 Finans Midt-Norge AS	Standard method
	SpareBank 1 Invest	Standard method
	SpareBank 1 Allegro Kapitalforvaltning AS	Standard method
	Mass market - SpareBank 1 Boligkreditt AS	IRB- mass market (advanced)
	Enterprises - SpareBank 1 Næringskreditt AS	Standard method
	Enterprises - BN Bank AS	Advanced IRB approach
	Mass market - BN Bank AS	IRB - mass market (advanced)
Market risk	Equity risk - parent bank	Standard method
	Debt risk - parent bank	Standard method
	Currency risk - parent bank	Standard method
	Subsidiaries and part-ow ned companies	Standard method
Operational risk	SpareBank 1 SMN (parent bank)	Standardised approach
	Subsidiaries and part-ow ned companies	Basic Indicator Approach

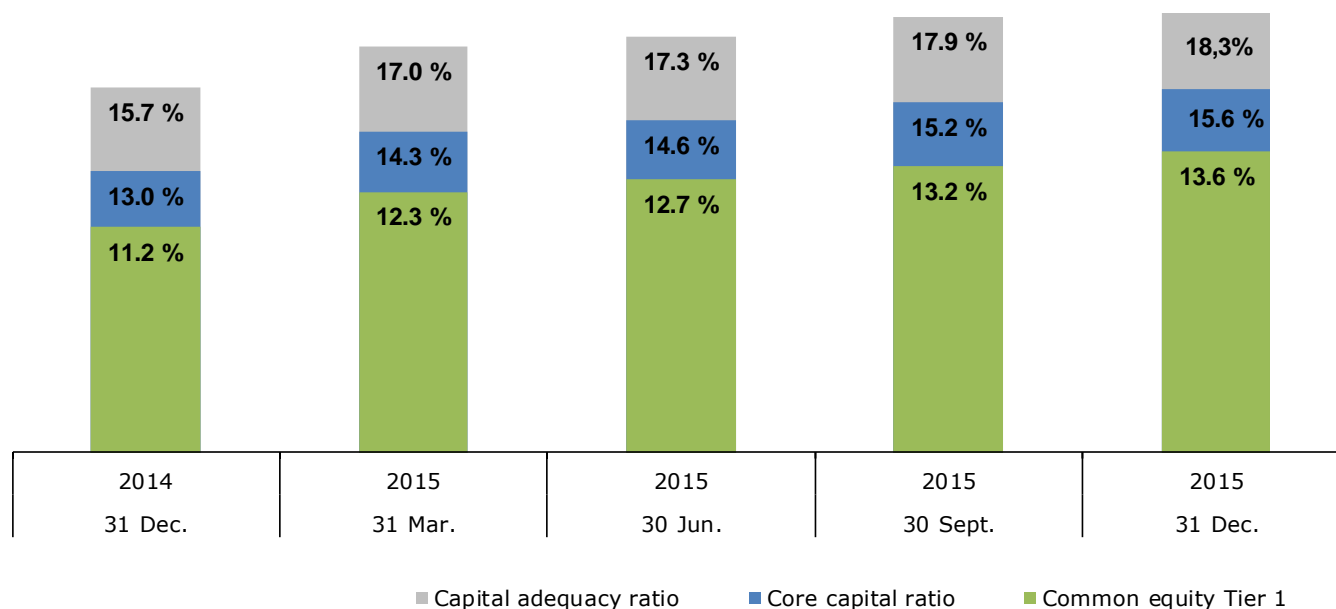
## Capital Adequacy

(in NOK million)	31 Dec.	30 Sept.	30 Jun.	31 Mar.	31 Dec.	31 Dec.
	2015	2015	2015	2015	2014	2013
Equity capital certificates	2,597	2,597	2,597	2,597	2,597	2,597
- Own holding of ECCs	-21	0	0	0	0	0
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	3,790	3,122	3,122	3,122	3,122	2,496
Savings bank's reserve	4,105	3,619	3,619	3,619	3,619	3,276
Recommended dividends	292	0	0	0	292	227
Provision for gifts	40	0	0	0	160	124
Unrealised gains reserve	290	148	148	148	148	206
Other equity and minority interest	1,597	1,660	1,639	1,622	1,620	1,354
Minority interests	318	295	301	78	72	67
Net profit	0	1,119	871	441	0	0
<b>Total book equity</b>	<b>13,904</b>	<b>13,455</b>	<b>13,191</b>	<b>12,521</b>	<b>12,524</b>	<b>11,242</b>
Deferred taxes, goodwill and other intangible assets	-662	-679	-664	-569	-566	-582
Part of reserve for unrealised gains, associated companies	264	179	120	120	120	98
Deduction for allocated dividends and gifts	-332	0	0	0	-452	-361
50 % deduction for subordinated capital in other financial institutions						-106
50 % deduction for expected losses on IRB, net of write-downs						-214
50 % capital adequacy reserve						-595
Minority interests recognised in other equity capital	-318	-295	-301	-78	-72	
Minority interests eligible for inclusion in CET1 capital	132	49	47	36	35	
Surplus financing of pension obligations	-43	0	0	0	0	-107
Net profit	0	-1,119	-871	-441	0	0
Year-to-date profit included in core capital (73 per cent pre tax of group profit)	0	817	636	322	0	0
Value adjustments due to requirements for prudent valuation	-55	-49	-43	-44	-45	
Positive value of adjusted expected loss under IRB Approach	-239	-277	-318	-381	-419	
Direct, indirect and synthetic investments in financial sector companies	-458	-428	-355	-477	-451	
<b>Total common equity Tier one</b>	<b>12,192</b>	<b>11,652</b>	<b>11,443</b>	<b>11,008</b>	<b>10,674</b>	<b>9,374</b>
Hybrid capital, core capital	1,310	1,311	1,217	1,217	1,716	1,615
Hybrid capital covered by transitional provisions	495	496	491	497		
Direct, indirect and synthetic investments in financial sector companies	-9	-9	-9	-9	-9	
<b>Total core capital</b>	<b>13,988</b>	<b>13,451</b>	<b>13,142</b>	<b>12,713</b>	<b>12,382</b>	<b>10,989</b>
<b>Supplementary capital in excess of core capital</b>						
Fund bonds, hybrid capital in excess of 15 %						31
Subordinated capital	1,647	1,692	1,692	1,692	2,598	2,313
Subordinated capital covered by transitional provisions	786	786	786	786	0	
50 % deduction for subordinated capital in other financial institutions						-106
50 % deduction for expected losses on IRB, net of write-downs						-214
50 % capital adequacy reserve						-595
Direct, indirect and synthetic investments in financial sector companies	-43	-43	-43	-43	-43	
<b>Total supplementary capital</b>	<b>2,390</b>	<b>2,435</b>	<b>2,435</b>	<b>2,435</b>	<b>2,555</b>	<b>1,428</b>
<b>Net subordinated capital</b>	<b>16,378</b>	<b>15,886</b>	<b>15,577</b>	<b>15,147</b>	<b>14,937</b>	<b>12,417</b>

### Minimum requirements subordinated capital

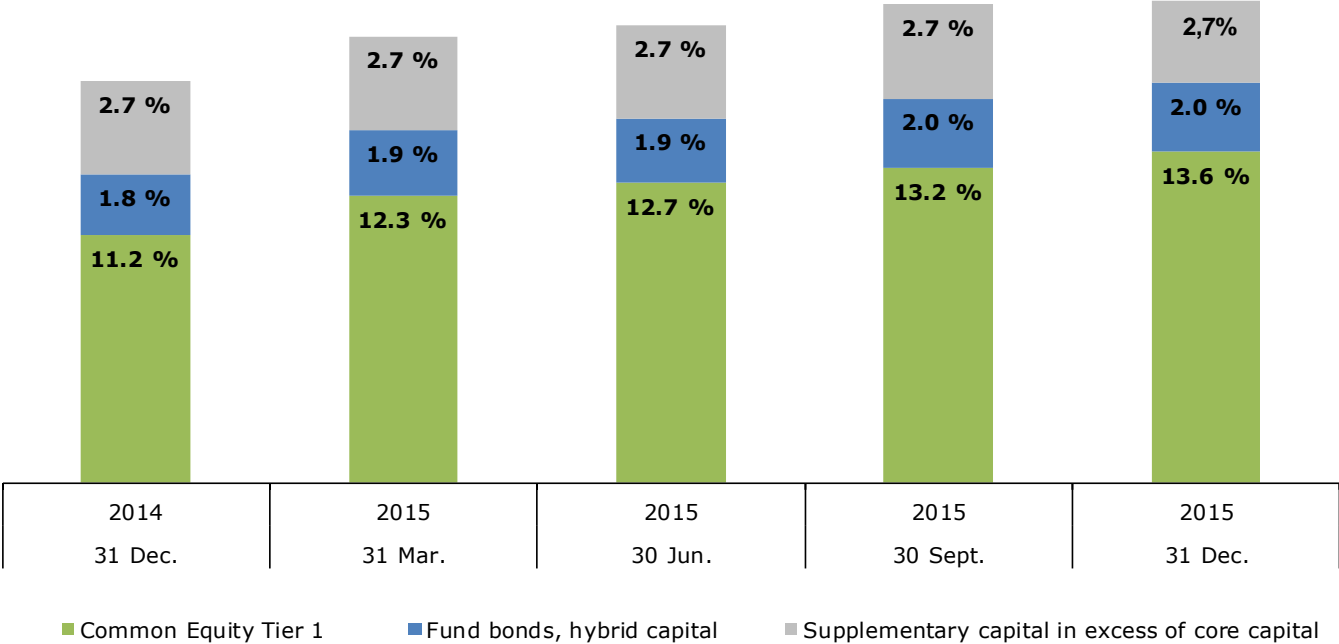
(in NOK million)	31 Dec. 2015	30 Sept. 2015	30 Jun. 2015	31 Mar. 2015	31 Dec. 2014	31 Dec. 2013
Involvement with specialised enterprises	1,213	1,262	1,391	1,506	1,887	1,573
Other corporations exposure	1,105	1,058	965	1,038	1,371	1,479
Mass market exposure, SMBs	167	186	185	149	159	74
Mass market exposure, property	1,557	1,551	1,514	1,447	1,280	628
Other retail exposure	40	15	13	54	51	33
Equity investments, IRB	0	0	0	0	0	0
<b>Total credit risk IRB</b>	<b>4,082</b>	<b>4,073</b>	<b>4,068</b>	<b>4,194</b>	<b>4,748</b>	<b>3,787</b>
Debt risk	64	94	200	200	397	224
Equity risk	10	10	8	2	1	10
Currency risk	0	0	0	0	0	0
Operational risk	457	457	457	452	416	398
Exposures calculated using the standardised approach	1,805	1,827	1,926	2,025	1,971	2,151
Deductions				0	0	-119
CVA	106	92	71	97	92	
Transitional arrangements	634	533	471	163	0	316
<b>Minimum requirements subordinated capital</b>	<b>7,157</b>	<b>7,087</b>	<b>7,201</b>	<b>7,134</b>	<b>7,625</b>	<b>6,767</b>
<b>Risk Weighted Assets (RWA)</b>	<b>89,465</b>	<b>88,586</b>	<b>90,010</b>	<b>89,171</b>	<b>95,317</b>	<b>84,591</b>
Minimum requirement on CET1 capital, 4.5 per cent	4,026	3,986	4,050	4,013	4,289	
Capital conservation buffer, 2.5 per cent	2,237	2,215	2,250	2,229	2,383	
Systemic risk buffer, 3.0 per cent	2,684	2,658	2,700	2,675	2,860	
Countercyclical buffer, 1.0 per cent	895	886	900			
<b>Available CET1 capital after buffer requirements</b>	<b>2,351</b>	<b>1,908</b>	<b>1,542</b>	<b>2,091</b>	<b>1,143</b>	
Common equity Tier 1	13.6 %	13.2 %	12.7 %	12.3 %	11.2 %	11.1 %
Core capital ratio	15.6 %	15.2 %	14.6 %	14.3 %	13.0 %	13.0 %
Capital adequacy ratio	18.3 %	17.9 %	17.3 %	17.0 %	15.7 %	14.7 %
Leverage ratio	6.7 %	6.7 %	6.5 %	6.3 %	6.0 %	

