

Investor Relations

Supplementary information
Fourth Quarter 2016



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Information on the Internet

SpareBank 1 SMN's home page www.smn.no

ECC information in general www.egenkapitalbevis.no

Financial Calendar 2017

1st quarter 2017 4 May 2017
2nd quarter 2017 9 August 2017
3rd quarter 2017 27 October 2017

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1. SpareBank 1 SMN

1.1. Financial highlights

January- December 2016

(Consolidated figures. Figures in parentheses refer to the same period of 2015 unless otherwise stated).

- Profit before tax and inv. held for sale: NOK 1,983 million (NOK 1,776 million)
- Net profit: NOK 1,647 million (NOK 1,406 million)
- Return on equity: 11.3 per cent (10.7 per cent)
- 12-month growth in lending (incl. SB1 Boligkreditt and SB1 Næringskreditt): 8.0 per cent (5.8 per cent)
- 12-month growth in deposits: 4.8 per cent (5.6 per cent)
- Loan losses: NOK 516 million (NOK 169 million)
- Common equity tier 1 ratio: 14.9 per cent (13.6 per cent)
- Earnings per EC: NOK 7.91 (7.02)
- Recommended dividend: NOK 3.00 per EC. Allocation to non-profit causes: NOK 220m

Fourth quarter 2016

- Profit before tax and inv. held for sale: NOK 553 million (NOK 388 million)
- Net profit: NOK 462 million (NOK 287 million)
- Return on equity: 12.2 per cent (8.4 per cent)
- Loan losses: NOK 99 million (NOK 56 million)
- Earnings per EC: NOK 2.21 (NOK 1.45)

1.2. Business description

SpareBank 1 SMN is Mid-Norway's largest bank with assets totalling NOK 138 billion at the end of December 2016. Head office is in Trondheim. SpareBank 1 SMN employs 1,254 FTEs (full time equivalents), 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.

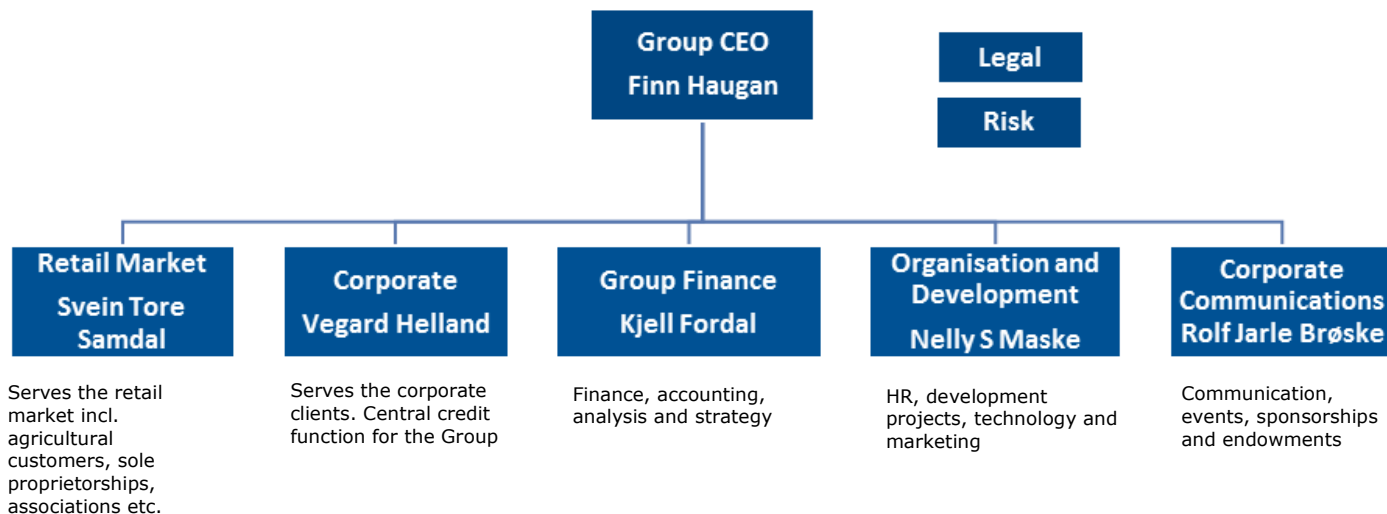
SpareBank 1 SMN's activities



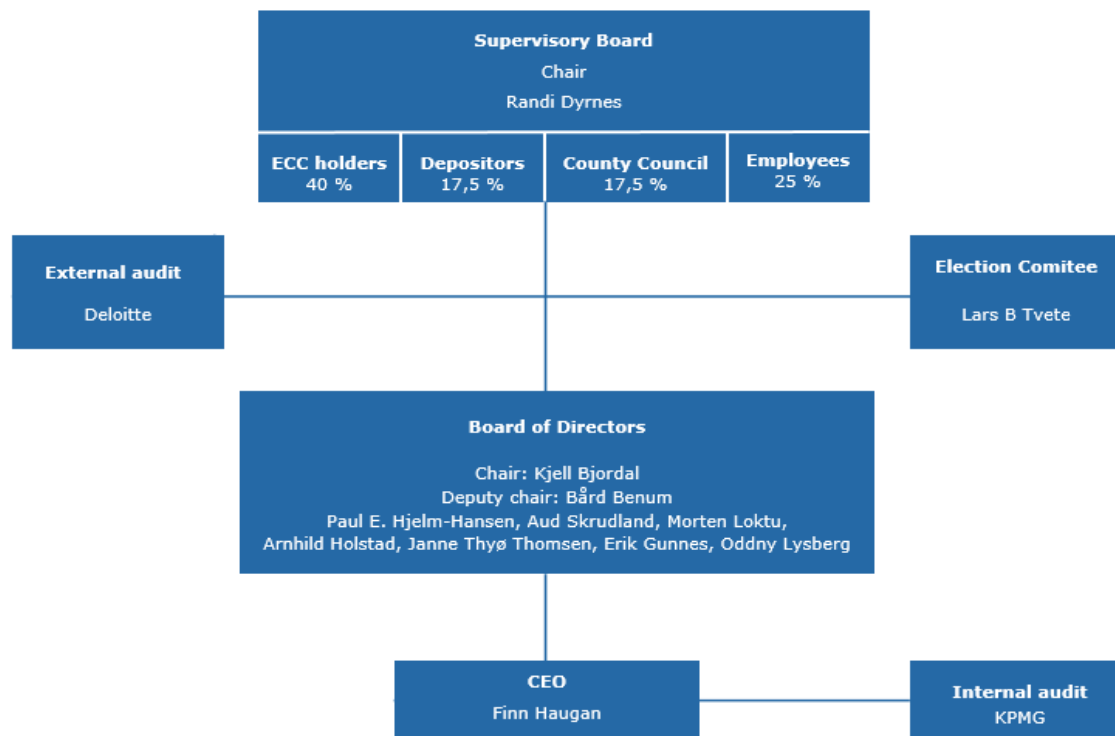
*In addition SpareBank 1 SMN has subsidiaries with activities covering asset management, investments in regional seed corn, venture and private equity funds, property companies and car fleet management. These subsidiaries account for 35 FTEs

Organisation of SpareBank 1 SMN

The Bank's operational structure is illustrated in the figure below

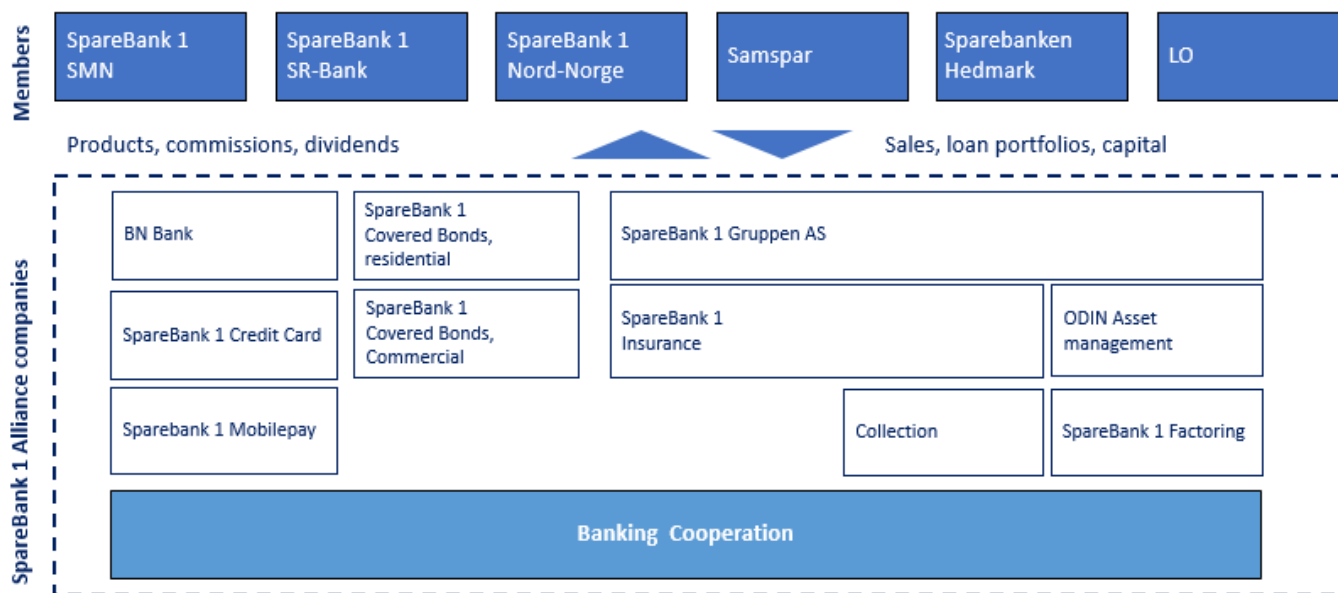


Overview of governing and control bodies

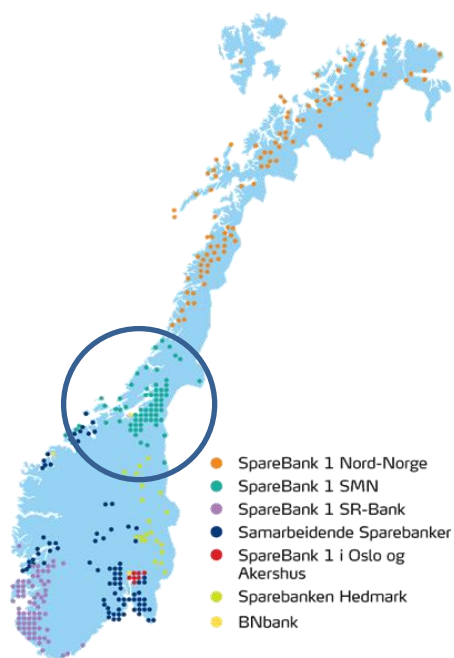


SpareBank 1 Alliance

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 2nd 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>	Current rating	2015	2014	Year end		2011	2010
				2013	2012		
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>	Current rating	2015	2014	Year end		2011	2010
				2013	2012		
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)

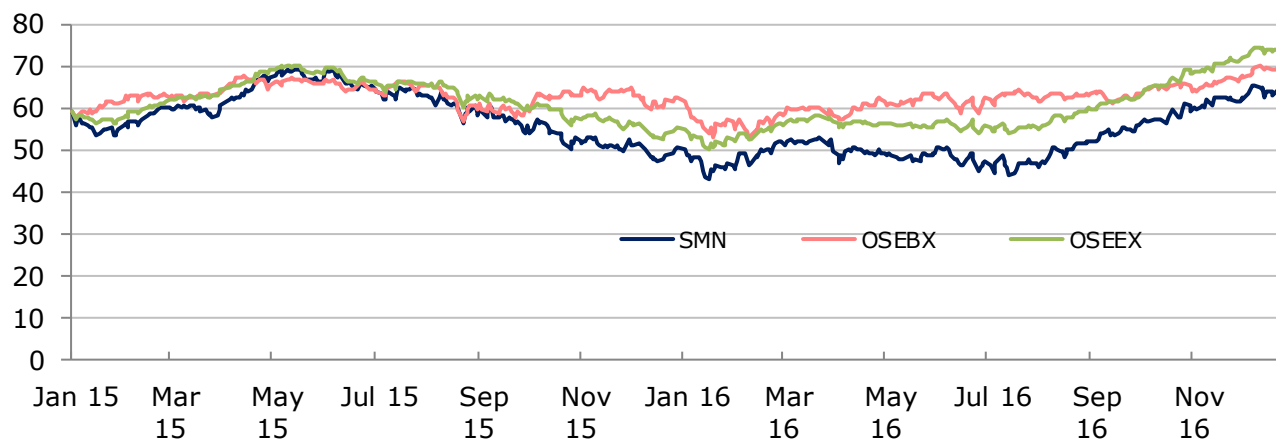
The key figures are corrected for issues.

31 December 2016 the price of the Bank's ECC was NOK 64.75 (NOK 50.50). Earnings per ECC were NOK 7.91 (NOK 7.02). Book value per ECC was NOK 73.26 (NOK 67.65) as of 31 December 2016.

Key figures

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
ECC price	64.75	55.75	46.70	52.75	50.50	64.75	50.50	50.50	58.50
Number of certificates issued, millions	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83
Booked equity capital per ECC (incl. dividend)	73.26	71.17	69.18	67.37	67.65	73.26	67.65	67.65	62.04
Adjusted profit per ECC	2.21	2.00	2.21	1.49	1.45	7.91	7.02	7.02	8.82
P/E per ECC (annualised)	7.34	6.98	5.27	8.83	8.71	8.19	7.19	7.19	6.63
P/B equity capital	0.88	0.78	0.68	0.78	0.75	0.88	0.75	0.75	0.94

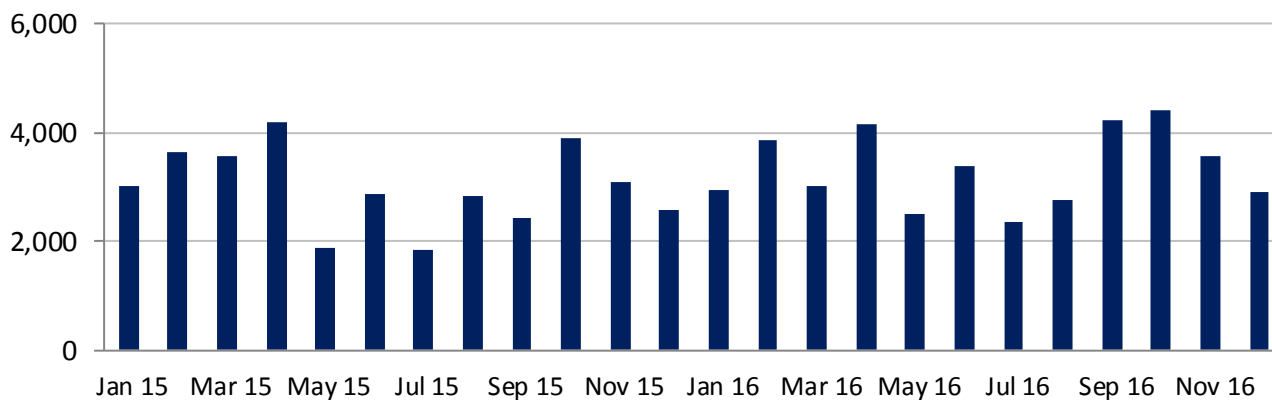
Stock price compared with OSEBX¹⁾ and OSEEX²⁾
1 Jan 2015 to 31 Dec 2016