### Capital Adequacy

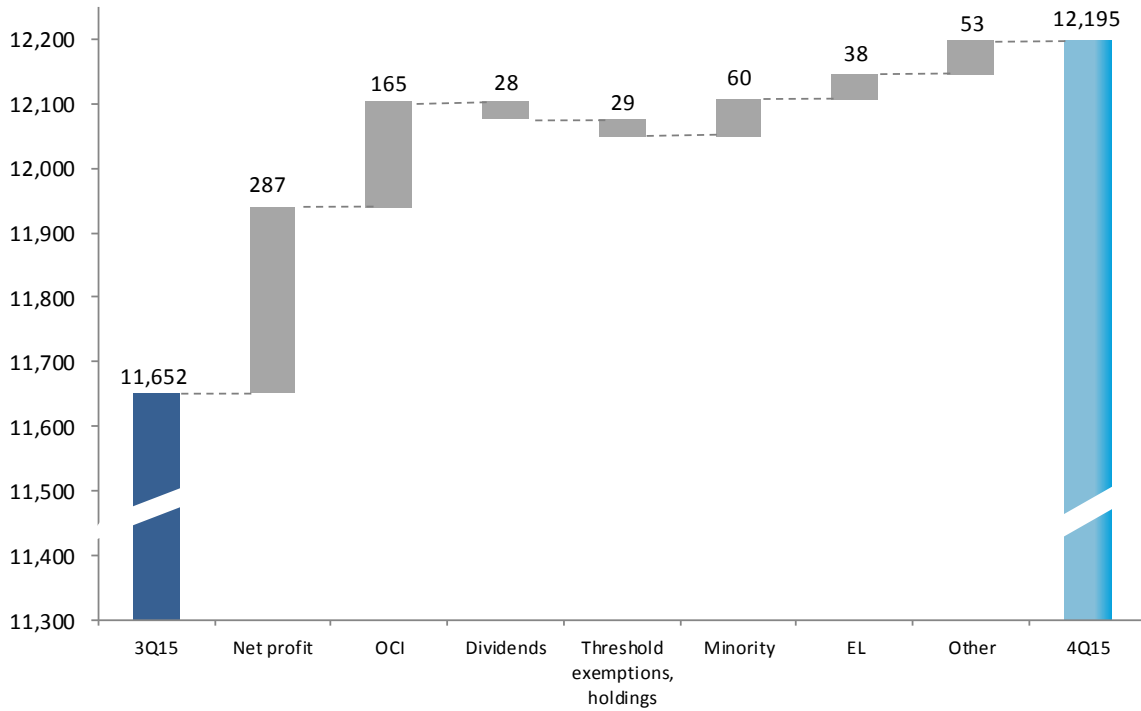




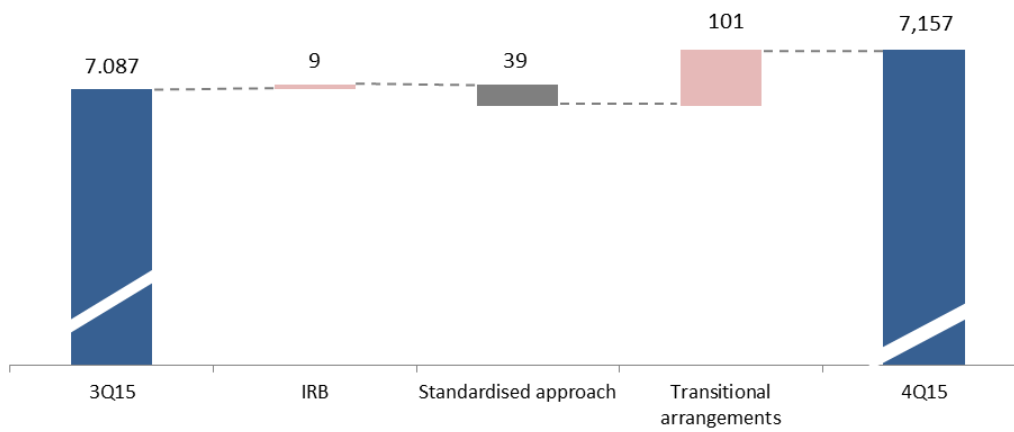
Capital Adequacy



Quarterly changes in Common equity Tier 1

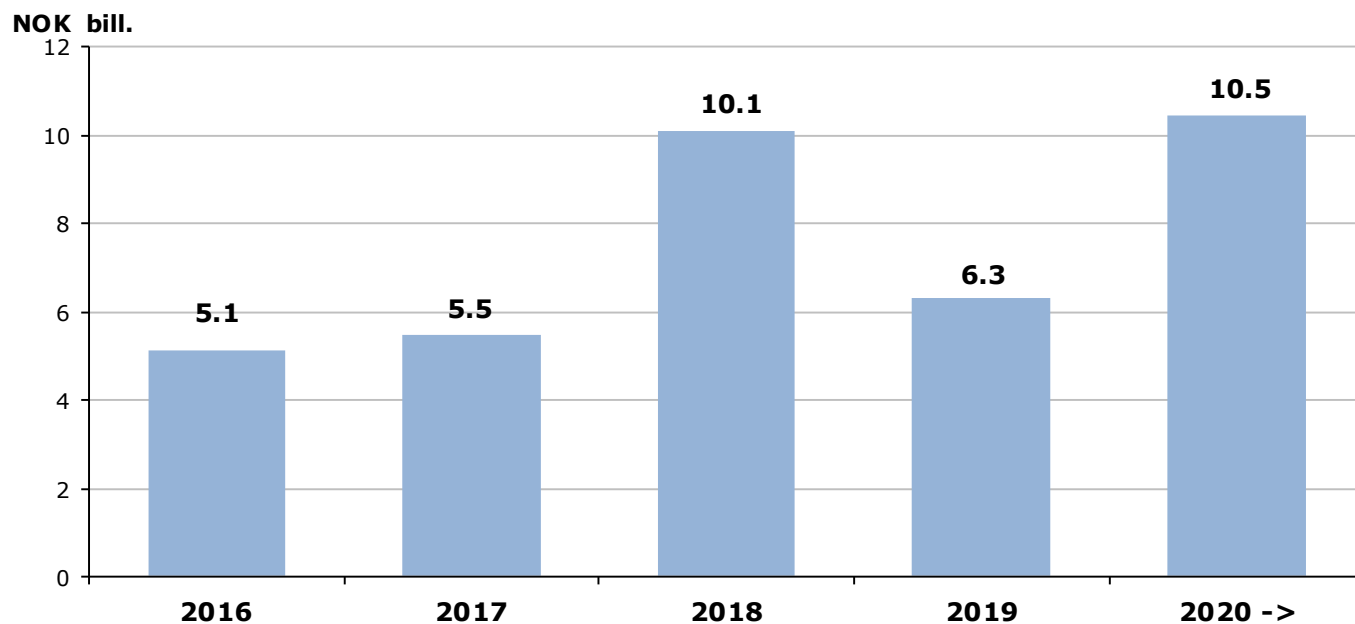


Quarterly changes in Minimum requirements subordinated capital

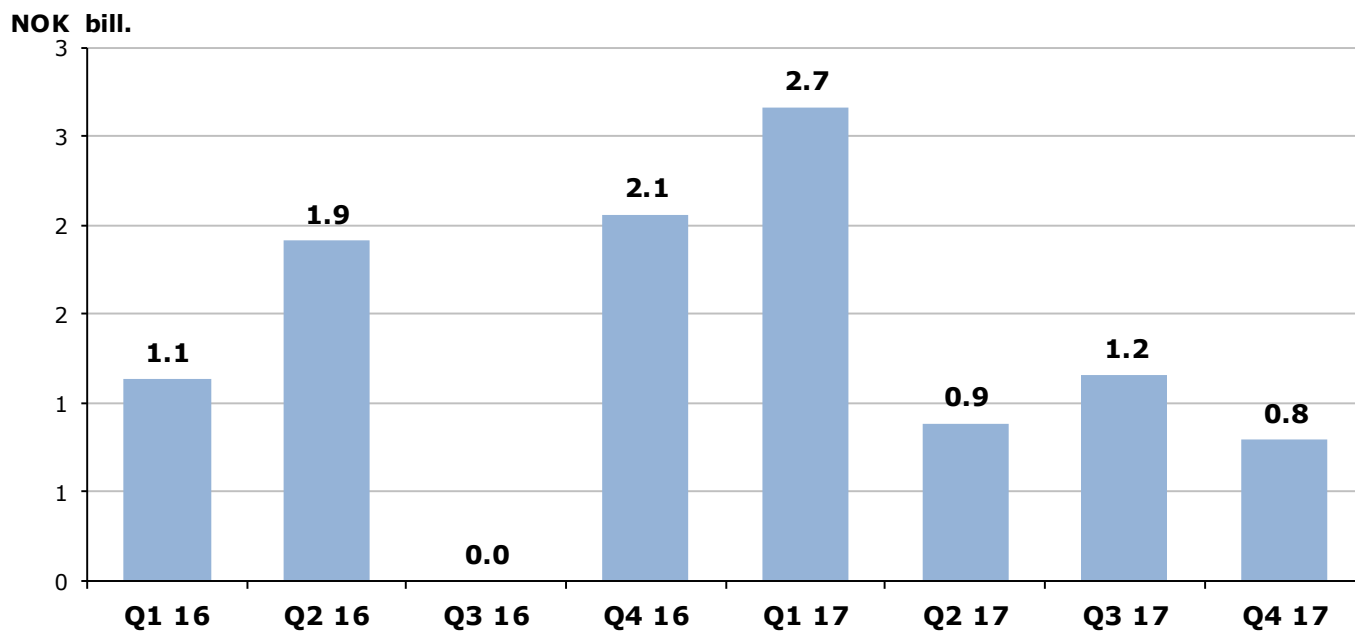


## 5. Funding

### Funding maturity dates

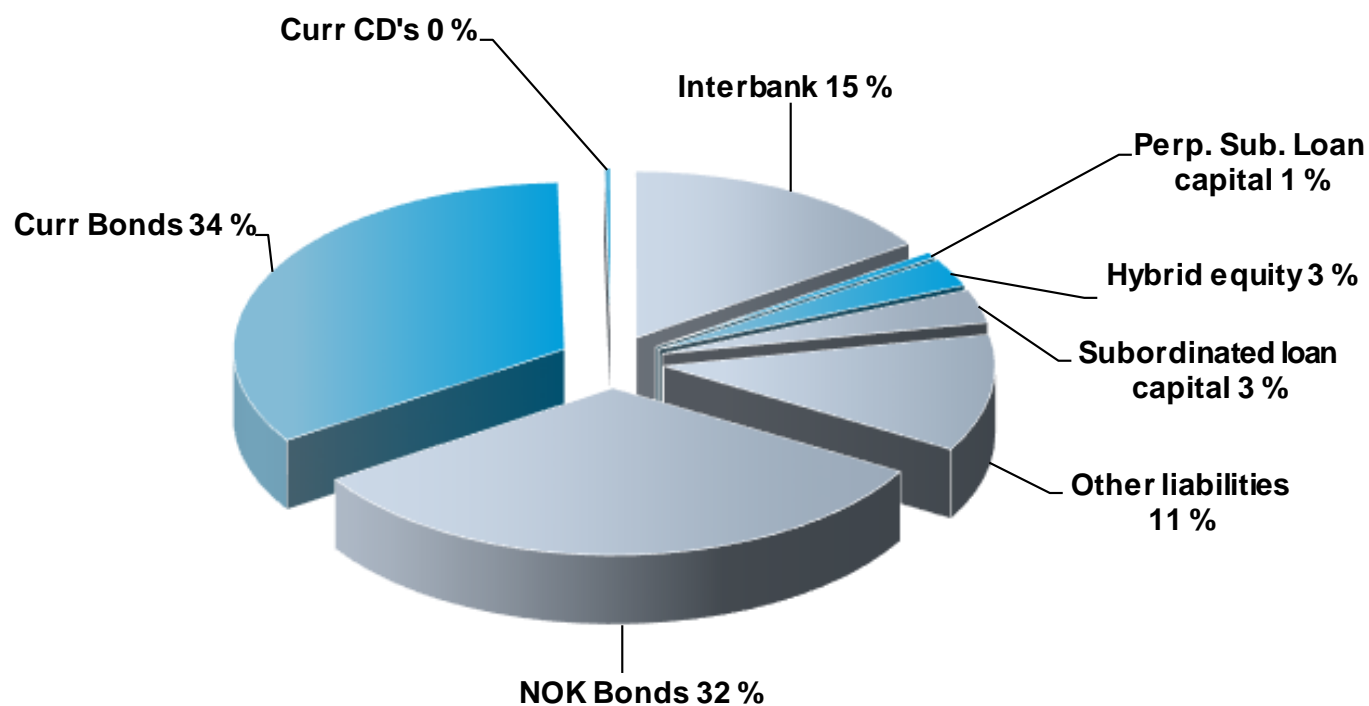


### Funding maturity dates over the next eight quarters



### Capital markets funding

(in NOK million)	31 Dec. 2015	30 Sept. 2015	30 Jun. 2015	31 Mar. 2015	31 Dec. 2014	31 Dec. 2013
NOK Bonds	17,139	17,774	17,745	16,588	18,263	18,953
Curr Bonds	17,898	15,418	14,286	12,873	13,611	11,451
NOK CD's	-	403	1,155	2,305	820	2,750
Curr CD's	155	-	-	-	-	-
Interbank	8,155	8,324	8,684	7,595	7,572	5,159
Gov. Swap arrangement	-	-	-	-	-	1,220
Perp. Sub. Loan capital	299	299	299	1,746	307	304
Hybrid equity	1,445	1,446	1,441	1,447	1,449	1,431
Subordinated loan capital	1,719	1,707	1,641	1,659	1,607	1,569
Other liabilities	5,996	6,034	5,199	6,716	7,512	5,830
<b>Total</b>	<b>52,807</b>	<b>51,406</b>	<b>50,449</b>	<b>50,929</b>	<b>51,141</b>	<b>48,667</b>



## 6. Financial results

### Financial results

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Interest income	962	1,058	992	1,019	1,103	4,031	4,265	4,118
Interest expenses	489	593	525	552	618	2,159	2,475	2,502
<b>Net interest</b>	<b>473</b>	<b>466</b>	<b>467</b>	<b>467</b>	<b>485</b>	<b>1,872</b>	<b>1,790</b>	<b>1,616</b>
Commission income	309	317	313	306	323	1,245	1,281	1,230
Commission expenses	38	38	32	27	33	135	113	94
Other operating income	107	99	132	97	81	435	344	327
<b>Commission income and other income</b>	<b>378</b>	<b>378</b>	<b>413</b>	<b>377</b>	<b>371</b>	<b>1,545</b>	<b>1,512</b>	<b>1,463</b>
Dividends	3	0	22	0	5	25	65	41
Income from investment in related companies	121	78	120	129	144	448	527	355
Net return on financial investments	-15	-91	23	69	-58	-14	128	106
<b>Net return on financial investments</b>	<b>109</b>	<b>-13</b>	<b>165</b>	<b>198</b>	<b>91</b>	<b>459</b>	<b>720</b>	<b>502</b>
<b>Total income</b>	<b>959</b>	<b>831</b>	<b>1,044</b>	<b>1,042</b>	<b>947</b>	<b>3,876</b>	<b>4,021</b>	<b>3,580</b>
Staff costs	280	264	283	267	267	1,093	1,002	923
Administration costs	157	137	147	126	129	568	500	447
Other operating expenses	78	65	66	61	83	270	287	352
<b>Total operating expenses</b>	<b>515</b>	<b>466</b>	<b>496</b>	<b>454</b>	<b>479</b>	<b>1,931</b>	<b>1,789</b>	<b>1,722</b>
<b>Result before losses</b>	<b>444</b>	<b>364</b>	<b>548</b>	<b>588</b>	<b>467</b>	<b>1,945</b>	<b>2,232</b>	<b>1,859</b>
Loss on loans, guarantees etc.	56	56	35	22	34	169	89	101
<b>Result before tax</b>	<b>388</b>	<b>309</b>	<b>513</b>	<b>567</b>	<b>434</b>	<b>1,776</b>	<b>2,143</b>	<b>1,758</b>
Tax charge	100	61	83	126	60	370	362	388
Results investments held for sale, after tax	0	0	0	0	0	-1	0	30
<b>Net profit</b>	<b>287</b>	<b>248</b>	<b>430</b>	<b>441</b>	<b>375</b>	<b>1,406</b>	<b>1,782</b>	<b>1,400</b>
Majority share	291	253	427	439	372	1,410	1,772	1,390
Minority interest	-4	-5	3	2	2	-4	10	10

## Balance sheet

(in NOK million)	31 Dec. 2015	30 Sept. 2015	30 Jun. 2015	31 Mar. 2015	31 Dec. 2014	31 Dec. 2013
Cash and receivables from central banks	3,270	1,252	3,895	568	4,676	4,795
Deposits with and loans to credit institutions	2,407	2,807	2,520	1,952	1,289	1,189
Gross loans to customers before write-down	93,974	94,917	94,179	92,311	90,578	80,548
- Specified write-downs	-183	-191	-168	-160	-172	-173
- Write-downs by loan category	-376	-326	-296	-295	-295	-295
Net loans to and receivables from customers	93,415	94,400	93,715	91,855	90,112	80,080
Fixed-income CDs and bonds at fair value	15,752	14,430	15,082	13,954	14,177	16,937
Derivatives	7,524	7,513	5,851	7,340	7,877	3,780
Shares, units and other equity interests	1,485	1,221	1,346	700	708	1,016
Investment in related companies	5,522	5,189	5,024	5,185	5,129	4,624
Investments held for sale	16	15	15	16	45	113
Goodwill	528	528	529	529	526	495
Other assets	1,996	1,882	2,912	1,587	1,509	2,329
<b>Assets</b>	<b>131,914</b>	<b>129,237</b>	<b>130,888</b>	<b>123,687</b>	<b>126,047</b>	<b>115,360</b>
Deposits from credit institutions	8,155	8,324	8,684	7,598	9,123	6,581
Deposits from and debt to customers	64,090	63,620	66,186	60,589	60,680	55,927
Debt created by issue of securities	35,154	33,557	33,146	31,971	33,001	34,086
Derivatives	5,414	5,486	4,610	6,096	6,252	2,720
Other liabilities	1,734	1,342	1,690	1,495	1,095	1,485
Investments held for sale	0	0	0	0	0	0
Subordinated loan capital	3,463	3,453	3,380	3,415	3,371	3,319
<b>Total liabilities</b>	<b>118,010</b>	<b>115,782</b>	<b>117,697</b>	<b>111,165</b>	<b>113,523</b>	<b>104,118</b>
Equity capital certificate	2,597	2,597	2,597	2,597	2,597	2,597
Own holding of ECCs	-21	0	0	0	0	0
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	3,790	3,122	3,122	3,122	3,122	2,496
Recommended dividends	292	0	0	0	292	227
Provision for gifts	40	0	0	0	160	124
Savings bank's reserve	4,105	3,619	3,619	3,619	3,619	3,276
Unrealised gains reserve	290	148	148	148	148	206
Other equity capital	1,597	1,660	1,639	1,622	1,620	1,354
Result of the period	0	1,119	871	441	0	0
Minority interests	318	295	301	78	72	67
<b>Total equity capital</b>	<b>13,904</b>	<b>13,455</b>	<b>13,191</b>	<b>12,521</b>	<b>12,524</b>	<b>11,242</b>
<b>Total liabilities and equity</b>	<b>131,914</b>	<b>129,237</b>	<b>130,888</b>	<b>123,687</b>	<b>126,047</b>	<b>115,360</b>

The Group has changed its presentation of accrued interest as from the first quarter of 2015. Accrued interest is now presented together with the underlying financial instrument. It was previously presented as other assets and other liabilities. Historical figures for 2014 and 2013 are similarly restated.