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

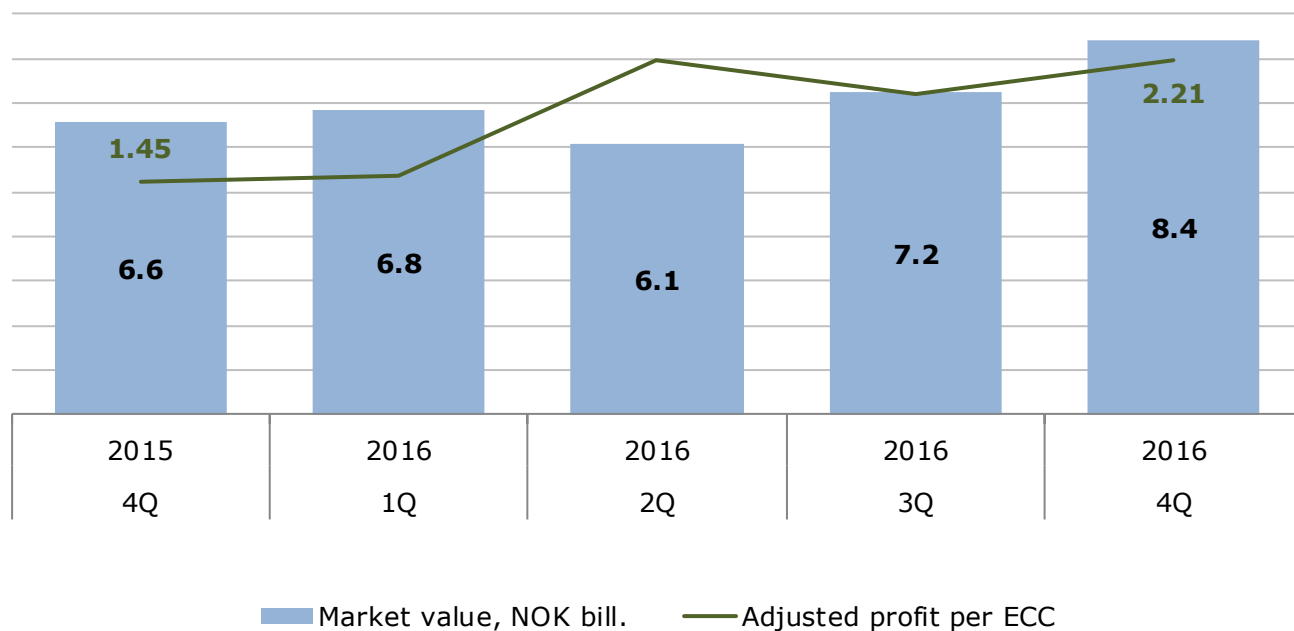
2) OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics¹⁾
1 Jan 2015 to 31 Dec 2016



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

Market value and profit per ECC



Equity certificates ratio (parent bank)

(in NOK million)	31 Dec. 2016	30 Sept. 2016	30 Jun. 2016	31 Mar. 2016	31 Dec. 2015	31 Dec. 2014
ECC capital	2,597	2,597	2,597	2,597	2,597	2,597
Dividend equalisation reserve	4,487	3,790	3,790	3,790	3,790	3,122
Premium reserve	895	895	895	895	895	895
Unrealised gains reserve	81	142	142	179	179	90
Other equity	-	3	3	-	-	-
A. The equity certificate owner's capital	8,060	7,428	7,428	7,461	7,461	6,704
Saving bank reserve	4,498	4,105	4,105	4,105	4,105	3,619
Unrealised gains reserve	45	79	79	100	100	49
Other equity	-	2	2	-	-	-
B. The saving bank reserve	4,543	4,186	4,186	4,205	4,205	3,668
Provision for gifts	220	-	-	-	40	160
Recommended dividends	389	-	-	-	292	292
Equity ex. profit	13,212	11,614	11,614	11,666	11,998	10,824
Equity certificates ratio A/(A+B)	63.95 %	63.95 %	63.95 %	63.95 %	63.95 %	64.64 %

20 largest ECC holders

Owner	Number	Ownership in %
VPF Nordea Norge Verdi	5,222,288	4.02 %
Verdipapirfondet DNB Norge (IV)	4,102,874	3.16 %
Sparebankstiftelsen SMN	3,965,391	3.05 %
VPF Odin Norge	3,826,686	2.95 %
VPF Danske Invest Norske Aksjer Inst. II	3,413,628	2.63 %
VPF Pareto Aksje Norge	2,790,615	2.15 %
State Street Bank and Trust CO (nominee)	2,778,421	2.14 %
Meteva AS	2,359,388	1.82 %
Pareto AS	1,821,202	1.40 %
MP Pensjon PK	1,782,160	1.37 %
Forsvarets Personellservice	1,717,046	1.32 %
VPF Alfred Berg Gambak	1,650,130	1.27 %
VPF Danske Invest Norske Aksjer Inst. I	1,618,823	1.25 %
State Street Bank and Trust CO (nominee)	1,591,191	1.23 %
VPF Nordea Kapital	1,540,475	1.19 %
DNB Livsforsikring AS	1,523,948	1.17 %
JP Morgan Chase Bank (nominee)	1,516,189	1.17 %
JP Morgan Chase Bank (nominee)	1,462,135	1.13 %
VPF DNB Norge selektiv	1,223,037	0.94 %
VPF Nordea Avkastning	1,090,099	0.84 %
Total 20 largest shareholders	46,995,726	36.20 %
Others	82,840,717	63.80 %
Total	129,836,443	100.00 %

ECC capital history

Year	Change	Change in ECC capital	Total ECC capital	No. of ECC's
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

2.1. Main figures

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Net interest	493	449	472	469	473	1,883	1,872	1,872	1,790
Commission income and other income	414	412	448	401	378	1,674	1,545	1,545	1,512
Net return on financial investments	228	274	271	172	109	944	459	459	720
Total income	1,134	1,134	1,191	1,042	959	4,502	3,876	3,876	4,021
Total operating expenses	482	504	528	489	515	2,003	1,931	1,931	1,789
Result before losses	652	630	664	553	444	2,499	1,945	1,945	2,232
Loss on loans, guarantees etc.	99	130	118	170	56	516	169	169	89
Result before tax	553	500	546	383	388	1,983	1,776	1,776	2,143
Tax charge	99	85	85	72	100	341	370	370	362
Results investments held for sale, after tax	7	-1	-1	0	0	4	-1	-1	0
Net profit	462	414	460	311	287	1,647	1,406	1,406	1,782

Balance sheet - condensed

	31 Dec.	30 Sept.	30 Jun.	31 Mar.	31 Dec.	31 Dec.
Balance (in NOK million)	2016	2016	2016	2016	2015	2014
Total assets	138,080	139,815	141,145	134,345	131,914	126,047
Average total assets (quarterly)	138,948	140,480	137,745	133,129	130,575	121,620
Gross loans to customers *	137,535	134,462	132,583	129,520	127,378	120,435
Deposits from customers	67,168	66,290	67,031	63,851	64,090	60,680
Total equity capital	15,299	14,893	14,460	14,051	13,904	12,524

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

Key figures

	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Return on equity	12.2 %	11.3 %	12.9 %	8.9 %	8.4 %	11.3 %	10.7 %	10.7 %	15.1 %
Common Equity Tier 1 ratio	14.9 %	14.3 %	14.1 %	13.6 %	13.6 %	14.9 %	13.6 %	13.6 %	11.2 %
Cost/income ratio group	43 %	44 %	44 %	47 %	54 %	44 %	50 %	50 %	44 %
Growth in loans incl Boligkreditt and Næringskreditt last 12 months	8.0 %	6.6 %	6.5 %	5.4 %	5.8 %	8.0 %	5.8 %	5.8 %	7.3 %
Growth in deposits last 12 months	4.8 %	4.2 %	1.3 %	5.4 %	5.6 %	4.8 %	5.6 %	5.6 %	8.5 %
Deposits-to-loan ratio incl Boligkreditt and Næringskreditt last 12 months	49 %	49 %	51 %	49 %	50 %	49 %	50 %	50 %	50 %
Impairment losses ratio	0.29 %	0.39 %	0.36 %	0.53 %	0.18 %	0.39 %	0.14 %	0.14 %	0.08 %
Non-performing commitm. as % of gross loans	0.16 %	0.16 %	0.19 %	0.16 %	0.16 %	0.16 %	0.16 %	0.16 %	0.22 %
ECC price	64.75	55.75	46.70	52.75	50.50	64.75	50.50	50.50	58.50
Booked equity capital per ECC (incl. dividend)	73.26	71.17	69.18	67.37	67.65	73.26	67.65	67.65	62.04
Adjusted profit per ECC	2.21	2.00	2.21	1.49	1.45	7.91	7.02	7.02	8.82

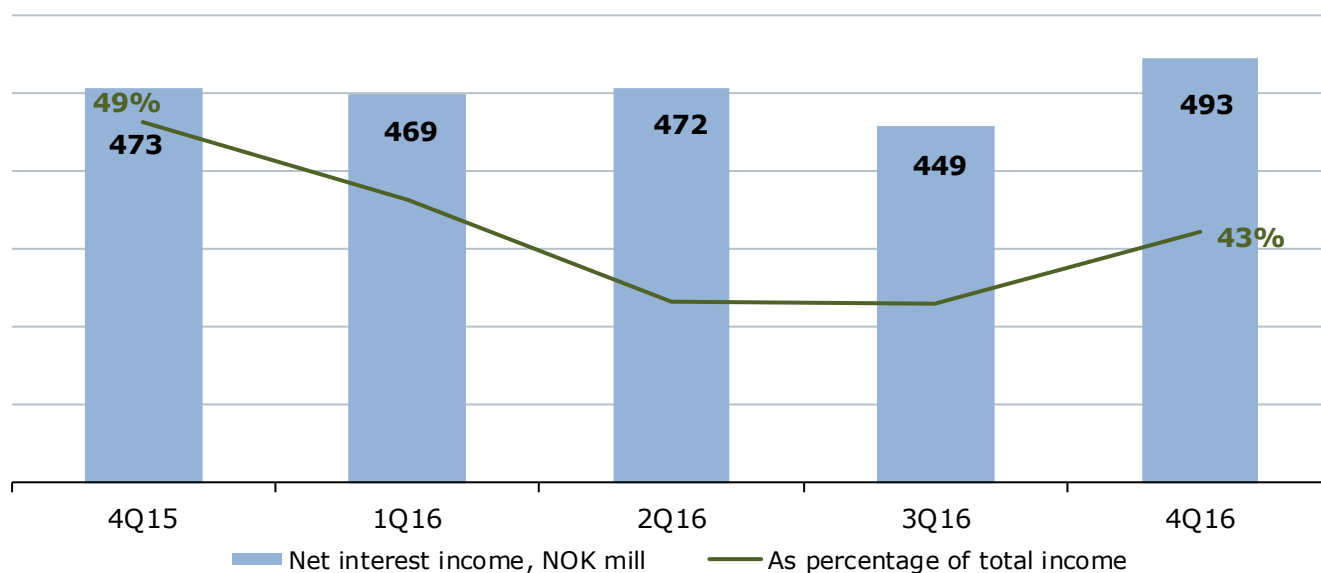
2.2. Net interest income

Net interest income

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Interest income	917	874	896	910	962	3,597	4,031	4,031	4,265
Interest expenses	424	425	424	441	489	1,714	2,159	2,159	2,475
Net interest income	493	449	472	469	473	1,883	1,872	1,872	1,790
As percentage of total income	43 %	40 %	40 %	45 %	49 %	42 %	48 %	48 %	45 %

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



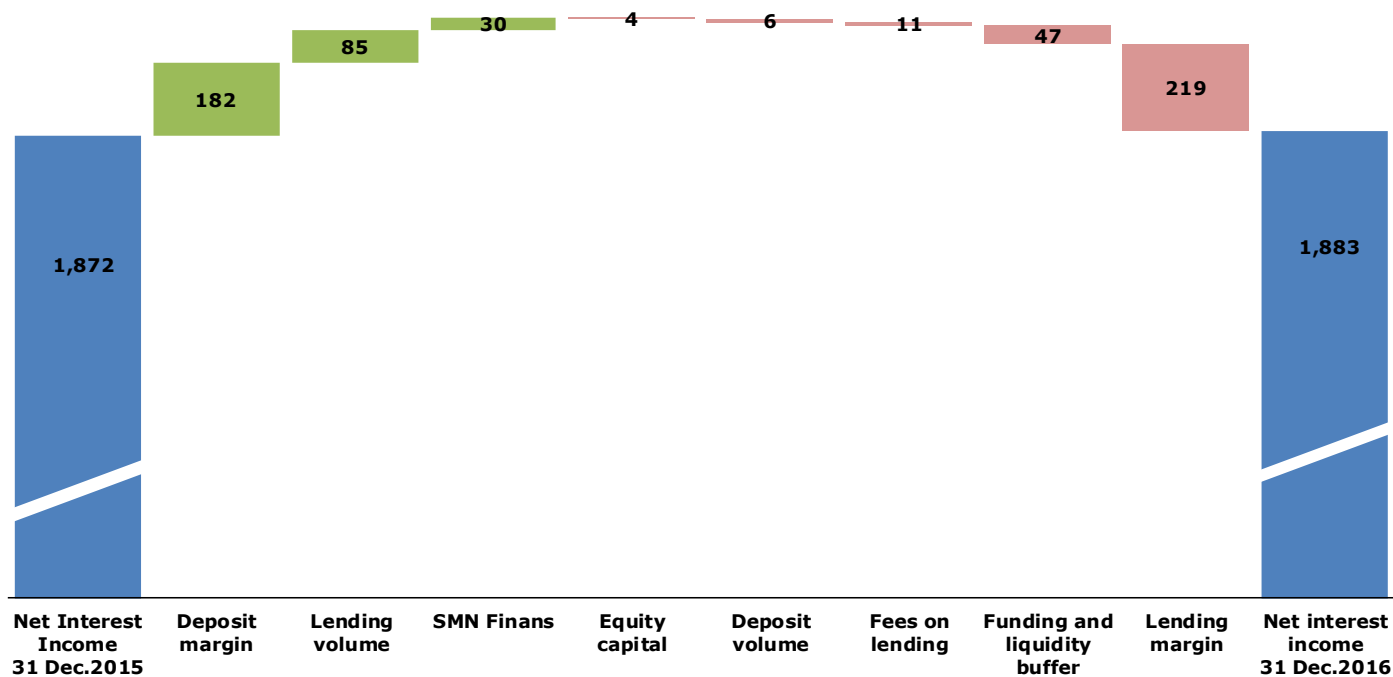
Changes in interest income from lending and deposits, last 12 months

(in NOK million)	Volume	Margin	Total
Lending	85	-219	-133
Deposits	-6	182	176
Total	80	-37	43

Changes in net interest income

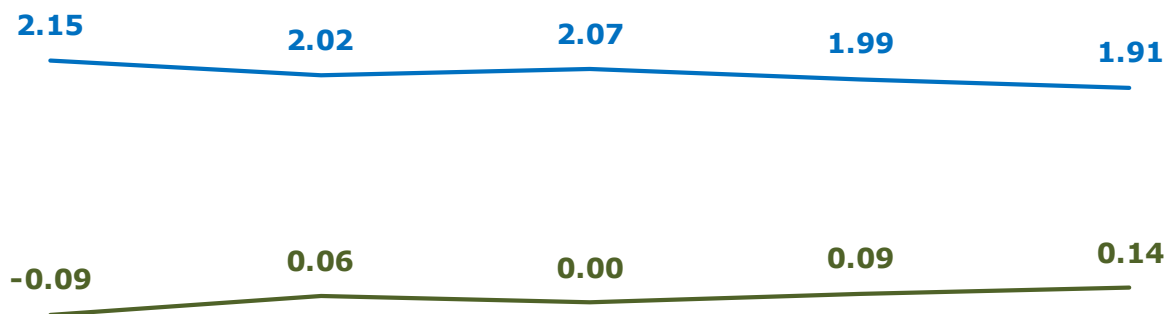
(in NOK million)

	2016	31 Dec. Change	2015
Net interest income	1,883	11	1,872
Equity capital		-4	
Lending volume		85	
Fees on lending		-11	
Deposit margin		182	
Subsidiaries		30	
Deposit volume		-6	
Lending margin		-219	
Funding and liquidity buffer		-47	
Change		11	



Margin development

Definition margin: Average customer interest minus 3 months average nibor

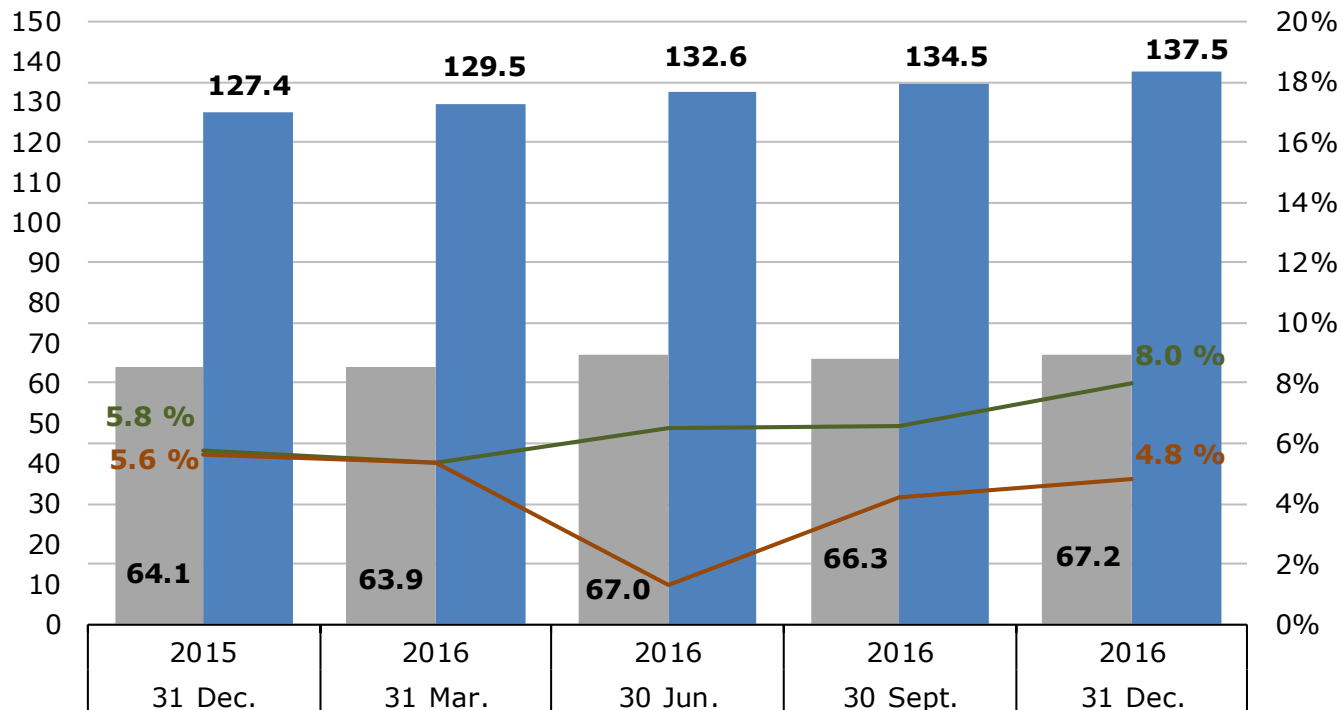


2015 31 Dec.	2016 31 Mar.	2016 30 Jun.	2016 30 Sept.	2016 31 Dec.
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— Lending margin — Deposits margin

Volume development

NOK bn.



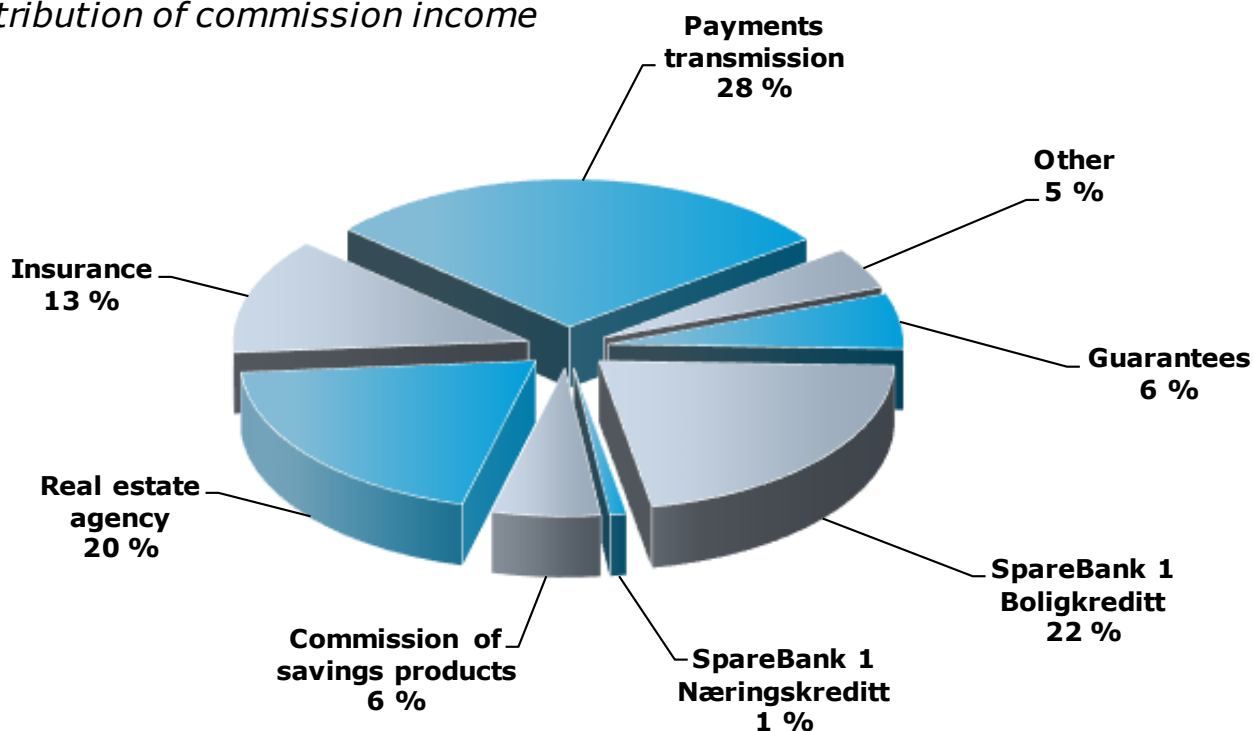
■ Lending volume ■ Deposits volume
— Growth in loans last 12 months — Growth in deposits last 12 months

2.3. Commission income

Total commission and other income

(in NOK million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec.		2015	2014
						2016	2015		
Guarantees	15	21	19	21	20	76	80	80	73
SpareBank 1 Boligkreditt	60	67	73	71	79	271	326	326	417
SpareBank 1 Næringskreditt	4	3	3	2	2	12	8	8	10
Commission of savings products	19	19	18	19	18	74	68	68	50
Real estate agency	55	65	74	53	45	247	212	212	223
Insurance	40	40	40	39	42	159	156	156	138
Payments transmission	92	97	88	78	90	355	344	344	328
Other	15	15	16	11	12	57	50	50	41
Total commissions income	300	326	331	295	309	1,251	1,245	1,245	1,281
Operating- and sales income real estate	22	35	38	25	22	121	108	108	82
Accounting services	45	38	69	50	39	202	182	182	171
Other operating income	81	47	47	59	46	234	145	145	91
Total other operating income	149	120	154	134	107	556	435	435	344
Commission expenses	35	34	36	28	38	133	135	135	113
Total commissions and other income	414	412	448	401	378	1,674	1,545	1,545	1,512
As percentage of total income	37 %	36 %	38 %	38 %	39 %	37 %	40 %	40 %	38 %

Distribution of commission income



Change in commission and other income

(in NOK million)	2016	31 Dec. Change	2015
Total	1,674	129	1,545
Real estate agency		35	
Other operating income		88	
Operating- and sales income real estate		13	
Accounting services		20	
Insurance		3	
Commission of savings products		7	
Commission expenses		2	
Other		7	
Payments transmission		12	
Guarantees		-4	
SpareBank 1 Boligkreditt		-55	
SpareBank 1 Næringskreditt		3	

Net return on financial investments

(in NOK million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec. 2016 2015		2015	2014
Income from investment in related companies incl inv held for sale	74	103	127	119	121	427	448	448	527
<i>of which SpareBank 1 Gruppen AS</i>	97	79	80	61	68	317	251	251	358
<i>BN Bank ASA</i>	7	28	31	20	11	86	41	41	93
<i>SpareBank 1 Boligkreditt AS</i>	-26	-13	-2	24	15	-17	80	80	38
<i>SpareBank 1 Næringskreditt AS</i>	8	5	7	8	8	29	30	30	41
<i>Sparebank 1 Kredittkort</i>	3	6	8	6	5	24	21	21	2
<i>Comp. owned by Sparebank 1 SMN Invest</i>	-4	6	6	6	14	15	27	27	31
<i>Other ¹⁾²⁾</i>	-11	-9	-4	-6	0	-26	-2	-2	-34
Capital gains/dividends, shares and ECCs ²⁾	39	45	63	3	-17	149	62	62	202
<i>of which dividends</i>	1	13	73	0	3	88	25	25	65
<i>capital gains on shares</i>	38	32	-11	2	-20	61	37	37	137
Capital gains, bonds and derivatives	78	80	53	25	-16	236	-90	-90	-66
Forex and fixed income business, Markets	37	45	28	26	20	136	102	102	57
Change in discount factor in fair value model for fixed interest loans							-64	-64	
Net return on financial investments	228	274	271	172	109	949	458	459	720
As percentage of total income	20 %	24 %	23 %	17 %	11 %	21 %	12 %	12 %	18 %

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)	2016	31 Dec. Change	2015
Total	949	491	458
Capital gains from bonds and derivatives		326	
Forex and fixed income business, Markets		34	
Capital gains/dividends on shares and ECC's		87	
Change in discount factor in fair value model for fixed interest loans		64	
Income from investment in related companies, incl. inv. held for sale		-20	

2.4. Operating expenses

Operating expenses

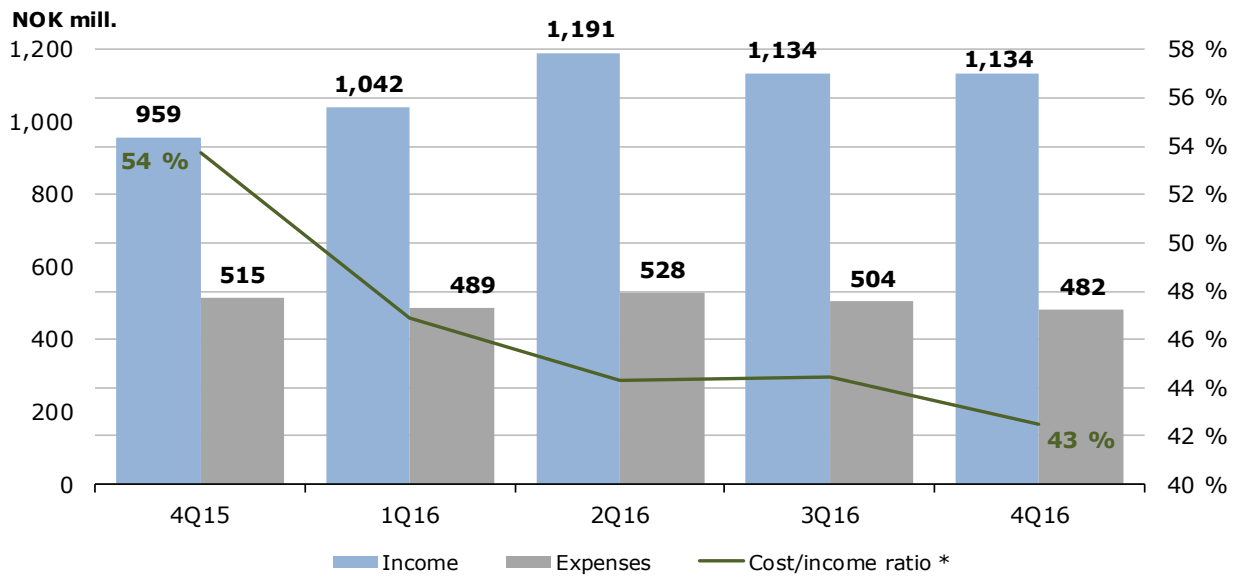
(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Salary	275	229	259	228	203	991	833	833	786
Pension costs (defined benefit plan)	-77	19	19	18	16	-20	71	71	61
Employer's insurance contributions	2	4	4	4	3	13	14	14	14
Other personnel expenses	50	43	37	45	58	175	176	176	141
Total personnel expenses	251	294	318	295	280	1159	1093	1093	1002
EDP and telecommunication expenses	57	65	66	64	47	252	240	240	223
Postage and transportation services	6	5	6	6	6	22	22	22	25
Marketing	30	23	25	20	31	98	96	96	81
Operating exp. on properties and premises	31	26	27	25	25	109	100	100	93
Other external services	33	29	26	21	37	108	105	105	78
Other operating expenses	49	38	36	34	65	156	171	171	178
Depr./write-downs of fixed & intangible assets	25	25	24	24	25	98	104	104	109
Other expenses	231	210	209	194	235	844	838	838	787
Total operating expenses	482	504	528	489	515	2,003	1,931	1,931	1,789
Cost/income ratio	43 %	44 %	44 %	47 %	54 %	44 %	50 %	50 %	44 %
Cost/income ratio ex financial inv.	53 %	59 %	57 %	56 %	61 %	56 %	57 %	57 %	54 %
12-month cost growth*	-6.4 %	8.1 %	6.4 %	7.7 %	7.5 %	3.7 %	8.1 %	7.9 %	3.9 %

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

Change in operating expenses

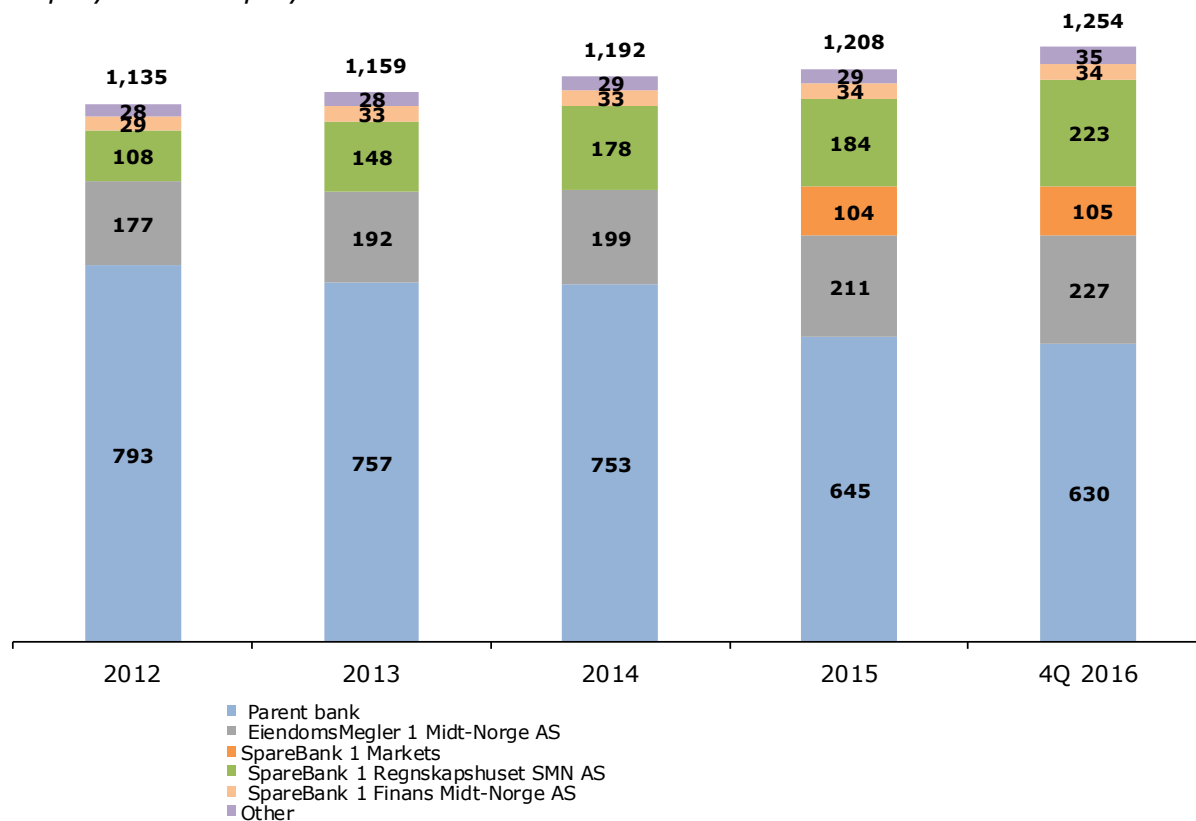
(in NOK million)	2016	31 Dec. Change	2015
Total	2,003	72	1,931
Total personnel expenses		65	
Depr./write-downs of fixed & intangible assets		-5	
EDP and telecommunication expenses		12	
Other operating expenses		-14	
Operating exp. on properties and premises		9	
Other external services		3	
Marketing		2	
Postage and transportation services		-0	

Cost/income ratio



* Total operating expenses 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.