## Key figures

	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Return on equity	8,4 %	7,4 %	13,4 %	14,1 %	12,1 %	10,7 %	15,1 %	13,3 %
Cost/income ratio group	54 %	56 %	47 %	44 %	51 %	50 %	44 %	48 %
Cost/income ratio group, ex. financial inv.	61 %	55 %	56 %	54 %	56 %	57 %	54 %	56 %
12-month cost growth	7,5 %	9,6 %	11,9 %	2,8 %	3,0 %	7,9 %	3,9 %	4,1 %
Gross loans to customers*	127.378	126.180	124.519	122.933	120.435	127.378	120.435	112.283
Growth in loans last 12 months*	5,8 %	8,3 %	8,4 %	10,0 %	7,3 %	5,8 %	7,3 %	6,8 %
Growth in loans this period*	0,9 %	1,3 %	1,3 %	2,1 %	3,4 %	5,8 %	7,3 %	6,8 %
Deposits from customers	64.090	63.620	66.186	60.589	60.680	64.090	60.680	55.927
Growth in deposits last 12 months	5,6 %	9,5 %	11,4 %	10,9 %	8,5 %	5,6 %	8,5 %	7,3 %
Growth in deposits this period	0,7 %	-3,9 %	9,2 %	-0,2 %	4,5 %	5,6 %	8,5 %	7,3 %
Ordinary lending financed by ordinary deposits	68 %	67 %	70 %	66 %	67 %	68 %	67 %	69 %
Total assets	131.914	129.237	130.888	123.687	126.047	131.914	126.047	115.360
Average total assets (quarterly)	130.575	130.063	127.288	124.867	121.620	128.355	117.794	111.843
Employees in employment group	1.208	1.228	1.227	1.157	1.192	1.208	1.192	1.159
Employees in employment parent bank	645	663	673	716	753	645	753	757
Employees in employment subsidiaries	563	565	554	441	439	563	439	402
Number of branches	49	49	49	49	49	49	49	50
Lending margin	2,15	2,19	2,26	2,43	2,49	2,26	2,57	2,58
Deposit margin	(0,09)	(0,14)	(0,23)	(0,38)	(0,41)	(0,21)	(0,48)	(0,51)
Net other operating income of total income	39 %	45 %	40 %	36 %	39 %	40 %	38 %	41 %
Common Equity Tier 1 ratio	13,6 %	13,2 %	12,7 %	12,3 %	11,2 %	13,6 %	11,2 %	11,1 %
Core capital ratio	15,6 %	15,2 %	14,6 %	14,3 %	13,0 %	15,6 %	13,0 %	13,0 %
Capital adequacy ratio	18,3 %	17,9 %	17,3 %	17,0 %	15,7 %	18,3 %	15,7 %	14,7 %
Total core capital	13.988	13.451	13.142	12.713	12.382	13.988	12.382	10.989
Net subordinated capital	16.378	15.886	15.577	15.147	14.937	16.378	14.937	12.417
Impairment losses ratio	0,18 %	0,18 %	0,11 %	0,07 %	0,11 %	0,14 %	0,08 %	0,09 %
Non-performing commitm. as % of gross loans	0,13 %	0,17 %	0,23 %	0,19 %	0,22 %	0,13 %	0,22 %	0,34 %
Other doubtful commitm. as % of gross loans	0,30 %	0,36 %	0,30 %	0,18 %	0,18 %	0,30 %	0,18 %	0,14 %
ECC price	50,50	54,00	65,50	59,50	58,50	50,50	58,50	55,00
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)	67,65	65,52	64,18	61,95	62,04	67,65	62,04	55,69
Adjusted profit per ECC	1,45	1,26	2,13	2,18	1,85	7,02	8,82	6,92
P/E per ECC	8,71	10,72	7,70	6,81	7,89	7,19	6,63	7,95
P/B equity capital	0,75	0,82	1,02	0,96	0,94	0,75	0,94	0,99

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

## 7. Segment Information

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.

The segment SB1 Markets comprises the subsidiary SpareBank 1 Markets as from the second quarter of 2015. SpareBank 1 Markets became a subsidiary on 1 April 2015 when SpareBank 1 SMN integrated its markets activity into SpareBank 1 Markets and at the same time increased its holding to 73.3 per cent. Consequently, the result as of 31 December 2015 is the result of second to fourth quarter. The stake was increased to 73.5 per cent in the fourth quarter as a result of a stock issue.

In the reporting of the first quarter of 2015 and previously, the segment Markets comprised SpareBank 1 SMN's own markets activity in the parent bank. The result for the first quarter of 2015 is from the second quarter moved to the column "Uncollated". For a further description of the transaction involving SpareBank 1 Markets, see note 2 - critical estimates and assessment concerning the use of accounting principles – in the Quarterly report.

The Group has changed its presentation of accrued interest as from the first quarter of 2015. Accrued interest is now presented together with the underlying financial instrument. It was previously presented as other assets and other liabilities. Historical figures for 2014 and 2013 are similarly restated.

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, data for Retail customers for 2013 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.

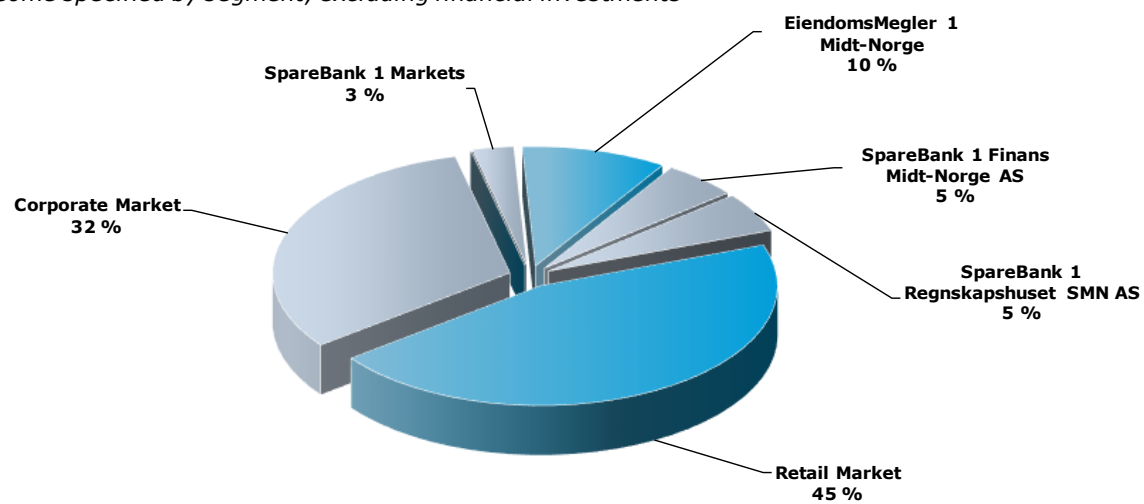
### 7.1. Extract from income statement

Group (in NOK million) 31 Dec.2015	Retail Market	Corporate Market	SpareBank 1 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	907	922	-2	4	154	-0	-	-	-112	1,872
Allocated	41	48	-	-	-	-	-	-	-89	-
<b>Total interest income</b>	<b>948</b>	<b>971</b>	<b>-2</b>	<b>4</b>	<b>154</b>	<b>-0</b>	<b>-</b>	<b>-</b>	<b>-202</b>	<b>1,872</b>
Commission income and other income	715	180	56	360	33	197	-	-	5	1,545
Net profit on financial investments	1	13	50	-	-	-	251	41	101	458
<b>Total income*</b>	<b>1,663</b>	<b>1,164</b>	<b>104</b>	<b>364</b>	<b>187</b>	<b>197</b>	<b>251</b>	<b>41</b>	<b>-96</b>	<b>3,876</b>
<b>Total operating expenses</b>	<b>779</b>	<b>353</b>	<b>188</b>	<b>317</b>	<b>97</b>	<b>162</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>1,931</b>
<b>Ordinary operating profit</b>	<b>884</b>	<b>810</b>	<b>-85</b>	<b>47</b>	<b>91</b>	<b>35</b>	<b>251</b>	<b>41</b>	<b>-131</b>	<b>1,945</b>
Loss on loans, guarantees etc.	11	151	-	-	8	-	-	-	-2	169
<b>Result before tax incl investments held for sale</b>	<b>873</b>	<b>659</b>	<b>-85</b>	<b>47</b>	<b>83</b>	<b>35</b>	<b>251</b>	<b>41</b>	<b>-129</b>	<b>1,776</b>
<b>Post-tax return on equity**</b>	<b>15.8 %</b>	<b>12.4 %</b>								<b>10.7 %</b>
<b>Balance sheet</b>										
Loans and advances to customers	84,981	37,226	-	-	4,376	-	-	-	796	127,378
adv. of this to Boligkreditt and Næringskreditt	-32,061	-1,343	-	-	-	-	-	-	0	-33,404
Individual allowance for impairment on loan	-28	-146	-	-	-7	-	-	-	-2	-183
Group allowance for impairment on loan	-95	-264	-	-	-18	-	-	-	1	-376
Other assets	140	3	1,456	281	4	144	1,509	1,157	33,803	38,499
<b>Total assets</b>	<b>52,937</b>	<b>35,476</b>	<b>1,456</b>	<b>281</b>	<b>4,355</b>	<b>144</b>	<b>1,509</b>	<b>1,157</b>	<b>34,598</b>	<b>131,914</b>
Deposits to customers	33,534	30,367	-	-	-	-	-	-	188	64,090
Other liabilities and equity	19,402	5,108	1,456	281	4,355	144	1,509	1,157	34,410	67,824
<b>Total liabilities</b>	<b>52,937</b>	<b>35,476</b>	<b>1,456</b>	<b>281</b>	<b>4,355</b>	<b>144</b>	<b>1,509</b>	<b>1,157</b>	<b>34,598</b>	<b>131,914</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 percent.



Income specified by segment, excluding financial investments



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

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Retail	236	230	221	221	244	907	873	630
Corporate	237	235	234	216	219	922	840	695
SME								213
<b>Net interest income</b>	<b>473</b>	<b>465</b>	<b>455</b>	<b>437</b>	<b>463</b>	<b>1,829</b>	<b>1,712</b>	<b>1,537</b>

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

<b>Lending</b> (in percentage)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Retail	1.92	2.00	2.06	2.28	2.33	2.07	2.39	2.35
Corporate	2.66	2.62	2.67	2.75	2.81	2.68	2.90	2.92
<b>Total</b>	<b>2.15</b>	<b>2.19</b>	<b>2.50</b>	<b>2.49</b>	<b>2.48</b>	<b>2.26</b>	<b>2.57</b>	<b>2.58</b>

<b>Deposits</b> (in percentage)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Retail	0.05	-0.10	-0.15	-0.35	-0.34	-0.14	-0.42	-0.38
Corporate	-0.25	-0.19	-0.32	-0.41	-0.44	-0.29	-0.55	-0.52
<b>Total</b>	<b>-0.09</b>	<b>-0.14</b>	<b>-0.38</b>	<b>-0.41</b>	<b>-0.41</b>	<b>-0.21</b>	<b>-0.48</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	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Retail	84,981	83,077	81,352	79,184	78,388	84,981	78,388	64,297
Corporate	37,226	37,781	38,090	38,606	36,872	37,226	36,872	31,990
SME								9,075
<b>Total</b>	<b>122,206</b>	<b>120,857</b>	<b>119,441</b>	<b>117,790</b>	<b>115,260</b>	<b>122,206</b>	<b>115,260</b>	<b>105,362</b>

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

<b>Deposits</b> (in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Retail	33,534	33,449	33,915	31,782	31,589	33,534	31,589	24,480
Corporate	30,367	29,567	31,552	28,219	28,463	30,367	28,463	21,563
SME								8,742
<b>Total</b>	<b>63,902</b>	<b>63,016</b>	<b>65,467</b>	<b>60,000</b>	<b>60,052</b>	<b>63,902</b>	<b>60,052</b>	<b>54,784</b>

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

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Retail	185	182	175	173	194	715	763	705
Corporate	48	54	44	47	48	193	188	140
SME								80
<b>Total</b>	<b>232</b>	<b>237</b>	<b>220</b>	<b>219</b>	<b>243</b>	<b>908</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 figures for 2013.