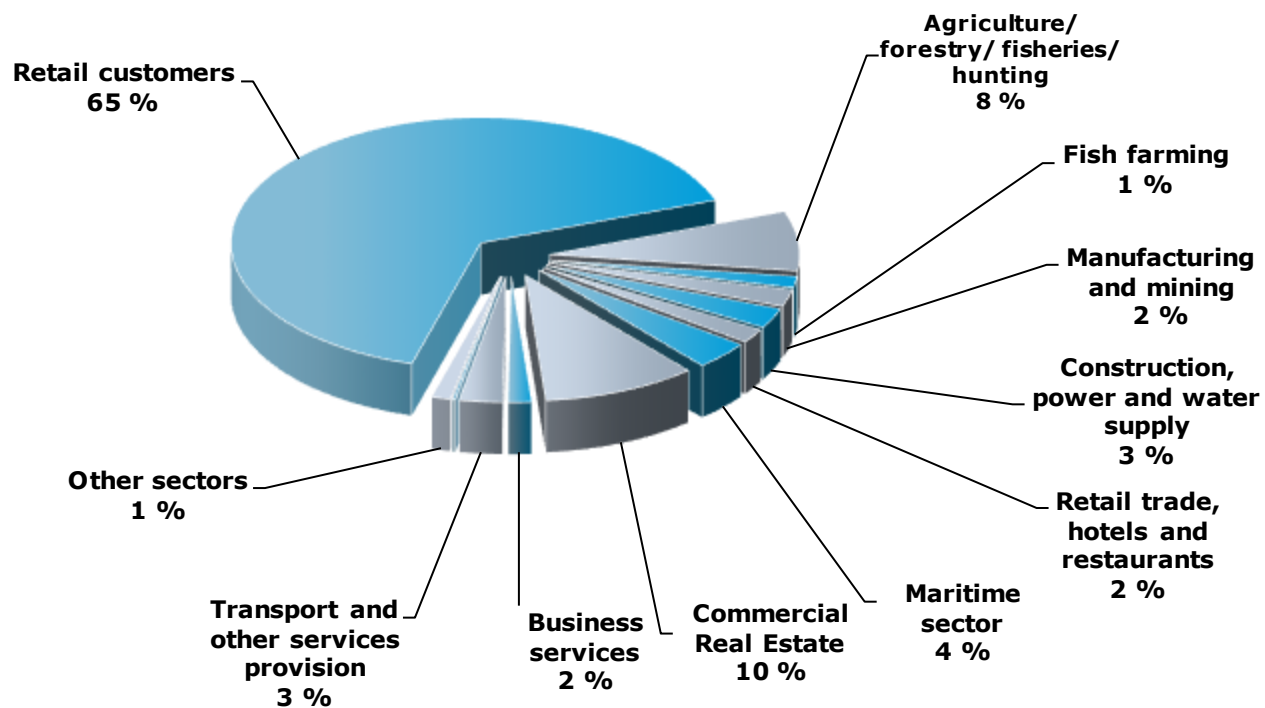
3. Loans to customers

3.1. Distribution of loans by industry

Distribution of loans by industry

(in NOK million)	31 Dec. 2016	30 Sept. 2016	30 Jun. 2016	31 Mar. 2016	31 Dec. 2015	31 Dec. 2014
Agriculture/ forestry/ fisheries/ hunting	10,499	9,607	9,357	9,222	8,674	7,158
Fish farming	1,985	1,738	2,044	1,715	1,807	1,367
Manufacturing and mining	2,985	2,977	2,823	2,806	2,675	2,330
Construction, power and water supply	3,532	3,684	3,432	3,391	3,598	3,717
Retail trade, hotels and restaurants	2,510	2,482	2,591	2,898	2,666	2,671
Maritime sector	4,983	5,027		5,631	6,066	5,638
Commercial Real Estate	13,744	13,761	14,110	14,390	14,346	14,075
Business services	2,072	2,174	2,119	1,822	1,777	3,681
Transport and other services provision	3,836	3,893	3,829	3,544	3,355	3,141
Public administration	288	269	186	212	211	300
Other sectors	1,700	1,463	1,512	1,583	1,477	2,270
Gross loans in corporate market	48,133	47,074	47,411	47,214	46,653	46,348
Retail customers	89,402	87,388	85,171	82,307	80,725	74,087
Gross loans incl. Boligkr. and Næringskr.	137,535	134,462	132,583	129,520	127,378	120,435
- Adv. of this Boligkreditt	33,142	32,930	32,952	32,676	31,944	28,393
- Adv. of this Næringskreditt	2,069	1,963	1,841	1,514	1,460	1,463
Gross loans in balance sheet	102,325	99,569	97,790	95,331	93,974	90,578
Share of loans, corporate market	35 %	35 %	36 %	36 %	37 %	38 %
Share of loans, retail market	65 %	65 %	64 %	64 %	63 %	62 %

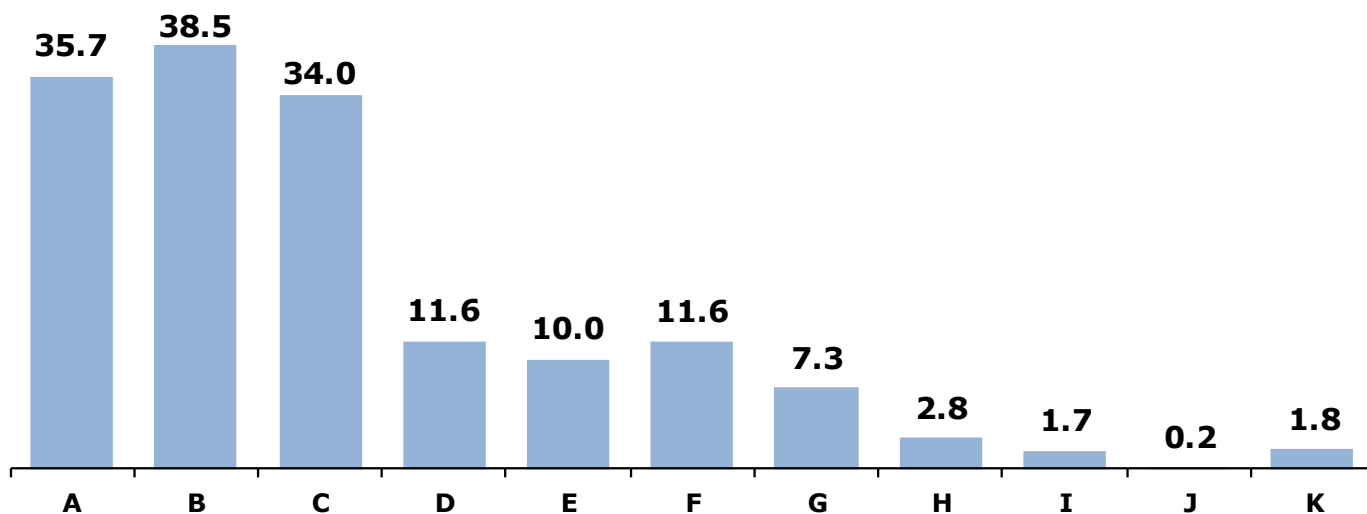
Distribution of loans by industry



3.2. Risk profile and write-downs

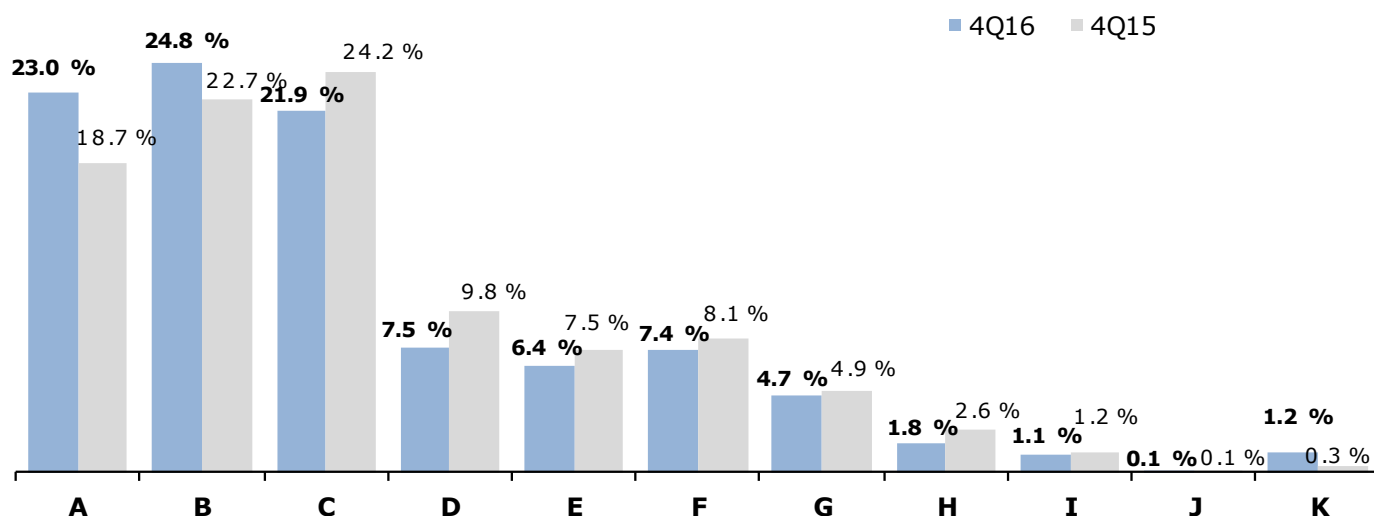
Actual risk profile, Exposure At Default

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 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec.		2015	2014
						2016	2015		
Increase in and new individual write-downs	77	147	215	16	-8	454	11	11	-1
Reassessments and recoveries	-74	-9	-12	-4	-14	-99	-76	-76	-90
Total individual write-downs	152	156	226	19	6	554	87	87	89
Change in group write-downs on loans	-53	-26	-109	150	51	-38	82	82	0
Write-downs on loans and guarantees	99	130	118	170	56	516	169	169	89
As % of gross loans incl. Boligkredditt	0.29 %	0.39 %	0.36 %	0.53 %	0.18 %	0.39 %	0.14 %	0.14 %	0.08 %

Individual and collective write-downs

(in NOK million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec.		2015	2014
						2016	2015		
Individual write-downs to cover loss on loans, guarantees at start of period	562	415	200	184	192	184	173	173	174
Write downs of loans previously subject to individual write down	1	-1	-3	11	17	8	22	22	2
Reversal of previous years' write downs	-14	-14	-5	-5	-14	-39	-46	-46	-22
Increase in write downs of commitments not previously subject to individual write down	118	167	229	14	-5	528	102	102	84
Confirmed losses in the period on loans, guarantees etc., prev. subject to ind. write down	-29	-5	-6	-4	-7	-44	-67	-67	-66
Individual write downs to cover loss	638	562	415	200	184	638	184	184	173
Collective write downs to cover loss on loans, guarantees at start of period	391	418	527	376	326	376	295	295	295
Period's collective write down to cover loss on loans, guarantees etc.	-53	-26	-109	150	51	-38	82	82	0
Collective write downs to cover loss on loans, guarantees	339	391	418	527	376	339	376	376	295

Loans and guarantees by industry

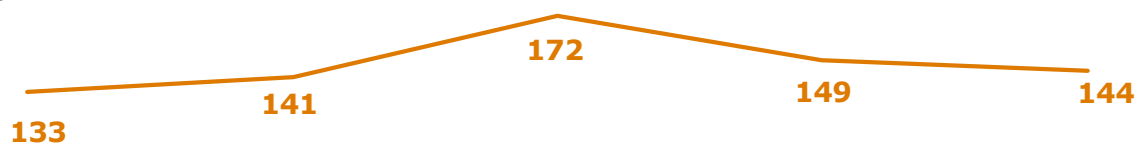
	Total	Very low risk	Low risk	Medium risk	High risk	Very high risk	Default and written down
Wage earners	91,210	77,513	8,583	3,373	670	882	190
Public administration	1,170	1,170	-	-	-	-	-
Agriculture and forestry	11,334	7,195	2,488	1,317	177	130	27
Sea farming industries	2,211	1,106	823	214	69	-	-
Manufacturing	3,966	344	1,089	2,337	122	32	43
Construction, power and water supply	5,141	1,305	1,009	2,213	506	76	34
Retail trade, hotels and restaurants	3,524	557	1,343	1,328	191	67	38
Maritime sector	647	48	211	341	0	47	-
Property management	15,175	8,432	3,122	2,670	515	389	47
Business services	3,861	965	446	2,169	219	40	22
Transport and other services provision	10,131	4,003	1,646	2,789	98	39	1,556
Finance	-	-	-	-	-	-	-
Other sectors	6,693	5,485	884	124	200	-	-
4Q16	155,065	108,123	21,643	18,875	2,766	1,702	1,956
2015	148,680	97,588	25,632	19,231	3,838	1,746	645
2014	134,884	81,769	28,051	18,857	4,165	1,574	469

Write-down ratio

(in NOK million)	31 Dec. 2016	30 Sept. 2016	30 Jun. 2016	31 Mar. 2016	31 Dec. 2015	31 Dec. 2014
Non-performing commitments (gross)	214	221	255	205	205	270
Impaired commitments (gross)	1,474	1,360	1,198	411	399	216
Gross non-performing and impaired commitments	1,688	1,581	1,453	616	604	486
Individual write-downs	638	562	415	200	184	173
Collective write-downs	339	391	418	527	376	295
Write-down ratio (%)	57.9 %	60.3 %	57.3 %	117.9 %	92.5 %	96.0 %

Default in excess of 90 days

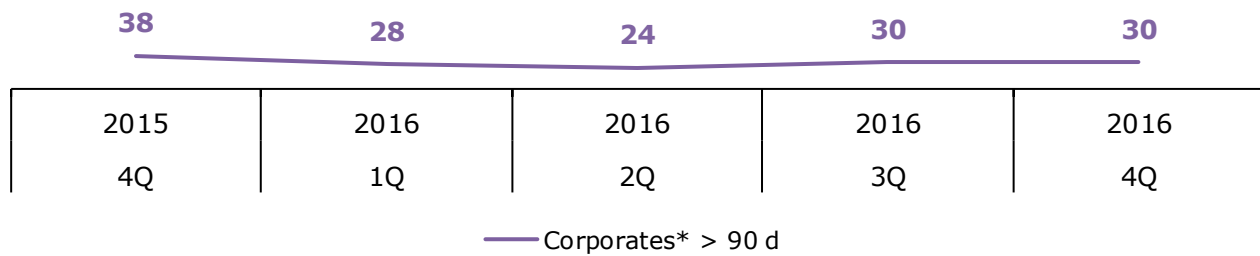
NOK million



2015	2016	2016	2016	2016
4Q	1Q	2Q	3Q	4Q

— Retail > 90 d

Default in excess of 90 days
NOK million



4. Capital adequacy

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.

As of 31 December 2016 the capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement is 3.0 per cent and the Norwegian countercyclical buffer is 1.5 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 11.5 per cent. In addition the financial supervisory authority has set a Pillar 2 requirement of 2.1 per cent for SpareBank 1 SMN, effective as from the fourth quarter of 2016. The total minimum requirement on CET1 capital is accordingly 13.6 per cent.

The countercyclical buffer increased to 1.5 per cent from 1.0 per cent with effect from 30 June 2016. The Ministry of Finance has decided to increase the buffer by 0.5 per cent to 2.0 per cent with effect from 31 December 2017.

As from the fourth quarter of 2016 differentiated rates came into force for the countercyclical buffer. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. For the fourth quarter of 2016 the parent bank is below the capital deduction threshold such that the Norwegian rate is applied to all relevant exposures. For groups, the risk-weighted countercyclical capital buffer is 1.5 per cent.

Parts of the group's hybrid capital and subordinated debt were issued under earlier rules. This will be subject to a write-down of 40 per cent in 2016 and thereafter 10 per cent per year. As at 31 December 2016 the bank held hybrid capital worth NOK 450 million subject to write-down. For subordinated debt the figure NOK 661 million. The financial supervisory authority 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.

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

Methods for calculating minimum requirements

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

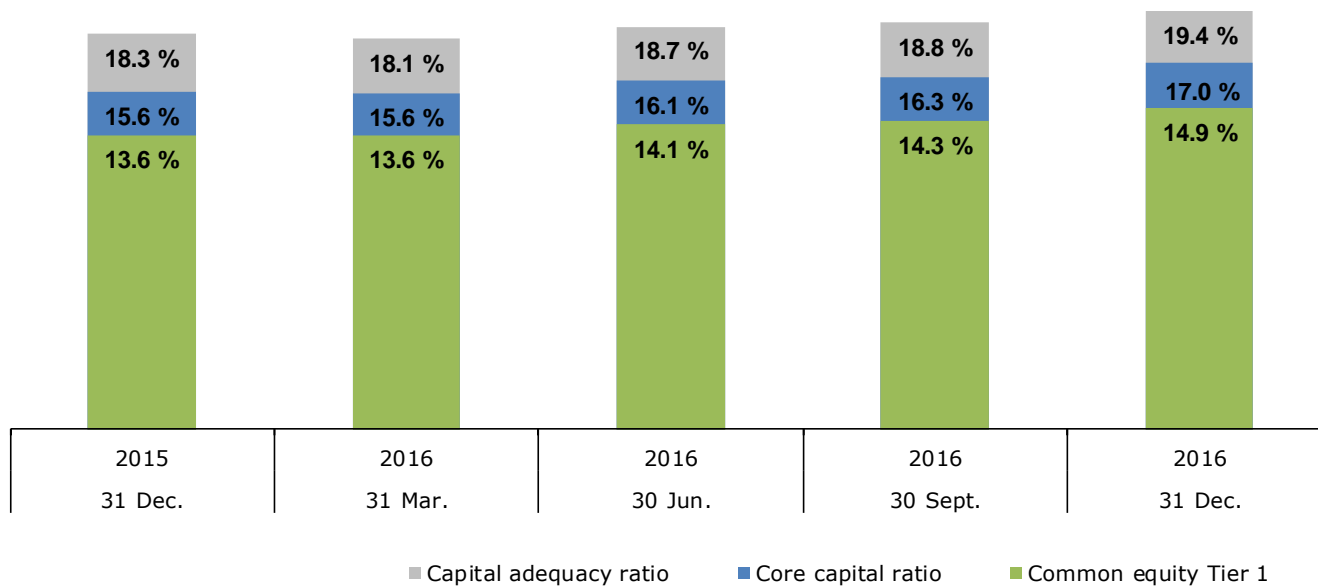
Capital Adequacy

(in NOK million)	31 Dec. 2016	30 Sept. 2016	30 Jun. 2016	31 Mar. 2016	31 Dec. 2015	31 Dec. 2014
Equity capital certificates	2,597	2,597	2,597	2,597	2,597	2,597
- Own holding of ECCs	-4	-2	-7	-6	-21	0
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	4,484	3,791	3,783	3,782	3,790	3,122
Savings bank's reserve	4,498	4,105	4,105	4,105	4,105	3,619
Recommended dividends	389	0	0	0	292	292
Provision for gifts	220	0	0	0	40	160
Unrealised gains reserve	139	233	233	290	290	148
Other equity and minority interest	1,656	1,679	1,681	1,705	1,597	1,620
Minority interests	425	411	403	372	318	72
Net profit	0	1,185	771	311	0	0
Total book equity	15,299	14,893	14,460	14,051	13,904	12,524
Deferred taxes, goodwill and other intangible assets	-741	-758	-715	-668	-662	-566
Part of reserve for unrealised gains, associated companies	117	119	169	119	264	120
Deduction for allocated dividends and gifts	-609	0	0	0	-332	-452
Minority interests recognised in other equity capital	-425	-411	-403	-372	-318	-72
Minority interests eligible for inclusion in CET1 capital	220	211	203	184	132	35
Surplus financing of pension obligations	0	-94	-94	-43	-43	0
Net profit	0	-1,185	-771	-311	0	0
Year-to-date profit included in core capital (73 per cent pre tax of group profit)	0	830	540	218	0	0
Value adjustments due to requirements for prudent valuation	-48	-51	-58	-57	-55	-45
Positive value of adjusted expected loss under IRB Approach	-248	-205	-187	-104	-239	-419
Direct, indirect and synthetic investments in financial sector companies	-337	-453	-389	-576	-458	-451
Total common equity Tier one	13,229	12,895	12,757	12,440	12,192	10,674
Hybrid capital, core capital	1,358	1,363	1,362	1,310	1,310	1,716
Hybrid capital covered by transitional provisions	483	487	493	496	495	
Direct, indirect and synthetic investments in financial sector companies	0	-9	-9	-9	-9	-9
Total core capital	15,069	14,736	14,604	14,237	13,988	12,382
Supplementary capital in excess of core capital						
Fund bonds, hybrid capital in excess of 15 %						
Subordinated capital	1,698	1,644	1,647	1,648	1,647	2,598
Subordinated capital covered by transitional provisions	673	673	673	673	786	0
Direct, indirect and synthetic investments in financial sector companies	-256	-43	-43	-43	-43	-43
Total supplementary capital	2,116	2,275	2,278	2,279	2,390	2,555
Net subordinated capital	17,185	17,011	16,882	16,516	16,378	14,937

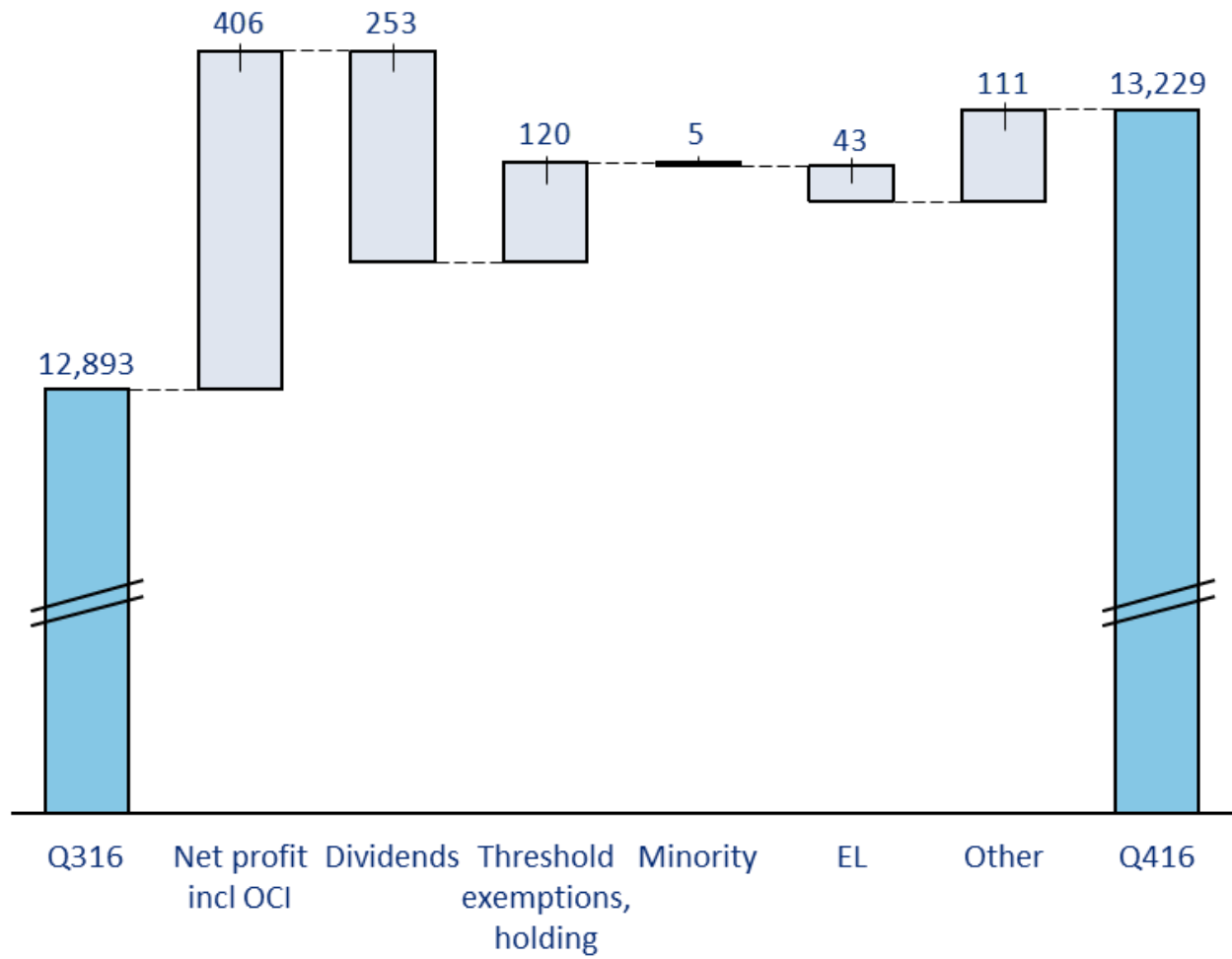
Minimum requirements subordinated capital

(in NOK million)	31 Dec. 2016	30 Sept. 2016	30 Jun. 2016	31 Mar. 2016	31 Dec. 2015	31 Dec. 2014
Involvement with specialised enterprises	1,206	1,166	1,169	1,232	1,213	1,887
Other corporations exposure	1,102	1,107	1,143	1,086	1,105	1,371
Mass market exposure, SMBs	166	164	170	171	167	159
Mass market exposure, property	1,602	1,602	1,596	1,606	1,557	1,280
Other retail exposure	74	38	43	39	40	51
Equity investments, IRB	3	3	3	1	0	0
Total credit risk IRB	4,153	4,080	4,123	4,135	4,082	4,748
Debt risk	36	19	19	29	64	397
Equity risk	5	10	10	10	10	1
Currency risk	1	1	1	0	0	0
Operational risk	479	479	479	479	457	416
Exposures calculated using the standardised approach	1,772	1,828	1,931	1,893	1,805	1,971
CVA	84	88	90	91	106	92
Transitional arrangements	574	723	585	666	634	0
Minimum requirements subordinated capital	7,103	7,228	7,237	7,303	7,157	7,625
Risk Weighted Assets (RWA)	88,788	90,353	90,464	91,286	89,465	95,317
Minimum requirement on CET1 capital, 4.5 per cent	3,995	4,066	4,071	4,108	4,026	4,289
Capital conservation buffer, 2.5 per cent	2,220	2,259	2,262	2,282	2,237	2,383
Systemic risk buffer, 3.0 per cent	2,664	2,711	2,714	2,739	2,684	2,860
Countercyclical buffer, 1.5 per cent (1.0 per cent)	1,332	1,355	1,357	913	895	
Available CET1 capital after buffer requirements	3,018	2,505	2,354	2,399	2,351	1,143
Common equity Tier 1	14.9 %	14.3 %	14.1 %	13.6 %	13.6 %	11.2 %
Core capital ratio	17.0 %	16.3 %	16.1 %	15.6 %	15.6 %	13.0 %
Capital adequacy ratio	19.4 %	18.8 %	18.7 %	18.1 %	18.3 %	15.7 %
Leverage ratio	7.4 %	7.1 %	6.8 %	6.8 %	6.7 %	6.0 %
Common Equity Tier 1	14.9 %	14.3 %	14.1 %	13.6 %	13.6 %	11.2 %
Fund bonds, hybrid capital	2.1 %	2.0 %	2.0 %	2.0 %	2.0 %	1.8 %
Supplementary capital in excess of core capital	2.4 %	2.5 %	2.5 %	2.5 %	2.7 %	2.7 %