### Business description

	<b>31 Dec. 2015</b>
<i>Facts about the business area</i>	
Lending volume	84,981
Deposits volume	33,534
No. of active customers	209,238
FTEs	333

<i>Financial performance</i>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	<b>4Q</b>	<b>31 Dec.</b>		
(in NOK million)	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net interest income lending	148	154	154	165	183	621	648	431
Net interest income deposits	88	75	67	56	60	286	224	199
Net interest income allocated capital	3	6	13	18	8	41	40	11
<b>Total interest income</b>	<b>239</b>	<b>236</b>	<b>234</b>	<b>239</b>	<b>252</b>	<b>948</b>	<b>913</b>	<b>641</b>
Net guarantee commission, incl. Boligkreditt	87	86	90	97	108	360	445	426
Net commission of savings products	16	16	13	10	13	55	42	38
Net commission insurance services	39	34	33	30	32	135	113	99
Net commission payment trans. services	43	47	39	36	41	165	161	141
Other commission income	0	-0	-0	-0	-0	0	0	0
<b>Net fee and commission income</b>	<b>185</b>	<b>182</b>	<b>175</b>	<b>173</b>	<b>194</b>	<b>715</b>	<b>762</b>	<b>704</b>
Net profit on financial investments	0	0	0	0	0	1	1	1
<b>Total income</b>	<b>424</b>	<b>418</b>	<b>410</b>	<b>411</b>	<b>446</b>	<b>1,663</b>	<b>1,675</b>	<b>1,346</b>
<b>Total operating expenses*</b>	<b>214</b>	<b>195</b>	<b>171</b>	<b>199</b>	<b>213</b>	<b>779</b>	<b>809</b>	<b>641</b>
<b>Results</b>	<b>210</b>	<b>223</b>	<b>239</b>	<b>212</b>	<b>233</b>	<b>884</b>	<b>867</b>	<b>705</b>
Loss on loans, guarantees etc.	5	3	1	3	-2	11	6	6
<b>Results before tax</b>	<b>205</b>	<b>220</b>	<b>238</b>	<b>209</b>	<b>235</b>	<b>873</b>	<b>861</b>	<b>699</b>

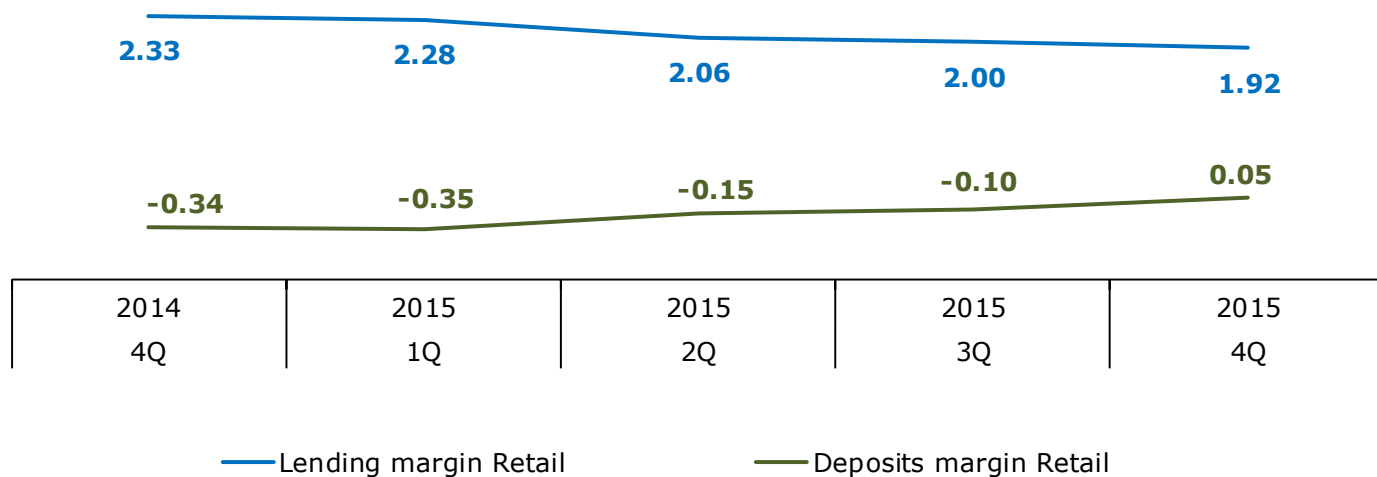
\*) Includes both direct and distributed expenses

**Post-tax return on equity (annualized)\*\*** **15.8 %** **19.2 %** **31.6 %**

\*\*\*) 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%. Figures for periods before third quarter 2014 are not adjusted as a result of this.

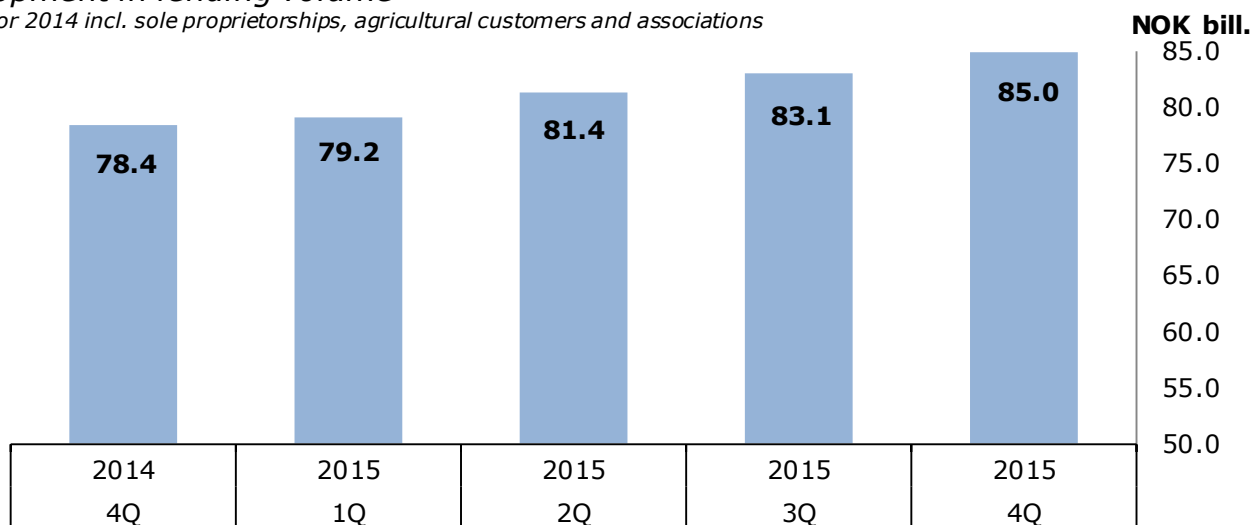
### Development in margin

Definition margin: Average customer interest minus 3 months average nibor



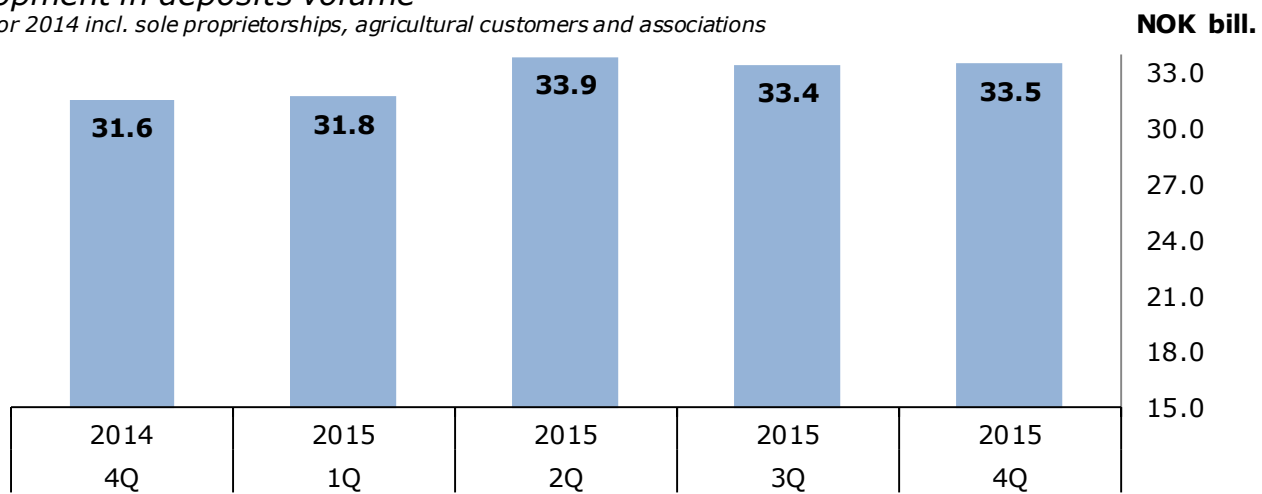
### Development in lending volume

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



### Development in deposits volume

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



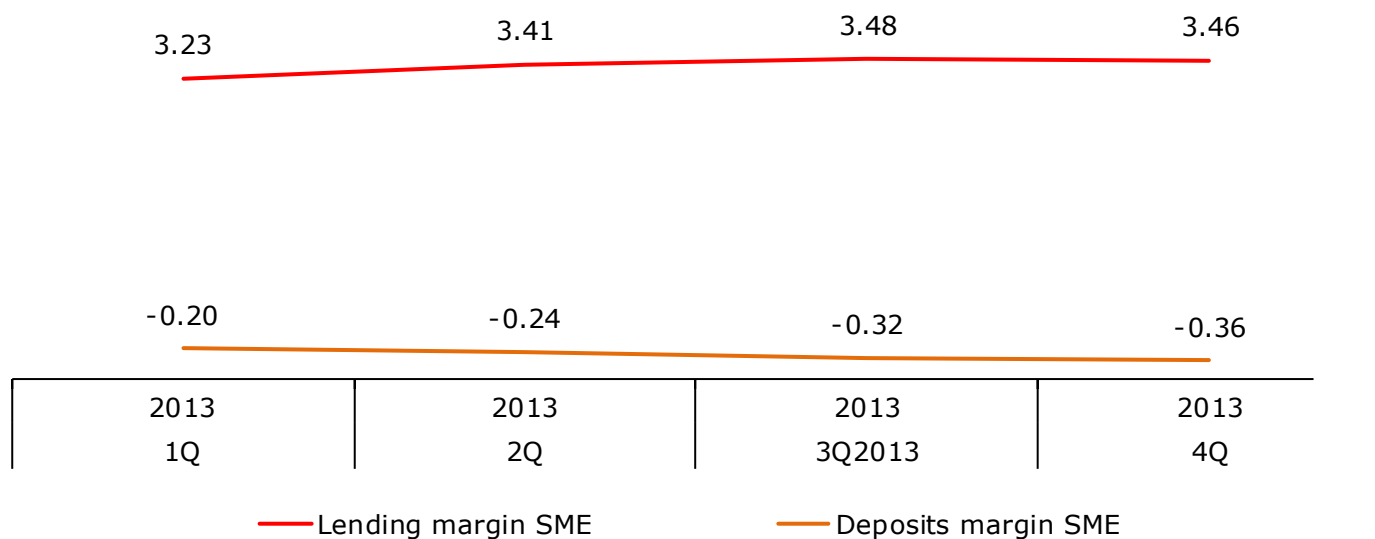
### 7.3. SME

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.

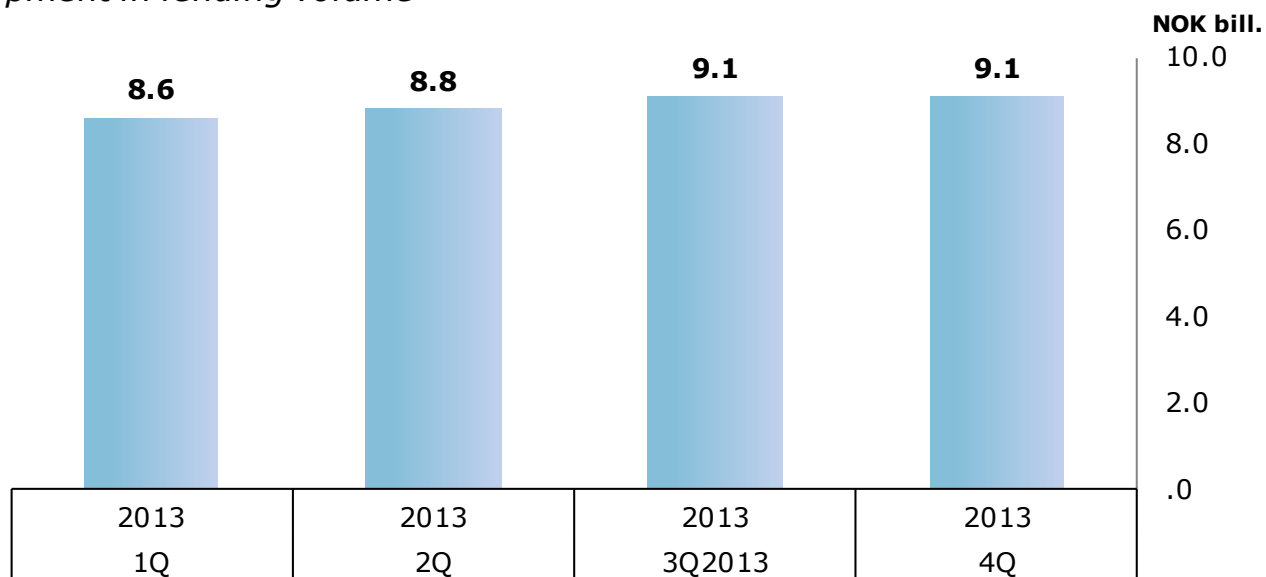
<i>Financial performance</i>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	
(in NOK million)	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
Net interest income lending	51	53	49	47	200
Net interest income deposits	20	21	22	21	84
Net interest income allocated capital	1	1	1	0	3
<b>Total interest income</b>	<b>72</b>	<b>74</b>	<b>72</b>	<b>69</b>	<b>286</b>
Net guarantee commision, incl. Boligkreditt	4	5	5	4	18
Net commision of savings products	4	2	1	1	8
Net commision insurance services	4	5	5	4	18
Net commision 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>

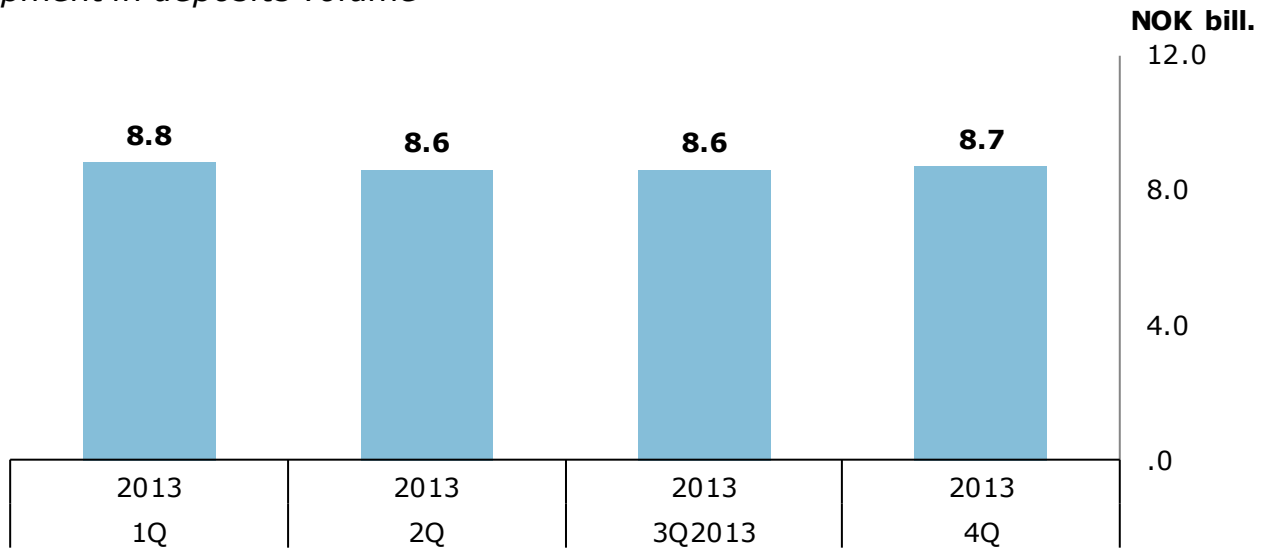
### Development in margin

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. 2015</b>
Lending volume	37,226
Deposits volume	30,367
No. of active customers	7,253
FTEs	117