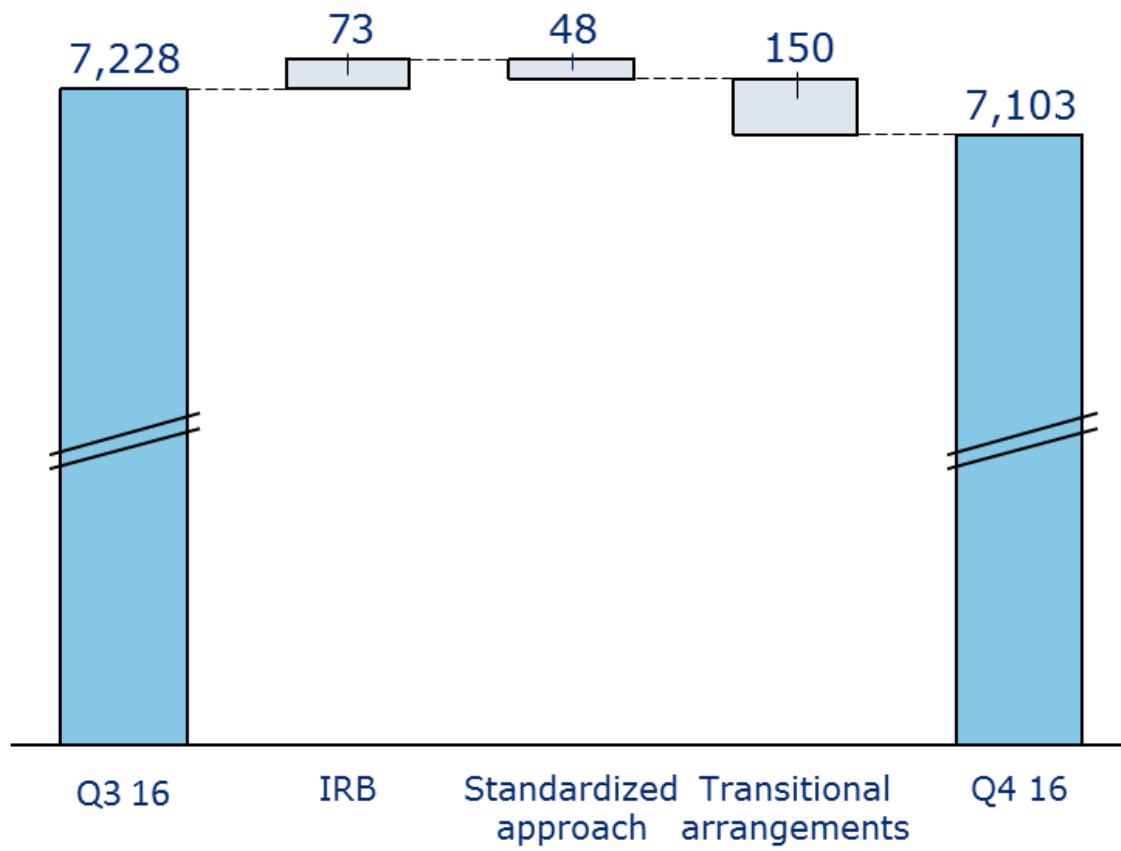
Capital Adequacy



Quarterly change in Common equity Tier 1



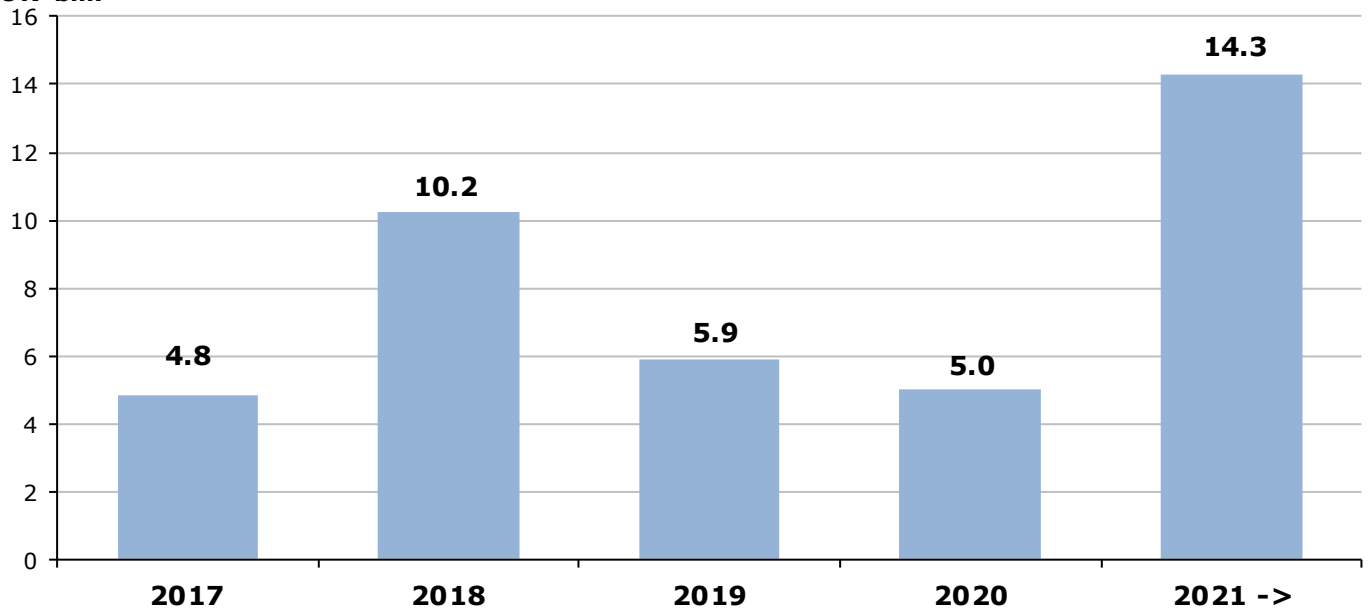
Quarterly change in Minimum requirements subordinated capital



5. Funding

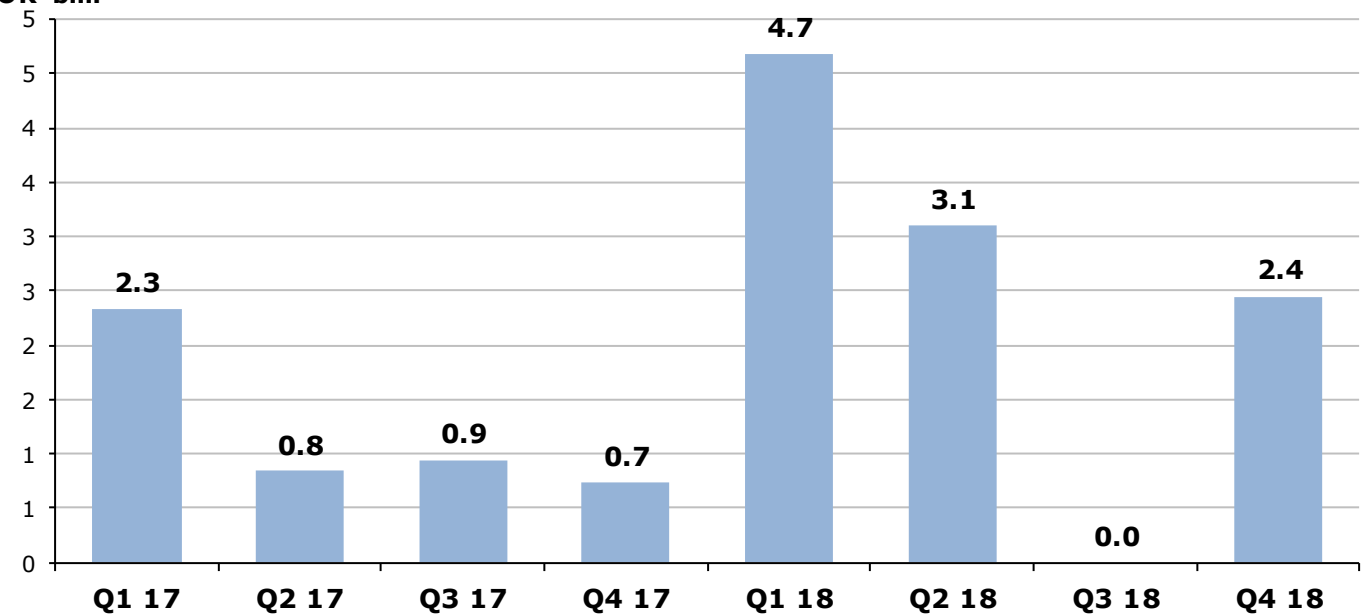
Funding maturity dates

NOK bill.



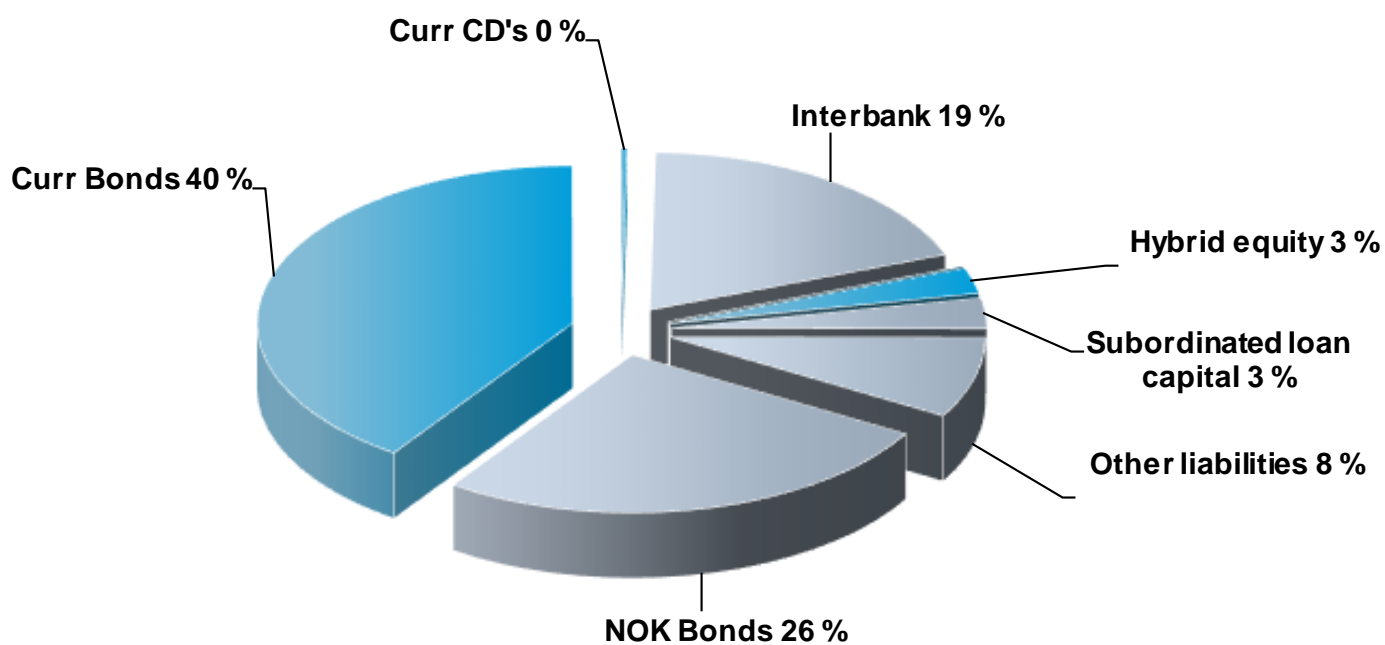
Funding maturity dates over the next eight quarters

NOK bill.



Capital markets funding

(in NOK million)	31 Dec. 2016	30 Sept. 2016	30 Jun. 2016	31 Mar. 2016	31 Dec. 2015	31 Dec. 2014
NOK Bonds	14,237	14,452	14,645	16,505	17,139	18,263
Curr Bonds	21,908	22,554	23,429	19,302	17,898	13,611
NOK CD's	-	-	-	-	-	820
Curr CD's	172	118	62	82	155	-
Interbank	10,299	10,491	10,212	8,549	8,155	7,572
Perp. Sub. Loan capital	-	300	300	299	299	307
Hybrid equity	1,433	1,437	1,443	1,446	1,445	1,449
Subordinated loan capital	1,707	1,770	1,793	1,740	1,719	1,607
Other liabilities	4,487	6,231	6,556	7,003	5,996	7,512
Total	54,242	57,353	58,441	54,925	52,807	51,141



6. Financial results

Financial results

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Interest income	917	874	896	910	962	3,597	4,031	4,031	4,265
Interest expenses	424	425	424	441	489	1,714	2,159	2,159	2,475
Net interest	493	449	472	469	473	1,883	1,872	1,872	1,790
Commission income	300	326	331	295	309	1,251	1,245	1,245	1,281
Commission expenses	35	34	36	28	38	133	135	135	113
Other operating income	149	120	154	134	107	556	435	435	344
Commission income and other income	414	412	448	401	378	1,674	1,545	1,545	1,512
Dividends	1	13	73	0	3	88	25	25	65
Income from investment in related companies	74	103	127	119	121	423	448	448	527
Net return on financial investments	153	157	71	53	-15	434	-14	-14	128
Net return on financial investments	228	274	271	172	109	944	459	459	720
Total income	1,134	1,134	1,191	1,042	959	4,502	3,876	3,876	4,021
Staff costs	251	294	318	295	280	1,159	1,093	1,093	1,002
Other operating expenses	231	210	209	194	235	844	838	838	787
Total operating expenses	482	504	528	489	515	2,003	1,931	1,931	1,789
Result before losses	652	630	664	553	444	2,499	1,945	1,945	2,232
Loss on loans, guarantees etc.	99	130	118	170	56	516	169	169	89
Result before tax	553	500	546	383	388	1,983	1,776	1,776	2,143
Tax charge	99	85	85	72	100	341	370	370	362
Results investments held for sale, after tax	7	-1	-1	0	0	4	-1	-1	0
Net profit	462	414	460	311	287	1,647	1,406	1,406	1,782
Majority share	448	405	449	303	291	1,606	1,410	1,410	1,772
Minority interest	14	9	11	8	-4	41	-4	-4	10

Balance sheet

(in NOK million)	31 Dec. 2016	30 Sept. 2016	30 Jun. 2016	31 Mar. 2016	31 Dec. 2015	31 Dec. 2014
Cash and receivables from central banks	315	1,080	1,200	1,241	3,270	4,676
Deposits with and loans to credit institutions	3,892	6,652	6,013	2,324	2,407	1,289
Net loans to and receivables from customers	101,354	98,619	96,960	94,606	93,415	90,112
Fixed-income CDs and bonds at fair value	17,557	16,898	19,862	15,956	15,752	14,177
Derivatives	4,752	5,489	6,927	8,091	7,524	7,877
Shares, units and other equity interests	1,542	1,253	1,464	1,644	1,485	708
Investment in related companies	5,638	5,649	5,524	5,759	5,522	5,129
Investments held for sale	15	217	217	214	16	45
Intangible assets	639	628	583	566	562	548
Other assets	2,376	3,331	2,395	3,944	1,962	1,487
Assets	138,080	139,815	141,145	134,345	131,914	126,047
Deposits from credit institutions	10,509	10,591	10,227	8,549	8,155	9,123
Deposits from and debt to customers	67,168	66,290	67,031	63,851	64,090	60,680
Debt created by issue of securities	36,317	37,124	38,137	35,888	35,154	33,001
Derivatives	4,074	5,004	5,924	6,237	5,414	6,252
Other liabilities	1,531	2,353	1,772	2,279	1,734	1,095
Investments held for sale	0	11	16	5	0	0
Subordinated loan capital	3,182	3,550	3,579	3,485	3,463	3,371
Total liabilities	122,781	124,922	126,685	120,294	118,010	113,523
Equity capital certificate	2,597	2,597	2,597	2,597	2,597	2,597
Own holding of ECCs	-4	-2	-7	-6	-21	0
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	4,484	3,791	3,783	3,782	3,790	3,122
Recommended dividends	389	0	0	0	292	292
Provision for gifts	220	0	0	0	40	160
Savings bank's reserve	4,498	4,105	4,105	4,105	4,105	3,619
Unrealised gains reserve	139	233	233	290	290	148
Other equity capital	1,656	1,679	1,681	1,705	1,597	1,620
Result of the period	0	1,185	771	311	0	0
Minority interests	425	411	403	372	318	72
Total equity capital	15,299	14,893	14,460	14,051	13,904	12,524
Total liabilities and equity	138,080	139,815	141,145	134,345	131,914	126,047