<i>Financial performance</i> (in NOK million)	<b>4Q 2015</b>	<b>3Q 2015</b>	<b>2Q 2015</b>	<b>1Q 2015</b>	<b>4Q 2014</b>	<b>31 Dec.</b>		<b>2013</b>
						<b>2015</b>	<b>2014</b>	
Net interest income lending	179	171	183	171	174	704	687	583
Net interest income deposits	58	64	51	45	44	218	153	112
Net interest income allocated capital	5	7	18	19	15	48	67	34
<b>Total interest income</b>	<b>242</b>	<b>242</b>	<b>252</b>	<b>235</b>	<b>234</b>	<b>971</b>	<b>906</b>	<b>729</b>
Net guarantee commission, incl. Boligkreditt	22	23	17	18	15	79	67	53
Net commission of savings products	2	1	1	1	1	5	4	1
Net commission insurance services	4	5	5	6	6	20	21	4
Net commission payment trans. services	19	20	19	18	17	75	67	31
Other commission income	0	1	0	0	0	1	0	2
<b>Net fee and commission income</b>	<b>45</b>	<b>50</b>	<b>42</b>	<b>43</b>	<b>38</b>	<b>180</b>	<b>159</b>	<b>91</b>
Net profit on financial investments	2	4	3	4	10	13	29	49
<b>Total income</b>	<b>289</b>	<b>297</b>	<b>296</b>	<b>282</b>	<b>282</b>	<b>1,164</b>	<b>1,095</b>	<b>869</b>
<b>Total operating expenses*</b>	<b>96</b>	<b>82</b>	<b>76</b>	<b>99</b>	<b>92</b>	<b>353</b>	<b>318</b>	<b>257</b>
<b>Results</b>	<b>194</b>	<b>214</b>	<b>220</b>	<b>183</b>	<b>191</b>	<b>810</b>	<b>777</b>	<b>612</b>
Loss on loans, guarantees etc.**	51	51	32	17	34	151	77	71
<b>Results before tax</b>	<b>142</b>	<b>163</b>	<b>188</b>	<b>165</b>	<b>157</b>	<b>659</b>	<b>699</b>	<b>541</b>

\*) Includes both direct and distributed expenses

\*\*\*) Includes collective write downs of NOK 30 million in 3Q and NOK 51 million in 4Q

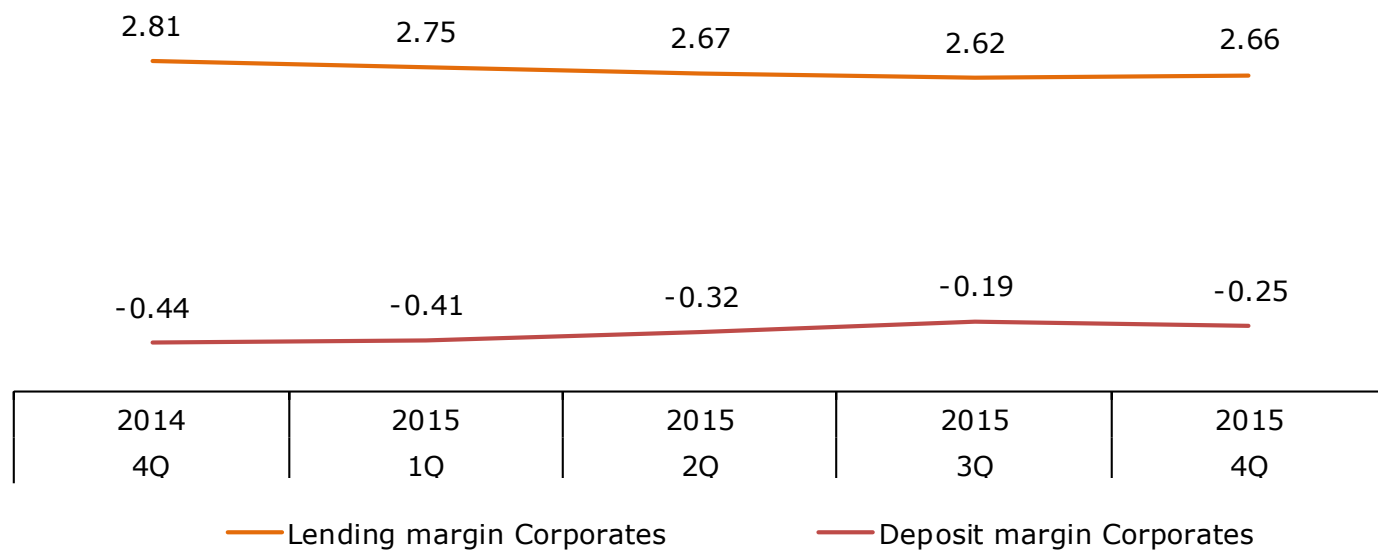
**Post-tax return on equity (annualized)\*\*\***

**12.4 % 10.0 % 10.5 %**

\*\*\*) 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%. Figures for periods before third quarter 2014 are not adjusted as a result of this.

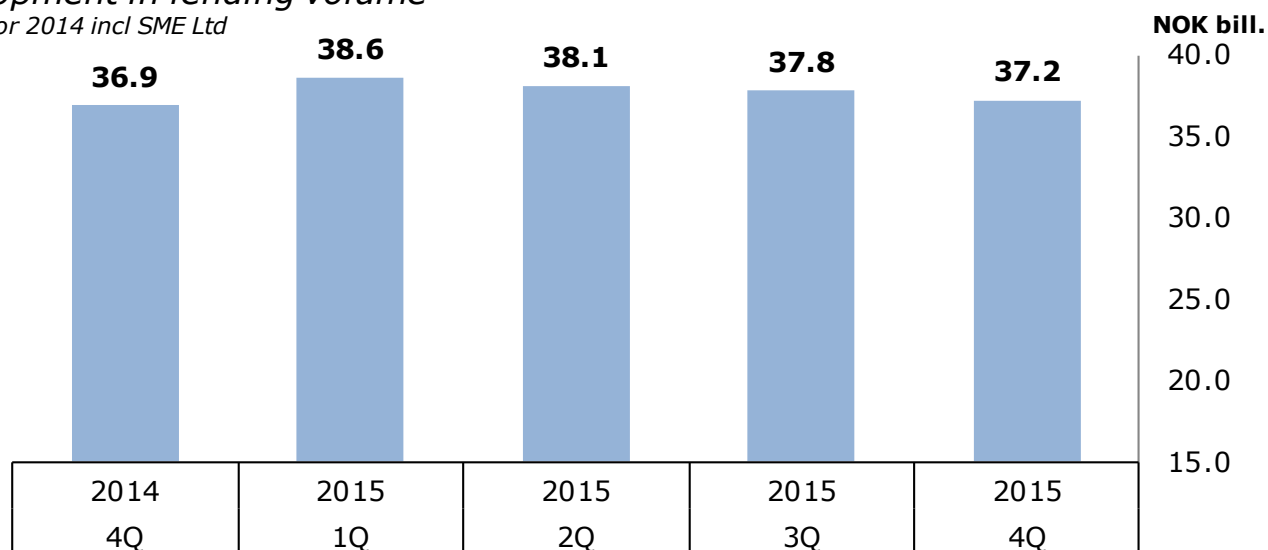
### Development in margin

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

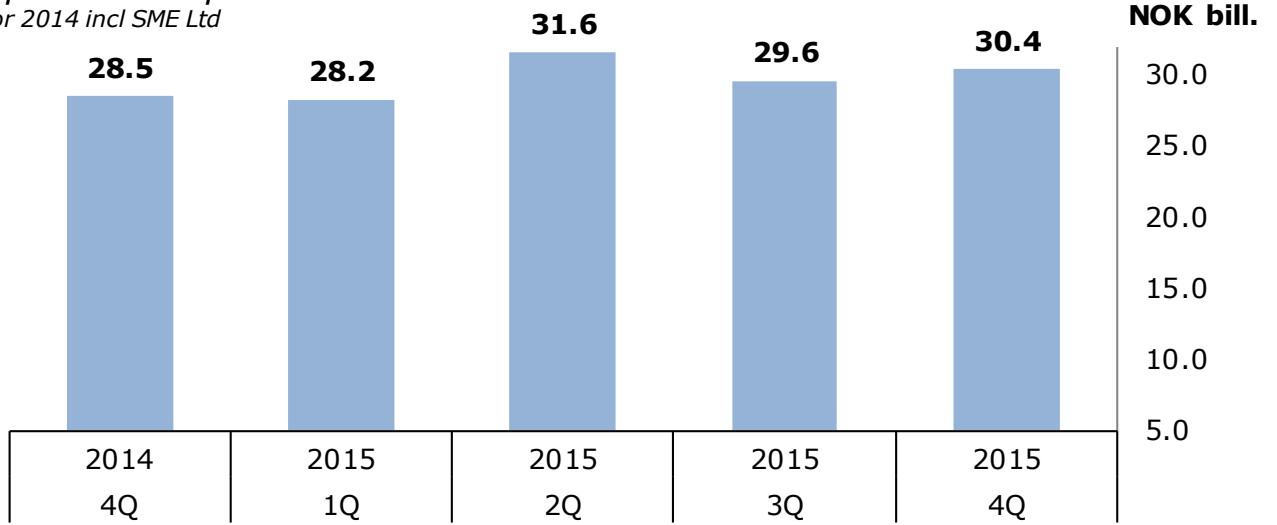


### Development in lending volume

Figures for 2014 incl SME Ltd



*Development in deposits volume*  
*Figures for 2014 incl SME Ltd*



## 7.5. 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).

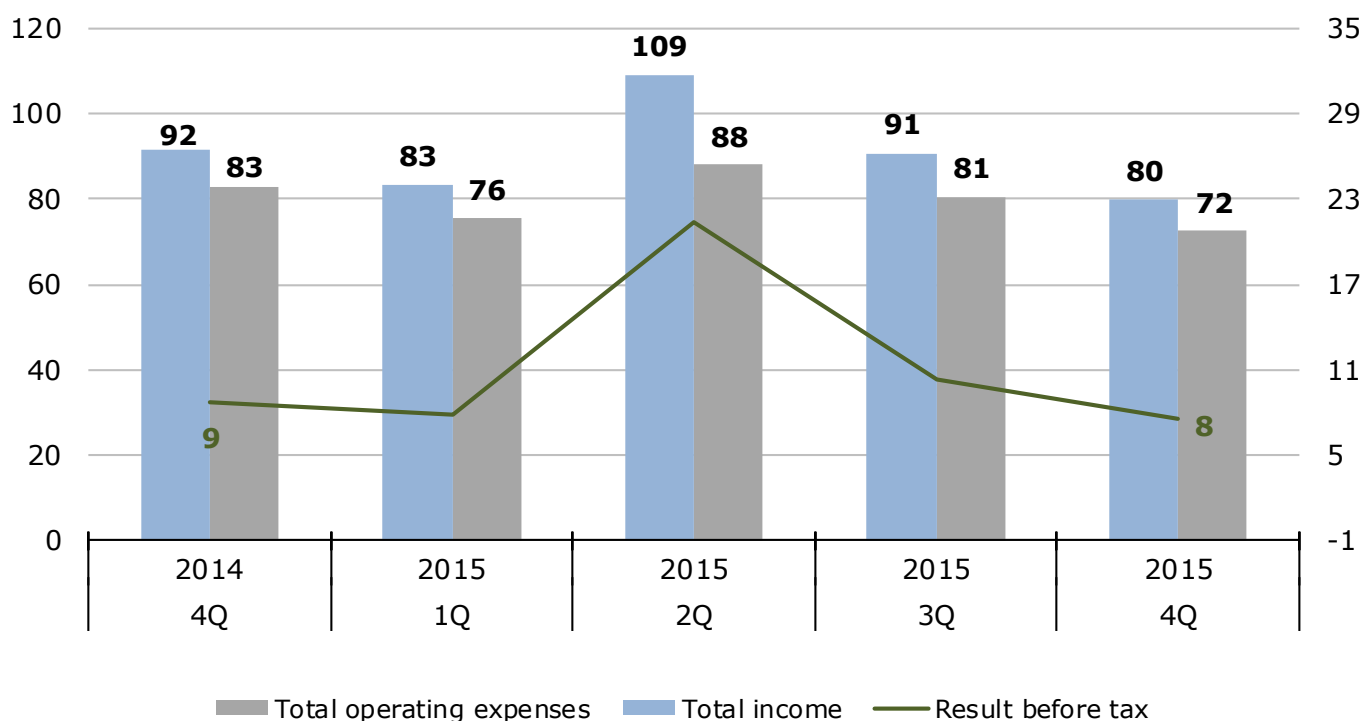
### *Business description EiendomsMegler 1 Midt-Norge AS*

#### *Financial performance*

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2013
	2015	2015	2015	2015	2014	2015	2014	
Net interest	2	1	1	1	3	4	5	7
Commission income and other income	78	90	109	83	89	360	359	368
<b>Total income</b>	<b>80</b>	<b>91</b>	<b>109</b>	<b>83</b>	<b>92</b>	<b>364</b>	<b>364</b>	<b>375</b>
<b>Total operating expenses</b>	<b>72</b>	<b>81</b>	<b>88</b>	<b>76</b>	<b>83</b>	<b>317</b>	<b>313</b>	<b>314</b>
<b>Result before tax</b>	<b>8</b>	<b>10</b>	<b>21</b>	<b>8</b>	<b>9</b>	<b>47</b>	<b>51</b>	<b>61</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 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.

As of June 2015 eight new SamSpar banks joined as new owners and partners, bringing the Samspar banks' stake in SpareBank 1 Finans Midt-Norge to 27.9 per cent. SpareBank 1 SMN reduced its holding in the company from 90.1 per cent to 72.1 per cent. With Samarbeidende Sparebanker on the owner side, the company has a presence in ten different counties dispersed across Mid- and South Norway, Nord- and Sør-Trøndelag, Møre og Romsdal, Sogn og Fjordane, Oppland, Buskerud, Telemark, Akershus, Vestfold and Østfold.