Key figures	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Return on equity	12.2 %	11.3 %	12.9 %	8.9 %	8.4 %	11.3 %	10.7 %	10.7 %	15.1 %
Cost/income ratio group	43 %	44 %	44 %	47 %	54 %	44 %	50 %	50 %	44 %
Cost/income ratio group, ex. financial inv.	53 %	59 %	57 %	56 %	61 %	56 %	57 %	57 %	54 %
12-month cost growth	-6.4 %	8.1 %	6.4 %	7.7 %	7.5 %	3.7 %	7.9 %	7.9 %	3.9 %
Gross loans to customers*	137,535	134,462	132,583	129,520	127,378	137,535	127,378	127,378	120,435
Growth in loans last 12 months*	8.0 %	6.6 %	6.5 %	5.4 %	5.8 %	8.0 %	5.8 %	5.8 %	7.3 %
Growth in loans this period*	2.3 %	1.4 %	2.4 %	1.7 %	0.9 %	8.0 %	5.8 %	5.8 %	7.3 %
Deposits from customers	67,168	66,290	67,031	63,851	64,090	67,168	64,090	64,090	60,680
Growth in deposits last 12 months	4.8 %	4.2 %	1.3 %	5.4 %	5.6 %	4.8 %	5.6 %	5.6 %	8.5 %
Growth in deposits this period	1.3 %	-1.1 %	5.0 %	-0.4 %	0.7 %	4.8 %	5.6 %	5.6 %	8.5 %
Deposit-to-loan ratio*	49 %	49 %	51 %	49 %	50 %	49 %	50 %	50 %	50 %
Total assets	138,080	139,815	141,145	134,345	131,914	138,080	131,914	131,914	126,047
Average total assets (quarterly)	138,948	140,480	137,745	133,129	130,575	137,060	128,355	128,355	117,794
Employees in employment group	1,254	1,205	1,252	1,216	1,208	1,254	1,208	1,208	1,192
Employees in employment parent bank	630	637	632	642	645	630	645	645	753
Employees in employment subsidiaries	624	567	620	574	563	624	563	563	439
Number of branches	49	49	49	49	49	49	49	49	49
Lending margin	1.91	1.95	2.07	2.02	2.15	1.99	2.26	2.26	2.57
Deposit margin	0.14	0.09	0.00	0.06	-0.09	0.07	-0.21	-0.21	-0.47
Net other operating income of total income	37 %	36 %	38 %	38 %	39 %	37 %	40 %	40 %	38 %
Common Equity Tier 1 ratio	14.9 %	14.3 %	14.1 %	13.6 %	13.6 %	14.9 %	13.6 %	13.6 %	11.2 %
Core capital ratio	17.0 %	16.3 %	16.1 %	15.6 %	15.6 %	17.0 %	15.6 %	15.6 %	13.0 %
Capital adequacy ratio	19.4 %	18.8 %	18.7 %	18.1 %	18.3 %	19.4 %	18.3 %	18.3 %	15.7 %
Total core capital	15,069	14,736	14,604	14,237	13,988	15,069	13,988	13,988	12,382
Net subordinated capital	17,185	17,011	16,882	16,516	16,378	17,185	16,378	16,378	14,937
Impairment losses ratio	0.29 %	0.39 %	0.36 %	0.53 %	0.18 %	0.39 %	0.14 %	0.14 %	0.08 %
Non-performing commitm. as % of gross loans	0.16 %	0.16 %	0.19 %	0.16 %	0.16 %	0.16 %	0.16 %	0.16 %	0.22 %
Other doubtful commitm. as % of gross loans	1.07 %	1.01 %	0.90 %	0.32 %	0.31 %	1.07 %	0.31 %	0.31 %	0.18 %
ECC price	64.75	55.75	46.70	52.75	50.50	64.75	50.50	50.50	58.50
Number of certificates issued, millions	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83
Booked equity capital per ECC (incl. dividend)	73.26	71.17	69.18	67.37	67.65	73.26	67.65	67.65	62.04
Adjusted profit per ECC	2.21	2.00	2.21	1.49	1.45	7.91	7.02	7.02	8.82
P/E per ECC	7.34	6.98	5.27	8.83	8.71	8.19	7.19	7.19	6.63
P/B equity capital	0.88	0.78	0.68	0.78	0.75	0.88	0.75	0.75	0.94

* Including 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. The stake was increased to 73.5 per cent in fourth quarter 2015 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".

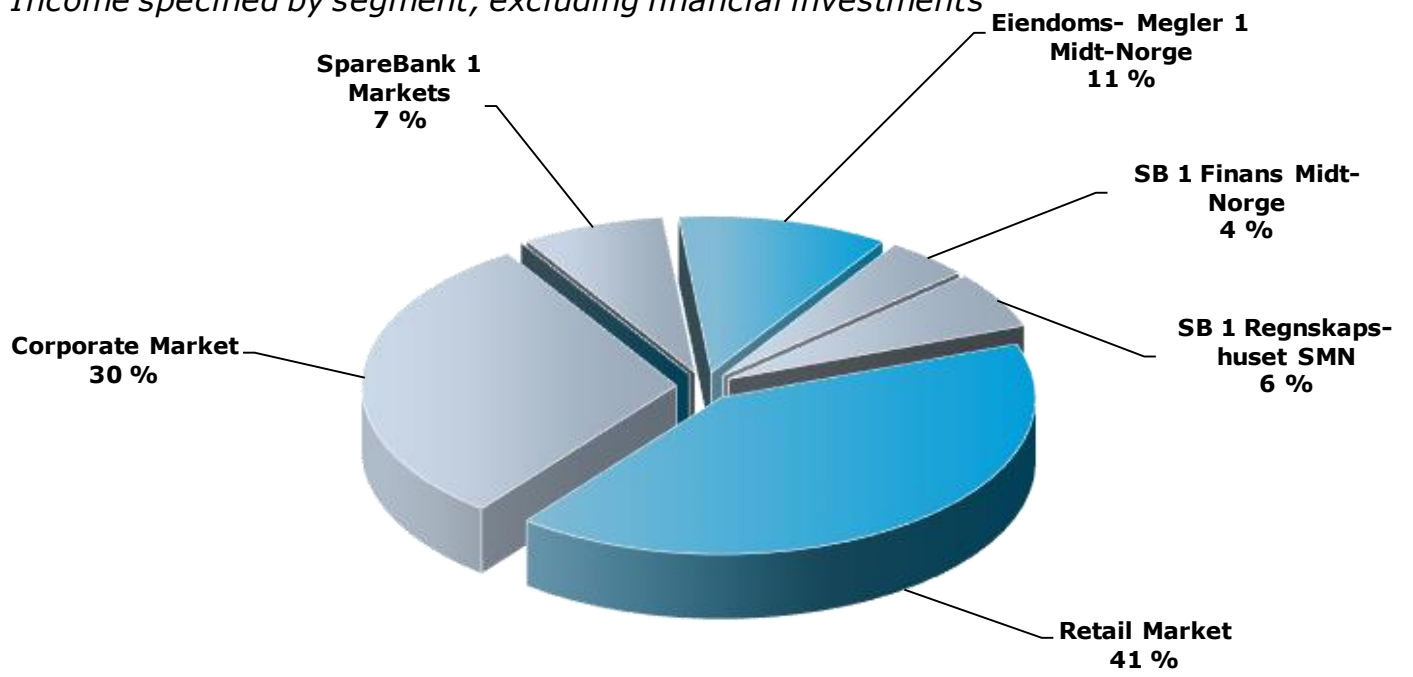
The Group has changed its presentation of accrued interest as from the first quarter of 2015. Accrued interest is now presented together with the underlying financial instrument. It was previously presented as other assets and other liabilities. Historical figures for 2014 are similarly restated.

7.1. Extract from income statement

Group (in NOK million) 31 Dec.2016	Retail Market	Corporate Market	SB 1 Markets	Eiendoms- Megler 1 Midt-Norge	SB 1 Finans Midt-Norge	SB 1 Regnskaps- huset SMN	SB 1 Gruppen	BN Bank	Un- collated	Total
Net interest	906	960	-8	4	183	0	-	-	-163	1,883
Allocated	47	40	-	-	-	-	-	-	-86	-
Total interest income	953	1,000	-8	4	183	0	-	-	-249	1,883
Commission income and other income	679	196	212	426	-11	234	-	-	-62	1,674
Net profit on financial investments	1	9	88	-	-	-	317	86	448	949
Total income	1,633	1,205	292	430	172	235	317	86	137	4,506
Total operating expenses	770	332	282	363	55	191	-	-	11	2,003
Ordinary operating profit	863	873	10	68	117	44	317	86	125	2,503
Loss on loans, guarantees etc.	13	490	-	-	13	-	-	-	1	516
Result before tax incl investments held for sale	850	384	10	68	104	44	317	86	124	1,988
Post-tax return on equity*	13.8 %	6.9 %								11.3 %
Balance sheet										
Loans and advances to customers adv. of this to Boligkreditt and Næringskreditt	93,757	38,938	-	-	5,430	-	-	-	-590	137,535
Individual allowance for impairment on loan	-24	-596	-	-	-11	-	-	-	-2	-632
Group allowance for impairment on loan	-90	-228	-	-	-20	-	-	-	-0	-339
Other assets	177	35	1,702	322	16	218	1,476	1,186	31,594	36,726
Total assets	60,514	36,245	1,702	322	5,414	218	1,476	1,186	31,002	138,080
Deposits to customers	34,856	32,401	-	-	-	-	-	-	-89	67,168
Other liabilities and equity	25,658	3,845	1,702	322	5,414	218	1,476	1,186	31,091	70,912
Total liabilities	60,514	36,245	1,702	322	5,414	218	1,476	1,186	31,002	138,080

*) 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 14.5 percent.

Income specified by segment, excluding financial investments



Interest income, Retail Market and Corporate Market

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Retail	227	230	227	222	236	906	907	907	873
Corporate	257	232	239	232	237	960	922	922	840
Net interest income	484	462	466	454	473	1,866	1,829	1,829	1,712

Development in margin, Retail Market and Corporate Market

Lending (in percentage)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Retail	1.59	1.70	1.81	1.78	1.92	1.72	2.07	2.07	2.39
Corporate	2.71	2.69	2.68	2.57	2.66	2.66	2.68	2.68	2.90
Total	1.91	1.99	2.07	2.02	2.15	1.99	2.26	2.26	2.57

Deposits (in percentage)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Retail	0.36	0.30	0.17	0.24	0.05	0.27	-0.14	-0.14	-0.42
Corporate	-0.10	-0.14	-0.18	-0.15	-0.25	-0.14	-0.29	-0.29	-0.55
Total	0.14	0.09	0.00	0.06	-0.09	0.07	-0.21	-0.21	-0.48

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

Development in volume, Retail Market and Corporate Market

Lending* (in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Retail	93,757	91,655	89,299	86,451	84,981	93,757	84,981	84,981	78,388
Corporate	38,938	38,312	37,454	37,479	37,226	38,938	37,226	37,226	36,872
Total	132,695	129,968	126,753	123,930	122,206	132,695	122,206	122,206	115,260

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

Deposits (in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Retail	34,856	34,911	35,457	33,671	33,534	34,856	33,534	33,534	31,589
Corporate	32,401	31,441	31,511	29,655	30,367	32,401	30,367	30,367	28,463
Total	67,257	66,352	66,968	63,325	63,902	67,257	63,902	63,902	60,052

Development in commission income, Retail Market and Corporate Market

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Retail	166	176	172	166	185	680	715	715	763
Corporate	47	56	52	51	48	205	193	193	188
Total	213	232	224	217	232	885	908	908	951

7.2. Retail Market

Business description

	31 Dec. 2016
<i>Facts about the business area</i>	
Lending volume	93,757
Deposits volume	34,856
No. of active customers	215,487
FTEs	371

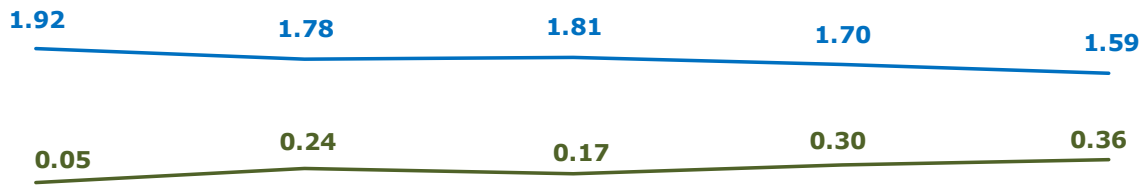
Financial performance

(in NOK million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec.		2015	2014
						2016	2015		
Net interest income lending	95	114	129	119	148	457	621	621	648
Net interest income deposits	122	116	98	103	88	438	286	286	224
Net interest income allocated capital	24	8	11	14	3	57	41	41	40
Total interest income	240	238	238	236	239	953	948	948	913
Net guarantee commission, incl. BK, NK	69	76	81	80	87	306	360	360	445
Net commission of savings products	18	17	16	12	16	63	55	55	42
Net commission insurance services	36	35	35	33	39	139	135	135	113
Net commission payment trans. services	43	48	40	40	43	171	165	165	161
Other commission income	0	1	0	0	-0	1	0	0	0
Net fee and commission income	166	176	172	166	185	679	715	715	762
Net profit on financial investments	0	0	0	0	0	1	1	1	1
Total income	406	414	410	402	424	1,633	1,663	1,663	1,675
Total operating expenses*	168	201	202	198	214	770	779	779	809
Results	238	213	207	204	210	863	884	884	867
Loss on loans, guarantees etc.	3	3	-2	9	5	13	11	11	6
Results before tax	235	210	210	195	205	850	873	873	861
*) Includes both direct and distributed expenses									
Post-tax return on equity (annualized)**						13.8 %	15.8 %	15.8 %	19.2 %

**) 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 14.5 %.

Development in margin

Definition margin: Average customer interest minus 3 months average nibor



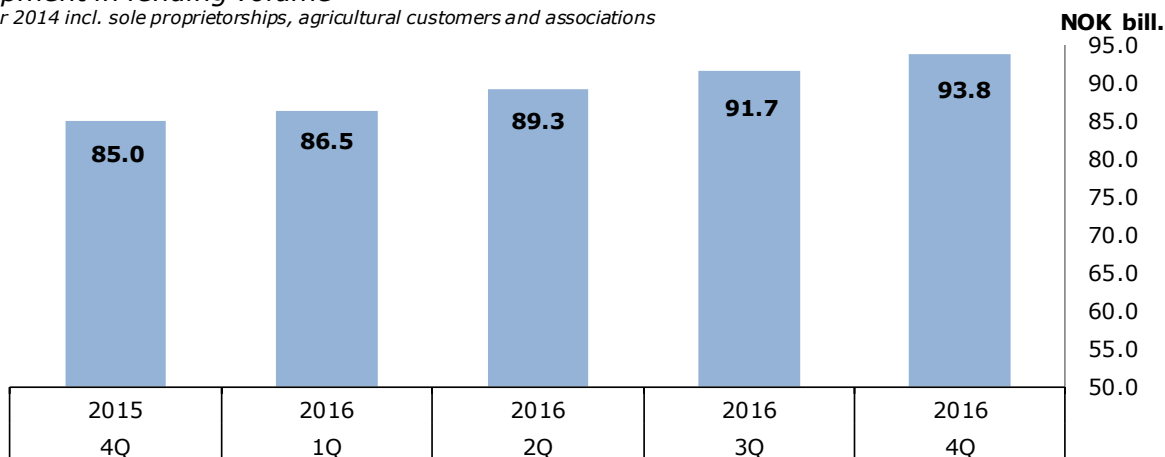
2015 4Q	2016 1Q	2016 2Q	2016 3Q	2016 4Q
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— Lending margin Retail