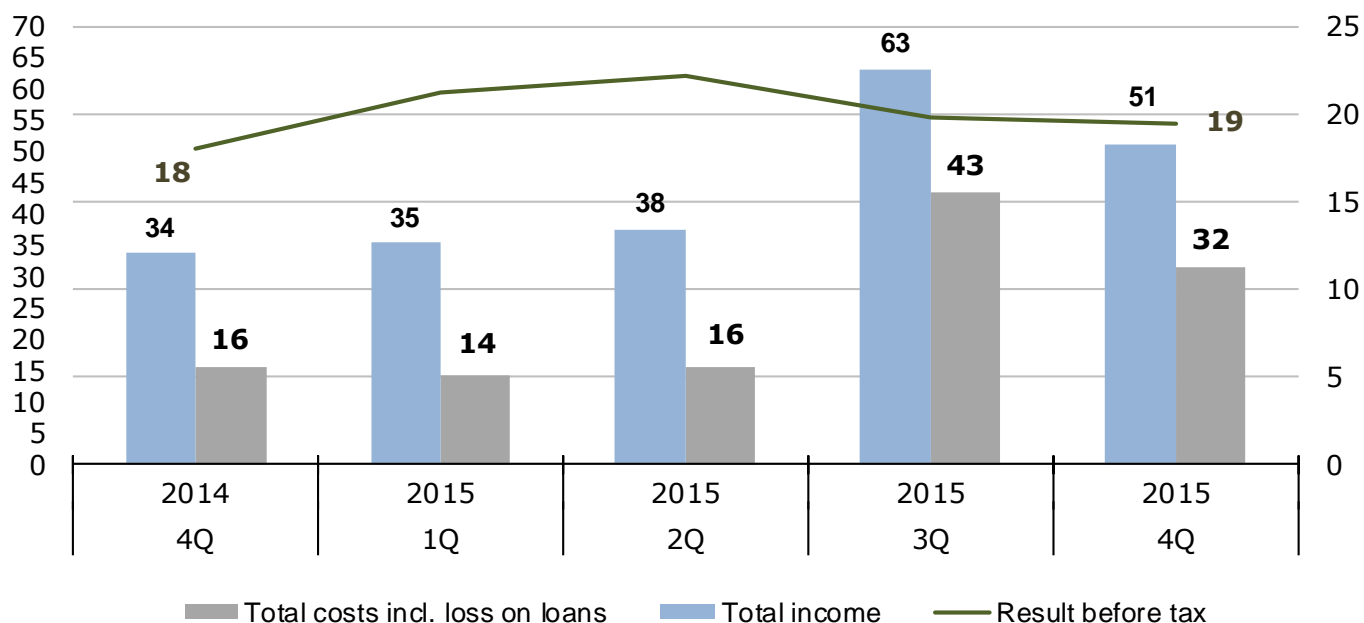
## Business description SpareBank1 Finans Midt-Norge AS

### Financial performance

(in NOK million)	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	31 Dec.		2013
						2015	2014	
<b>Total interest income</b>	<b>42</b>	<b>39</b>	<b>33</b>	<b>40</b>	<b>35</b>	<b>154</b>	<b>130</b>	<b>118</b>
Commission income and other income	9	24	5	-5	-1	33	-4	-3
Net profit on financial investments	0	0	0	0	0	0	0	-1
<b>Total income</b>	<b>51</b>	<b>63</b>	<b>38</b>	<b>35</b>	<b>34</b>	<b>187</b>	<b>126</b>	<b>116</b>
<b>Total operating expenses</b>	<b>29</b>	<b>41</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>97</b>	<b>50</b>	<b>45</b>
<b>Ordinary operating profit</b>	<b>23</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>20</b>	<b>91</b>	<b>75</b>	<b>70</b>
Loss on loans, guarantees etc.	3	2	1	2	2	8	8	20
Total costs incl. loss on loans	32	43	16	14	16	105	58	65
<b>Result before tax</b>	<b>19</b>	<b>20</b>	<b>22</b>	<b>21</b>	<b>18</b>	<b>83</b>	<b>68</b>	<b>51</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 and one in 2015. The strategy of growth through acquisitions represents a consolidation of a fragmented accounting industry.

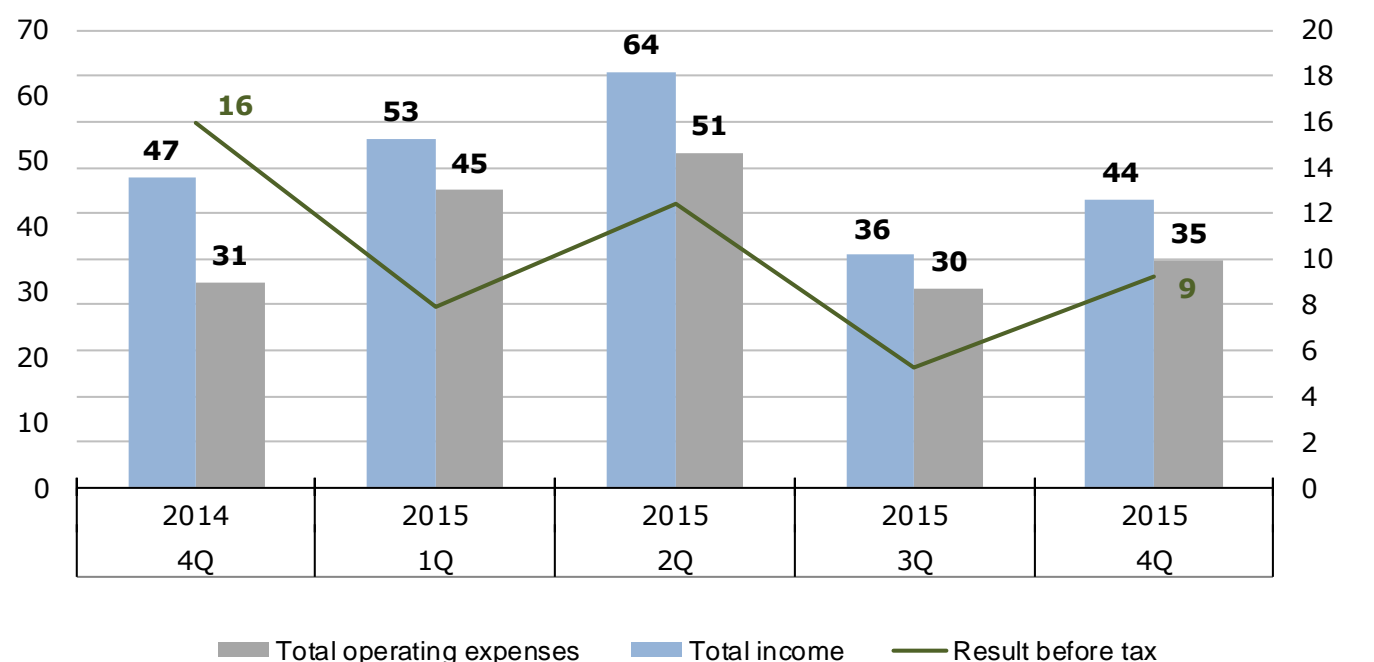
## Business description Regnskapshuset SMN AS

### Financial performance

(in NOK million)	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	31 Dec.		2013
						2015	2014	
Total interest income	-	-0	-0	0	7	-0	6	-0
Commission income and other income	44	36	64	53	41	197	182	133
<b>Total income</b>	<b>44</b>	<b>36</b>	<b>64</b>	<b>53</b>	<b>47</b>	<b>197</b>	<b>188</b>	<b>132</b>
<b>Total operating expenses</b>	<b>35</b>	<b>30</b>	<b>51</b>	<b>45</b>	<b>31</b>	<b>162</b>	<b>148</b>	<b>118</b>
<b>Result before tax</b>	<b>9</b>	<b>5</b>	<b>12</b>	<b>8</b>	<b>16</b>	<b>35</b>	<b>40</b>	<b>14</b>

Cost and income  
(NOK mill.)

Result before tax  
(NOK mill.)



## SpareBank 1 Markets

SpareBank 1 Markets AS is a Norwegian investment bank within the SpareBank 1 Alliance. The company provides research, financial advice, capital raising and stockbroking services, debt and fixed income products. Through the collaboration with the SpareBank 1 Alliance, SpareBank 1 Markets can offer a complete national capital structure service, and cover all customer segments, from retail clients and small and medium-sized businesses to large listed companies and institutional investors. The company has offices in Trondheim and Oslo.

SpareBank 1 Markets has been a subsidiary of SpareBank 1 SMN since 1 April 2015 and is consolidated in the Group accounts on a par with the other subsidiaries as from the same date. SpareBank 1 SMN's capital market activities were transferred to SpareBank 1 Markets as part of the transaction. Following the merger the company is owned by SpareBank 1 SMN (73.5 per cent), SpareBank 1 Nord-Norge (10.0 per cent), SamSpar (10.0 per cent), Sparebanken Hedmark (6.2 per cent) and others (0.4 per cent)

The table below shows the pro forma accounts for SpareBank 1 Markets, including numbers from SpareBank 1 SMN Markets. The numbers for 4Q, 3Q and 2Q 2015 show the financial performance of the restructured company, while the numbers referring to 31 December 2015 pro forma include the first quarter result of both SpareBank 1 Markets and the former capital market operations in SpareBank 1 SMN. Figures for SpareBank 1 Markets refer to the company accounts.

### SpareBank 1 Markets

<i>Financial performance</i> (in NOK million)	4Q 2015	3Q 2015	2Q 2015	1Q 2015	31 Dec. 2015	SMN Markets 1Q 2015	31 Dec. 2015 proforma
Equities / High Yield	21	13	17	18	69	2	71
Fixed Income	-0	-23	-3	2	-25	-	-25
Corporate	8	10	8	9	35	-	35
Foreign exchange/interest rate derivatives	19	5	27	-	50	29	79
Other commission income	1	2	2	-	6	1	7
<b>Total income</b>	<b>49</b>	<b>6</b>	<b>49</b>	<b>28</b>	<b>132</b>	<b>32</b>	<b>163</b>
<b>Total operating expenses</b>	<b>70</b>	<b>59</b>	<b>59</b>	<b>46</b>	<b>235</b>	<b>10</b>	<b>245</b>
<b>Results before tax</b>	<b>-21</b>	<b>-53</b>	<b>-10</b>	<b>-18</b>	<b>-102</b>	<b>21</b>	<b>-81</b>

The table below shows the financial performance as of March 31<sup>st</sup> 2015 for the former business line SpareBank 1 SMN Markets

### SpareBank 1 SMN Markets

<i>Financial performance</i> (in NOK million)	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014	31 Mar. 2015	2014	2014	2013
Net interest income	-15	-7	2	-1	-3	-15	-3	-9	5
Net interest income allocated capital	0	-1	0	0	0	0	0	-	-1
<b>Total interest income</b>	<b>-15</b>	<b>-8</b>	<b>2</b>	<b>-1</b>	<b>-2</b>	<b>-15</b>	<b>-2</b>	<b>-9</b>	<b>4</b>
Net fee and commission income	3	4	3	4	8	3	8	19	29
Capital gain/Agio Securities	43	1	6	9	11	43	11	27	40
<b>Total income</b>	<b>32</b>	<b>-3</b>	<b>11</b>	<b>13</b>	<b>17</b>	<b>32</b>	<b>17</b>	<b>37</b>	<b>73</b>
<b>Total operating expenses</b>	<b>10</b>	<b>9</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>10</b>	<b>16</b>	<b>58</b>	<b>85</b>
<b>Results</b>	<b>21</b>	<b>-12</b>	<b>-7</b>	<b>-3</b>	<b>1</b>	<b>21</b>	<b>1</b>	<b>-21</b>	<b>-13</b>
Loss on loans, guarantees etc.	-	-	-0	0	-	-	-	-	-
<b>Results before tax</b>	<b>21</b>	<b>-12</b>	<b>-7</b>	<b>-3</b>	<b>1</b>	<b>21</b>	<b>1</b>	<b>-21</b>	<b>-13</b>

### *Other subsidiaries*

**Allegro Kapitalforvaltning:** 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)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net interest	974	1,024	1,139	1,350	1,325	1,317	1,392	1,477	1,616	1,790
Commission income and other income	537	580	671	610	756	855	919	1,139	1,463	1,512
Net return on financial investments	276	419	332	207	596	410	434	451	502	720
<b>Total income</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>	<b>4,021</b>
Staff costs	485	512	583	623	725	583	810	942	923	1,002
Other operating expenses	421	478	519	571	528	557	672	712	799	787
<b>Total operating expenses</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>1,789</b>
<b>Result before losses</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>	<b>2,232</b>
Loss on loans, guarantees etc.	-38	-84	-6	202	277	132	27	58	101	89
<b>Result before tax</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>	<b>2,143</b>
Tax charge	199	219	200	156	210	260	255	295	388	362
Results investments held for sale, after tax						-27	43	16	30	0
<b>Net profit</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>	<b>1,782</b>

### Balance sheet\*

(in NOK million)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cash and loans to and claims on credit institutions	2,123	2,323	3,878	4,548	1,260	2,532	4,075	4,091	5,984	5,965
CDs, bonds and other interest-bearing securities	4,133	5,602	7,246	12,036	19,302	22,948	21,485	25,614	26,358	27,891
Gross loans to customers before write-downs	45,280	52,819	59,178	64,016	61,782	69,847	73,105	74,943	80,548	90,578
- Specified write-downs	-236	-147	-116	-215	-219	-222	-172	-144	-173	-172
- Write-downs by loan category	-278	-184	-185	-245	-289	-290	-290	-295	-295	-295
Other assets	3,304	2,765	1,502	4,540	2,704	3,182	3,252	3,766	2,938	2,080
<b>Assets</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>	<b>126,047</b>
Deposits from credit institutions	1,029	2,766	5,346	9,000	11,310	13,062	9,118	7,410	6,581	9,123
Deposits from and debt to customers	27,048	30,136	32,434	35,280	37,227	42,786	47,871	52,252	55,927	60,680
Debt created by issue of securities	18,036	21,911	23,950	29,680	24,070	29,625	31,306	33,121	36,806	39,254
Other liabilities	2,876	1,799	2,265	2,045	1,876	1,922	2,122	2,070	1,485	1,095
Subordinated loan capital	1,667	2,383	2,648	3,156	3,875	2,758	2,690	3,040	3,319	3,371
Total equity capital	3,671	4,183	4,860	5,518	6,183	7,846	8,348	10,082	11,242	12,524
<b>Total liabilities and equity</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>	<b>126,047</b>

\*) The Group has changed its presentation of accrued interest as from the first quarter of 2015. Accrued interest is now presented together with the underlying financial instrument. It was previously presented as other assets and other liabilities. Historical figures for 2014 and 2013 are similarly restated, but earlier years have not been restated due to small changes

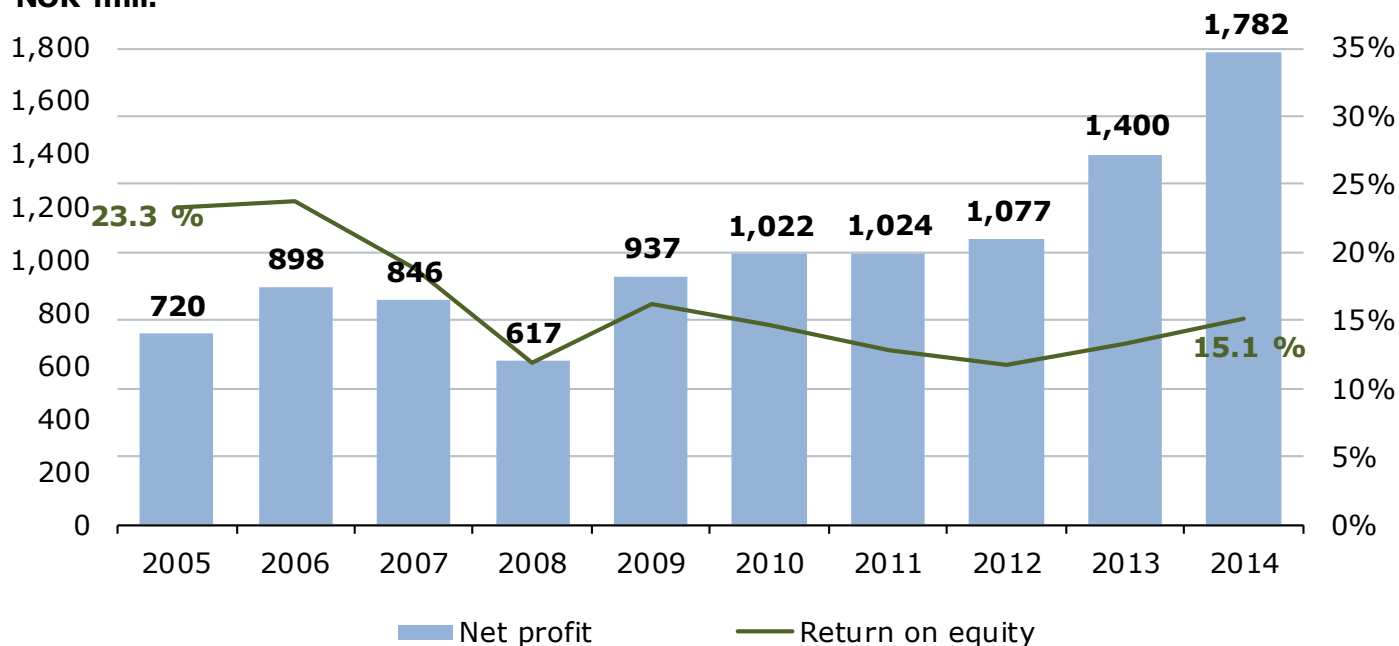
## Key figures

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Return on equity	23.3 %	23.7 %	18.9 %	11.9 %	16.2 %	14.6 %	12.8 %	11.7 %	13.3 %	15.1 %
Cost/income ratio group	50.7 %	49.0 %	51.7 %	55.0 %	46.8 %	44.2 %	54.0 %	53.9 %	48.1 %	44.5 %
Cost/income ratio group, ex. financial inv.	61.7 %	61.1 %	60.8 %	60.2 %	52.5 %	52.5 %	64.1 %	63.2 %	55.9 %	54.2 %
Cost/income ratio parent bank	50.0 %	47.6 %	52.4 %	55.3 %	47.2 %	40.2 %	50.5 %	47.5 %	40.2 %	40.5 %
12-month cost growth	24.3 %	9.3 %	11.8 %	7.9 %	4.9 %	-9.0 %	30.0 %	11.6 %	4.1 %	3.9 %
Gross loans to customers*	45,280	52,819	61,910	71,317	77,429	87,665	95,232	104,925	112,283	120,435
Gross loans in retail market	29,032	33,808	38,872	42,679	45,157	49,619	55,034	62,587	68,591	74,087
Gross loans in corporate market	16,248	19,011	23,038	28,638	32,272	38,046	40,198	42,322	43,692	46,348
Growth in loans last 12 months*	32.3 %	16.6 %	17.2 %	15.2 %	8.6 %	13.2 %	8.6 %	10.2 %	6.8 %	7.3 %
Deposits from customers	27,048	30,136	32,434	35,280	37,227	42,786	47,871	52,252	55,927	60,680
Deposits from retail market	14,080	14,707	16,070	17,566	17,898	19,052	20,860	22,279	23,891	26,496
Deposits from corporate market	12,968	15,429	16,363	17,715	19,330	23,734	27,011	29,973	32,036	34,184
Growth in deposits last 12 months	30.5 %	11.4 %	7.6 %	8.8 %	5.5 %	14.9 %	11.9 %	9.2 %	7.3 %	8.5 %
Ordinary lending financed by ordinary deposit	59.7 %	57.1 %	54.8 %	55.1 %	60.3 %	61.3 %	65.5 %	69.7 %	69.4 %	67.0 %
Total assets	54,327	63,178	71,503	84,679	84,541	97,997	102,479	107,975	115,360	126,047
Average total assets	47,753	56,434	67,202	75,820	86,679	91,317	98,465	105,372	111,843	117,794
Employees in employment group	806	841	931	982	1,016	1,035	1,098	1,135	1,159	1,192
Employees in employment parent bank	669	661	723	750	767	764	786	793	757	753
Employees in employment subsidiares	137	180	208	232	250	271	312	342	402	439
Net other operating income of total income	30.1 %	28.7 %	31.3 %	28.2 %	28.2 %	33.1 %	33.5 %	37.1 %	40.8 %	38.0 %
Common Equity Tier 1 ratio	7.5 %	7.5 %	7.4 %	7.1 %	7.7 %	9.3 %	8.9 %	10.0 %	11.1 %	11.2 %
Capital adequacy ratio	10.9 %	11.9 %	12.1 %	11.9 %	13.6 %	13.0 %	12.0 %	13.3 %	14.7 %	15.7 %
Core capital ratio	8.8 %	8.6 %	8.4 %	8.1 %	10.4 %	10.9 %	10.4 %	11.3 %	13.0 %	13.0 %
Total core capital	3,073	3,614	4,019	4,967	6,730	7,283	7,856	9,357	10,989	12,382
Net subordinated capital	3,808	5,229	5,762	7,312	8,730	8,646	9,055	10,943	12,417	14,937
Impairment losses ratio	-0.09%	-0.03%	-0.01%	0.21%	0.31%	0.16%	0.03%	0.06%	0.09%	0.08%
Non-perf. commitm. as % of gross loans	0.78%	0.41%	0.39%	0.46%	0.49%	0.57%	0.36%	0.36%	0.34%	0.22%
Other doubtful commitm. as % of gross loans	0.60%	0.51%	0.37%	1.33%	0.57%	0.24%	0.21%	0.14%	0.14%	0.18%

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

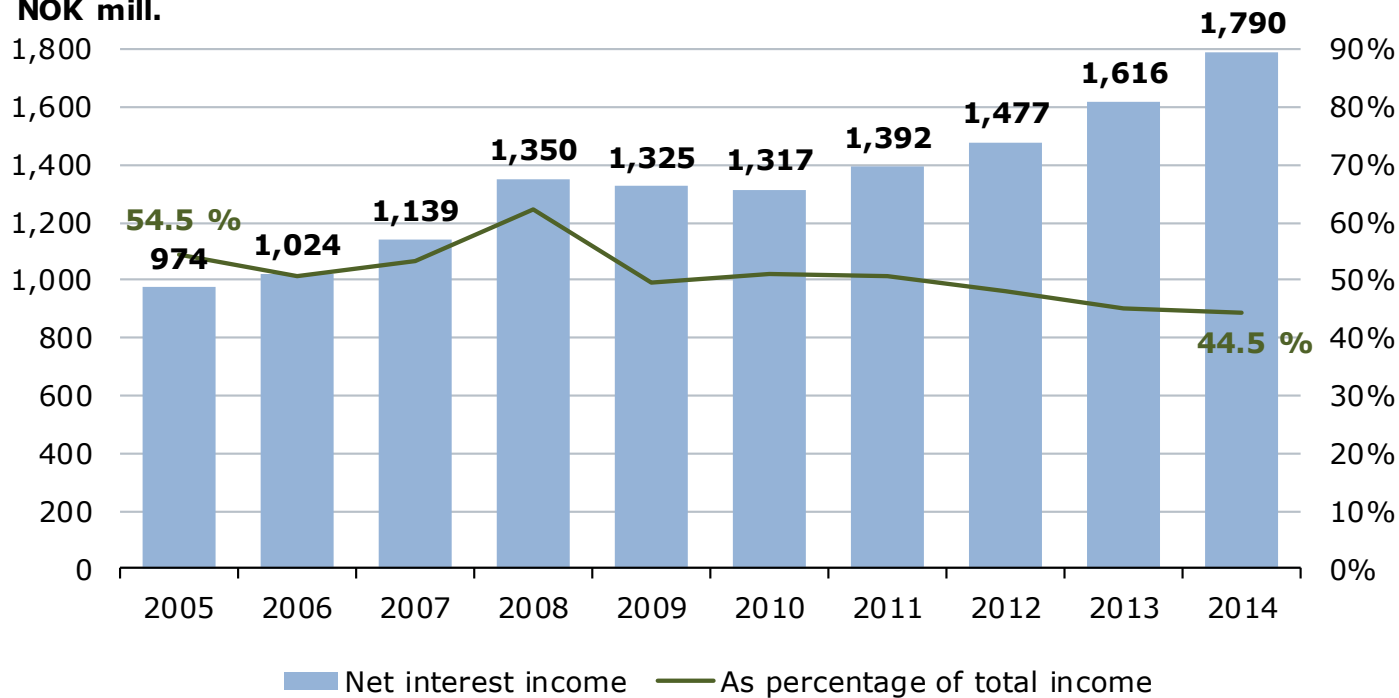
### Net profit and return on equity

NOK mill.

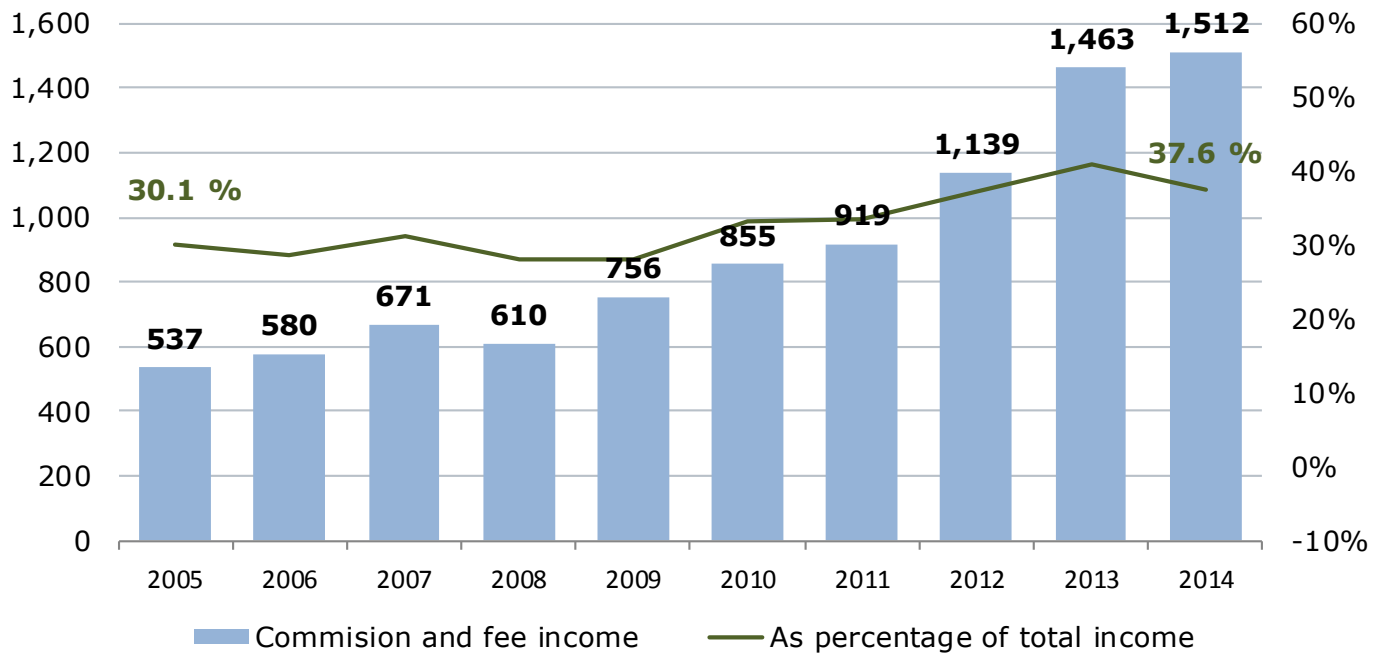


### Development in net interest income

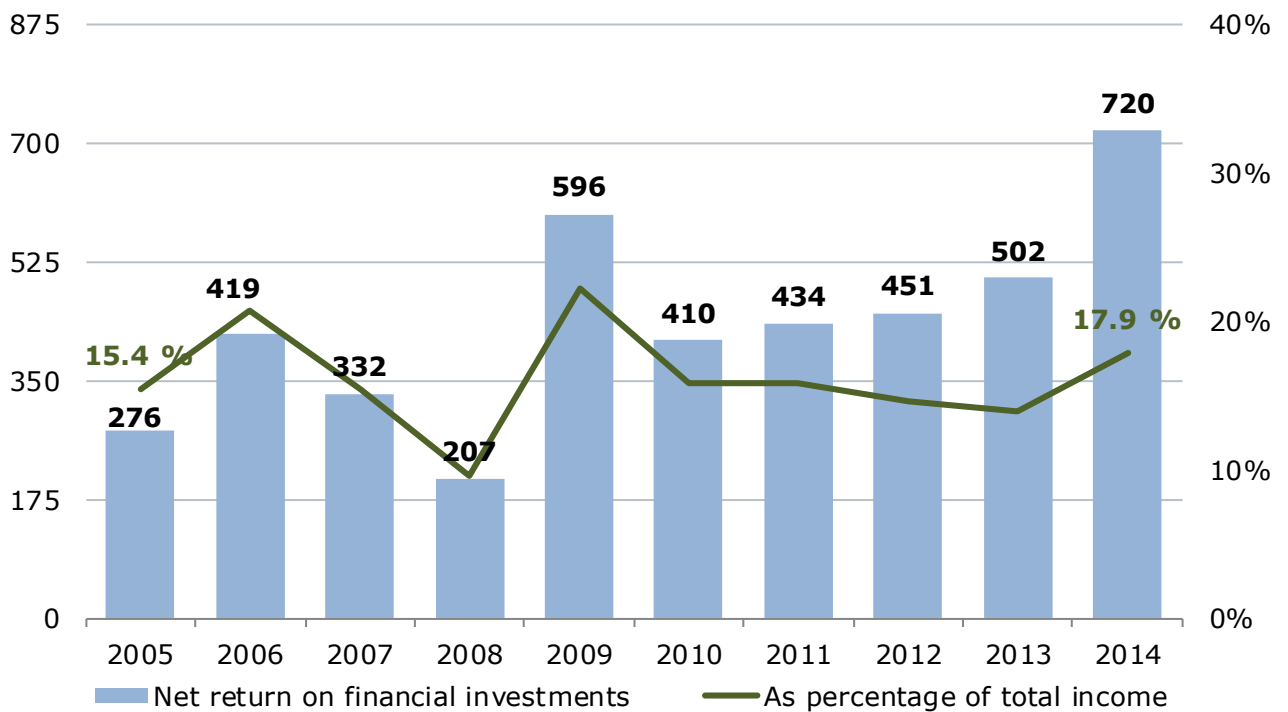
NOK mill.



*Development in commission income and other income*

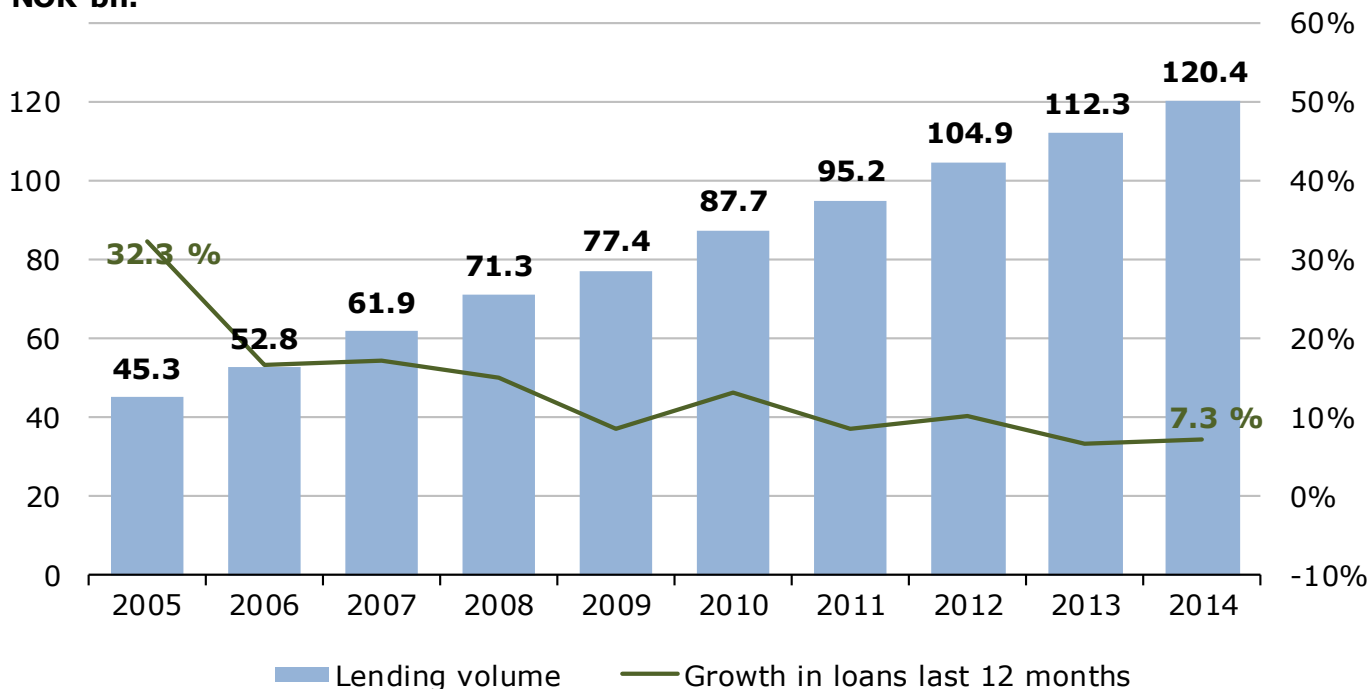


*Development in net return on financial investments*



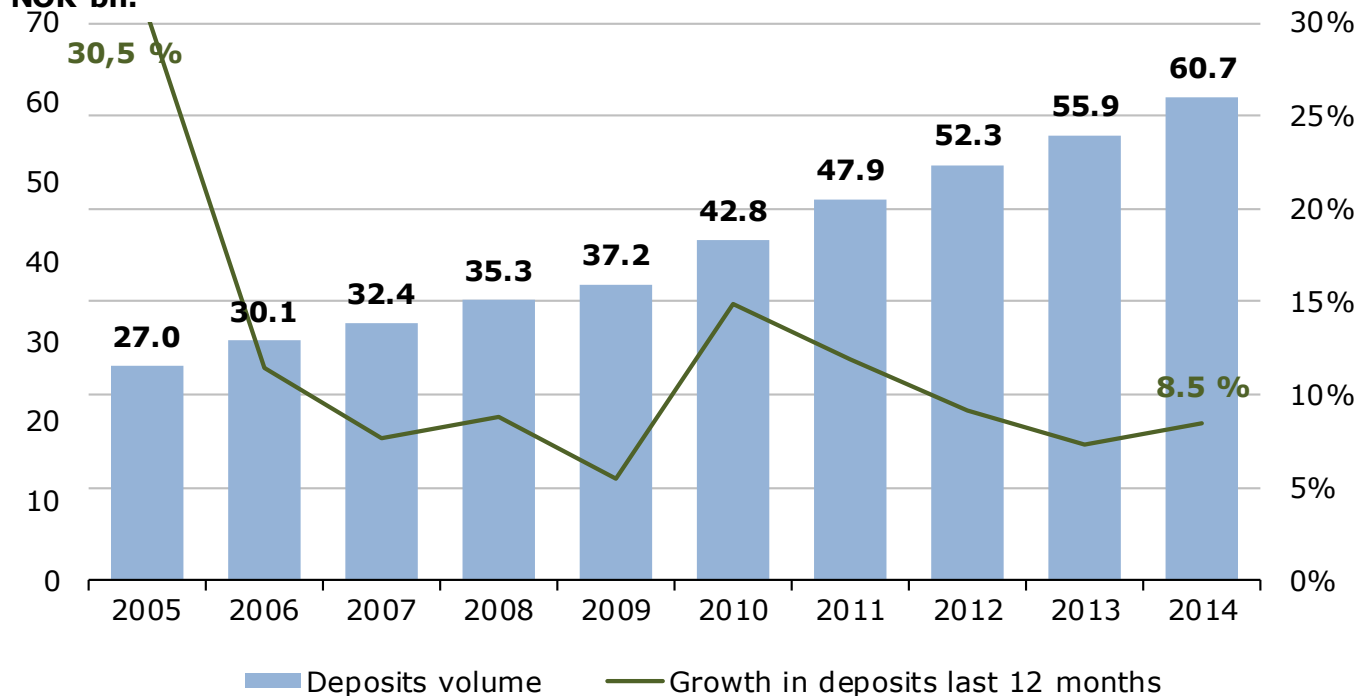
Volume development, Lending\*

NOK bn.



Volume development, Deposits\*

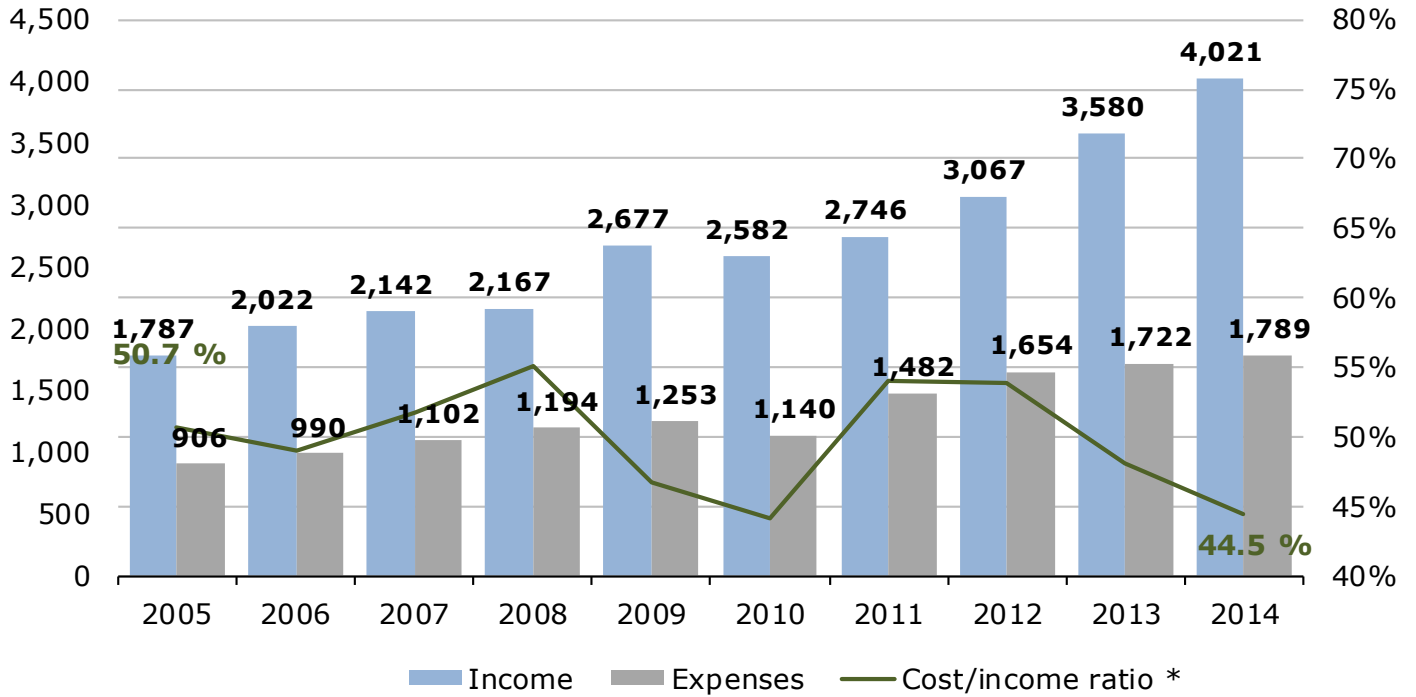
NOK bn.



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

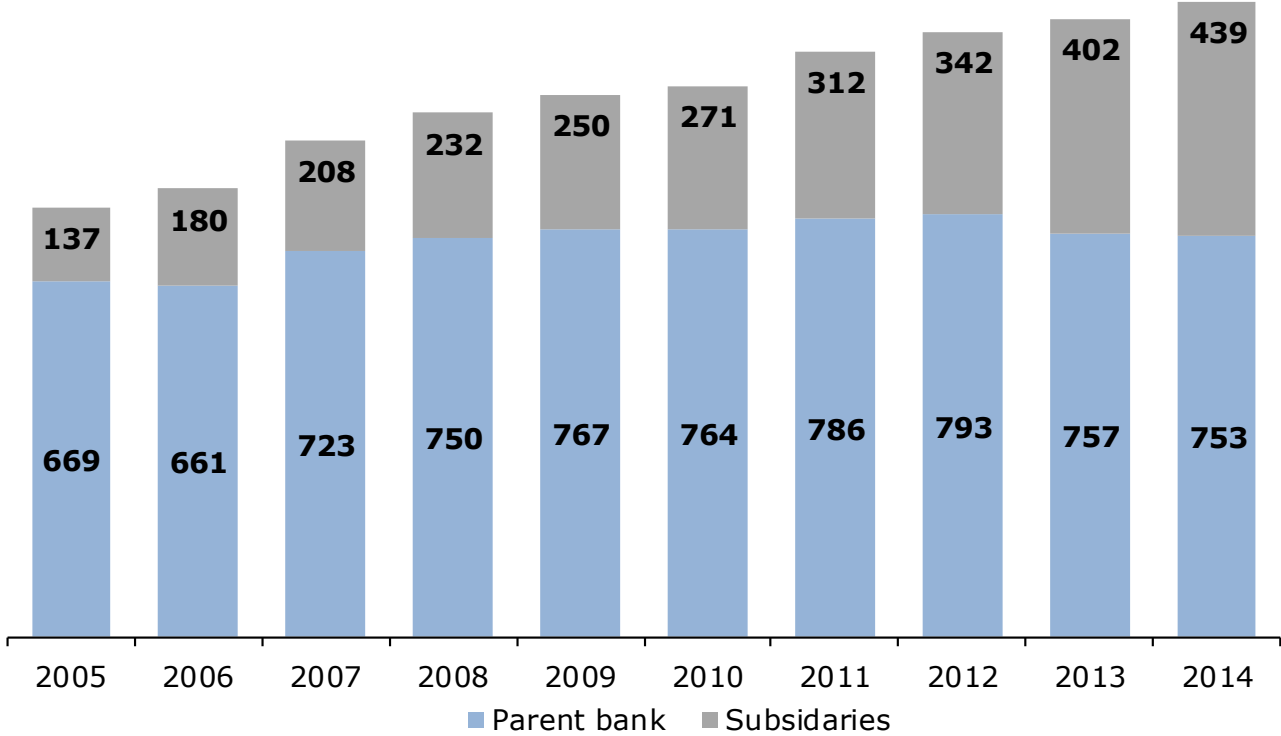
Cost/income ratio

NOK mill.



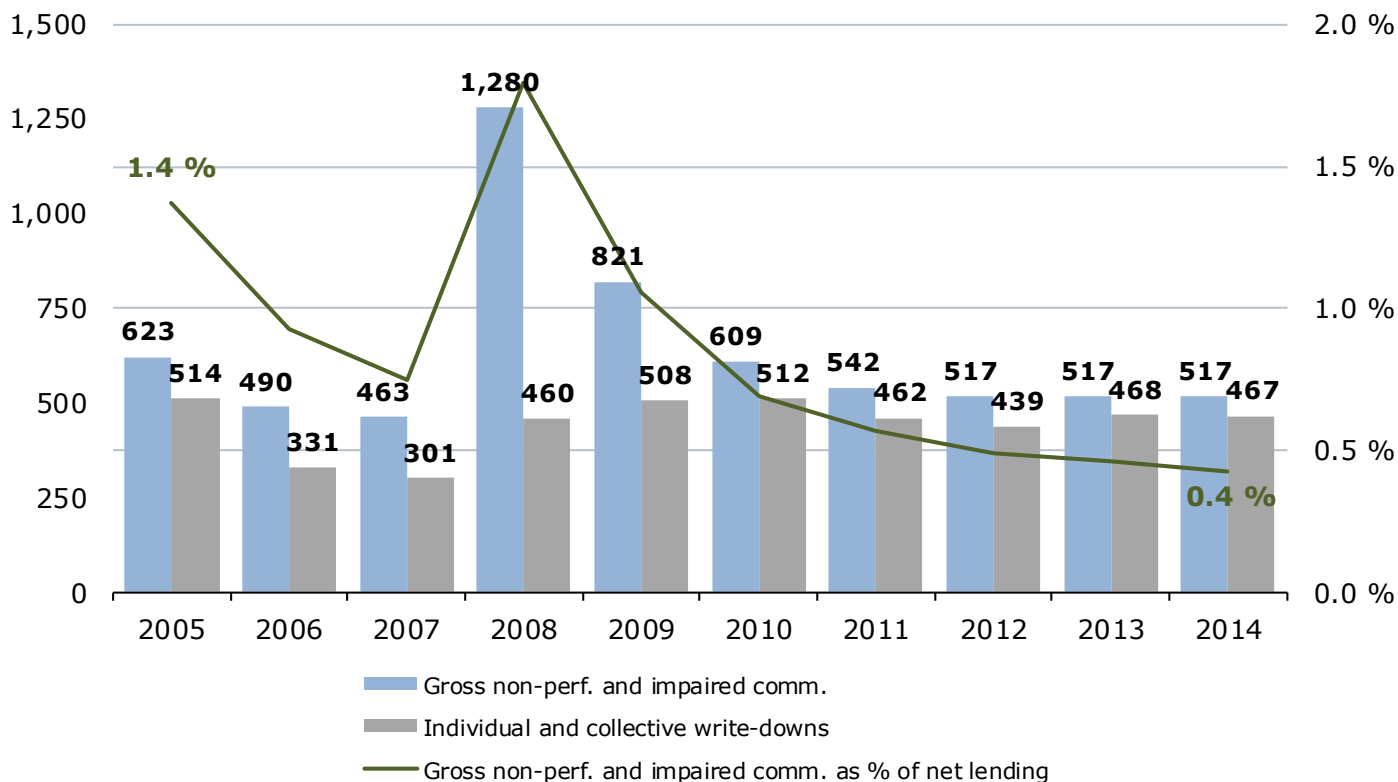
\* Total operating expenses as a percentage of total operating income

Employees in employment



### Net non-performing and impaired commitments

NOK million





Capital Adequacy