— Deposits margin Retail

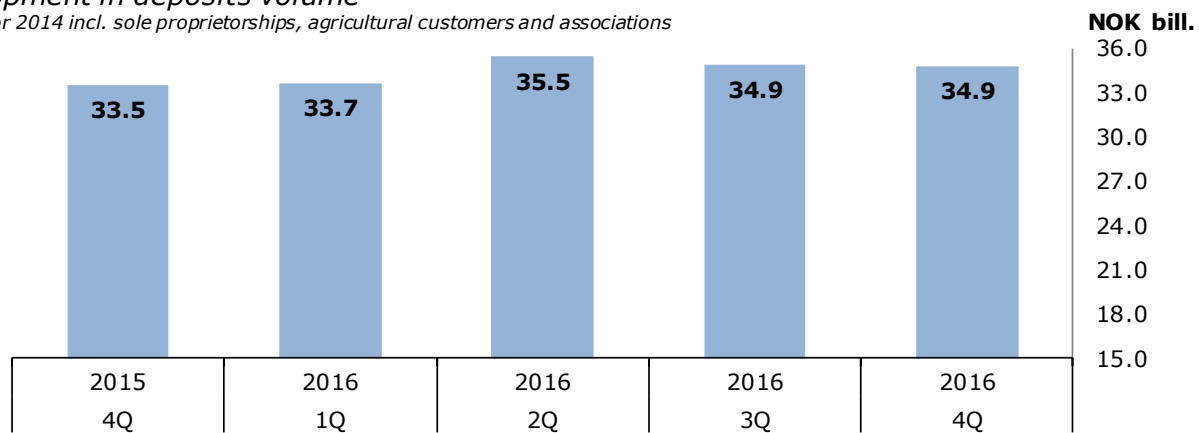
Development in lending volume

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. Corporate

Business description

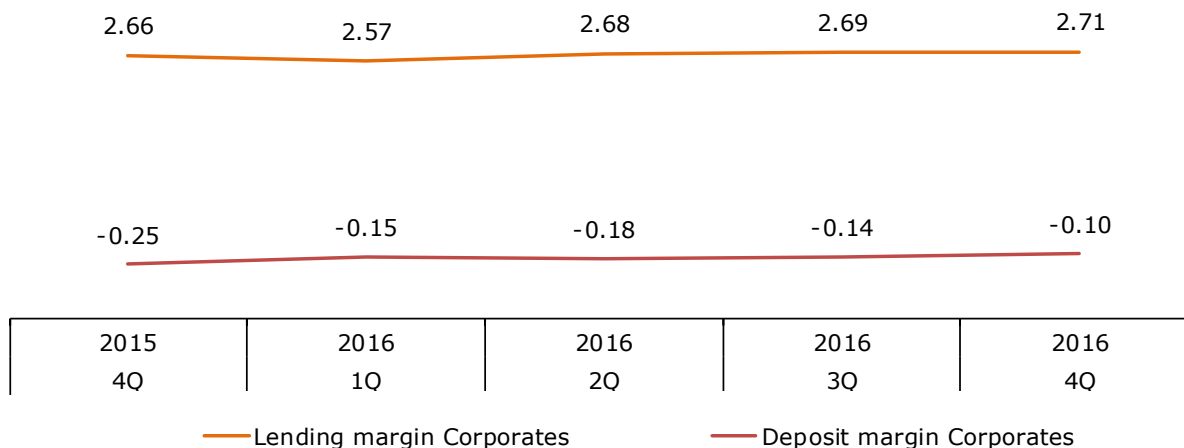
<i>Facts about the business area</i>	31 Dec. 2016
Lending volume	38,938
Deposits volume	32,401
No. of active customers	7,554
FTEs	158

<i>Financial performance</i> (in NOK million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec.		201	201
Net interest income lending	140	163	178	169	179	649	704	704	704
Net interest income deposits	79	70	62	63	58	272	218	218	218
Net interest income allocated capital	51	7	9	12	5	78	48	48	48
Total interest income	269	239	248	243	242	1,000	971	971	971
Net guarantee commission, incl. BK, NK	21	24	22	22	22	89	79	79	67
Net commission of savings products	0	2	-1	0	2	2	5	5	4
Net commission insurance services	5	5	5	6	4	20	20	20	21
Net commission payment trans. services	21	21	22	20	19	84	75	75	67
Other commission income	0	1	0	0	0	2	1	1	0
Net fee and commission income	48	52	48	49	45	196	180	180	159
Net profit on financial investments	-0	4	4	2	2	9	13	13	29
Total income	316	295	300	294	289	1,205	1,164	1,164	1,095
Total operating expenses*	68	82	90	93	96	332	353	353	318
Results	248	212	211	202	194	873	810	810	777
Loss on loans, guarantees etc.**	91	124	115	158	51	490	151	151	77
Results before tax	157	89	95	44	142	384	659	659	699
*) Includes both direct and distributed expenses									
**) Includes collective write downs of NOK -55m in 4Q 2016, -25m in 3Q 2016, NOK -110m in 2Q 2016, NOK 150m in 1Q 2016, NOK 51m in 4Q 2015. 2015 was NOK 80m									
Post-tax return on equity (annualized)***						6.9 %	12.4 %	12.4 %	10.0 %

***) 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 14.5 %.

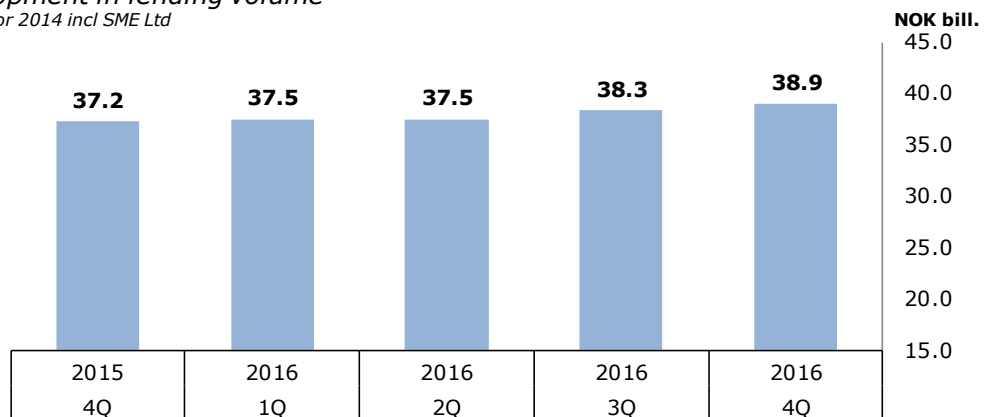
Development in margin

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



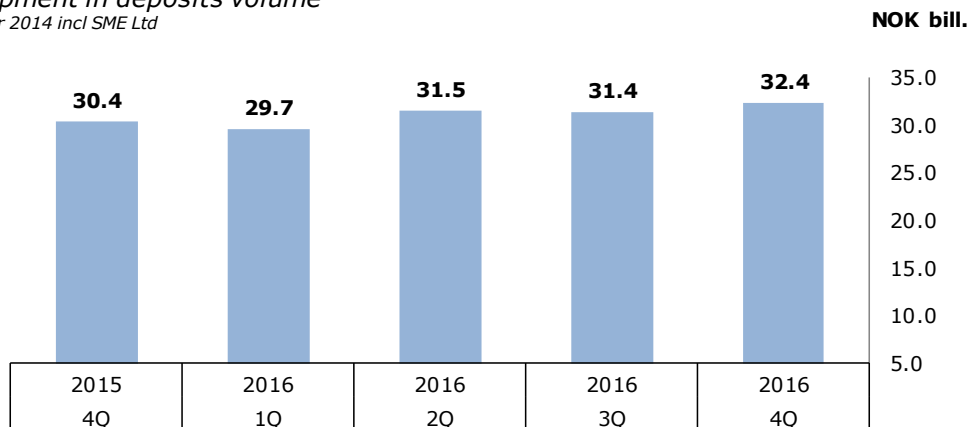
Development in lending volume

Figures for 2014 incl SME Ltd



Development in deposits volume

Figures for 2014 incl SME Ltd



7.4. Subsidiaries

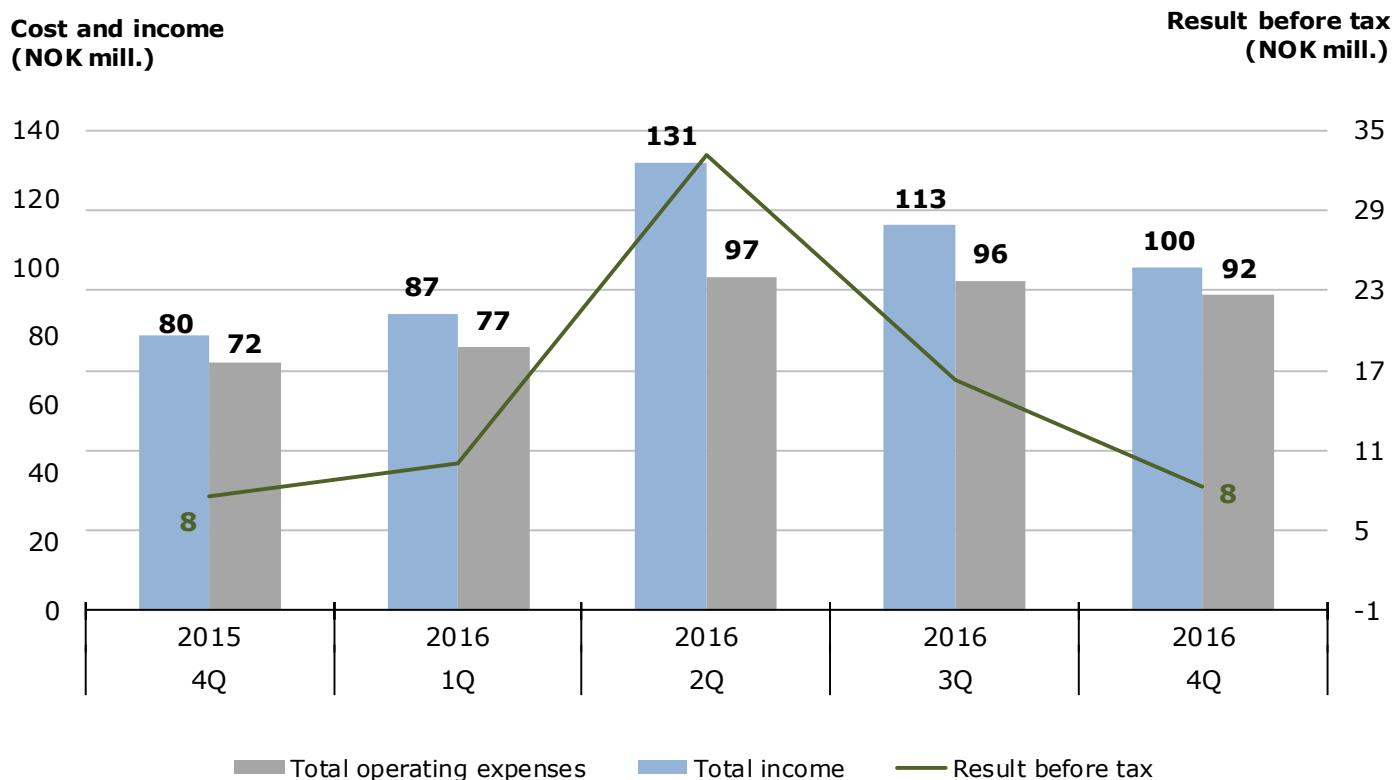
EiendomsMegler 1 Midt-Norge AS

EiendomsMegler 1 Midt-Norge is a real estate agency, and has a solid market-leader position in the region. The company has specialized operations, which include separate units for project and commercial real estate broking.

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

Financial performance

(in NOK million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec.		2015	2014
						2016	2015		
Net interest	2	1	1	1	2	4	4	4	5
Commission income and other income	99	112	130	86	78	426	360	360	359
Total income	100	113	131	87	80	430	364	364	364
Total operating expenses	92	96	97	77	72	363	317	317	313
Result before tax	8	16	33	10	8	68	47	47	51



SpareBank 1 Finans Midt-Norge AS

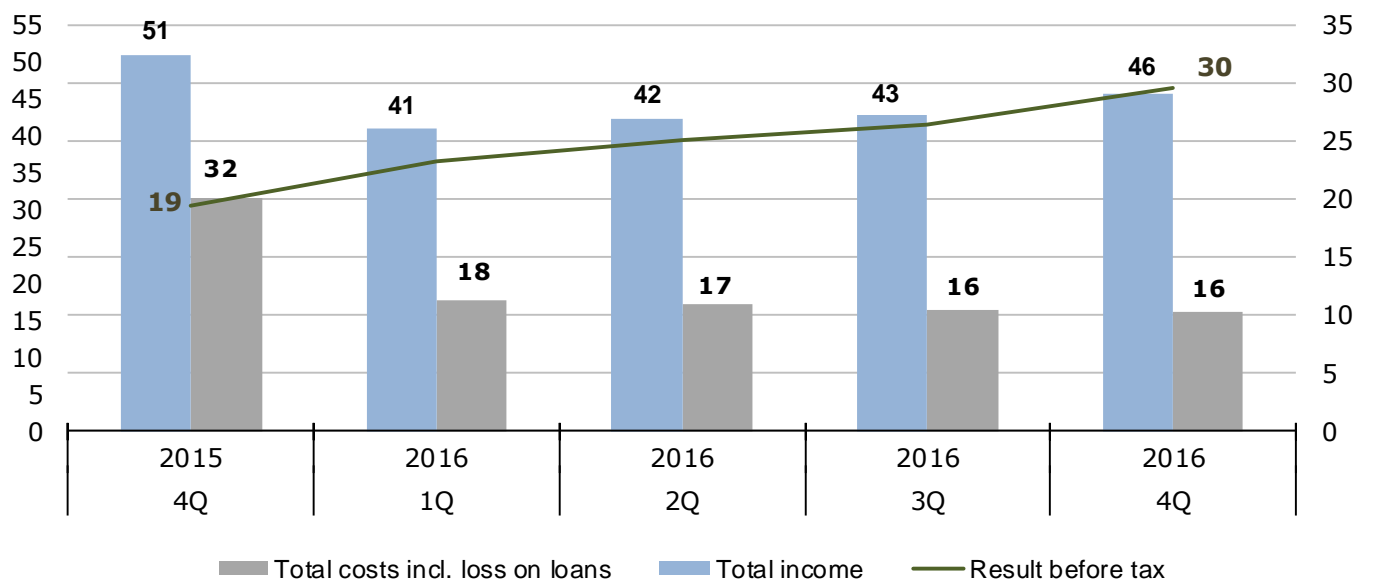
SpareBank 1 Finans Midt-Norge is an active partner for businesses and private customers. SpareBank 1 Finans Midt-Norge offers car loans and leasing to corporates and private individuals. The company services the market through its own sales operation and through the Bank's offices and other partners.

The company is owned by SpareBank 1 SMN (64.6 per cent), Samarbeidende Sparebanker (27.9 per cent) and SpareBanken Sogn og Fjordane (7.5 per cent). With Samarbeidende Sparebanker as a co-owner, the company has a presence in ten different counties dispersed across Mid- and South Norway.

Financial performance

(in NOK million)	4Q	3Q	2Q	1Q	4Q	31 Dec.		2015	2014
	2016	2016	2016	2016	2015	2016	2015		
Total interest income	48	46	45	43	42	183	154	154	130
Commission income and other income	-3	-4	-3	-2	9	-11	33	33	-4
Total income	46	43	42	41	51	172	187	187	126
Total operating expenses	12	14	14	15	29	55	97	97	50
Ordinary operating profit	34	29	29	26	23	117	91	91	75
Loss on loans, guarantees etc.	4	3	4	3	3	13	8	8	8
Total costs incl. loss on loans	16	16	17	18	32	67	105	105	58
Result before tax	30	26	25	23	19	104	83	83	68

Cost and income (NOK mill.)



SpareBank 1 Regnskapshuset SMN AS

SpareBank 1 Regnskapshuset SMN is an accountancy business. 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.

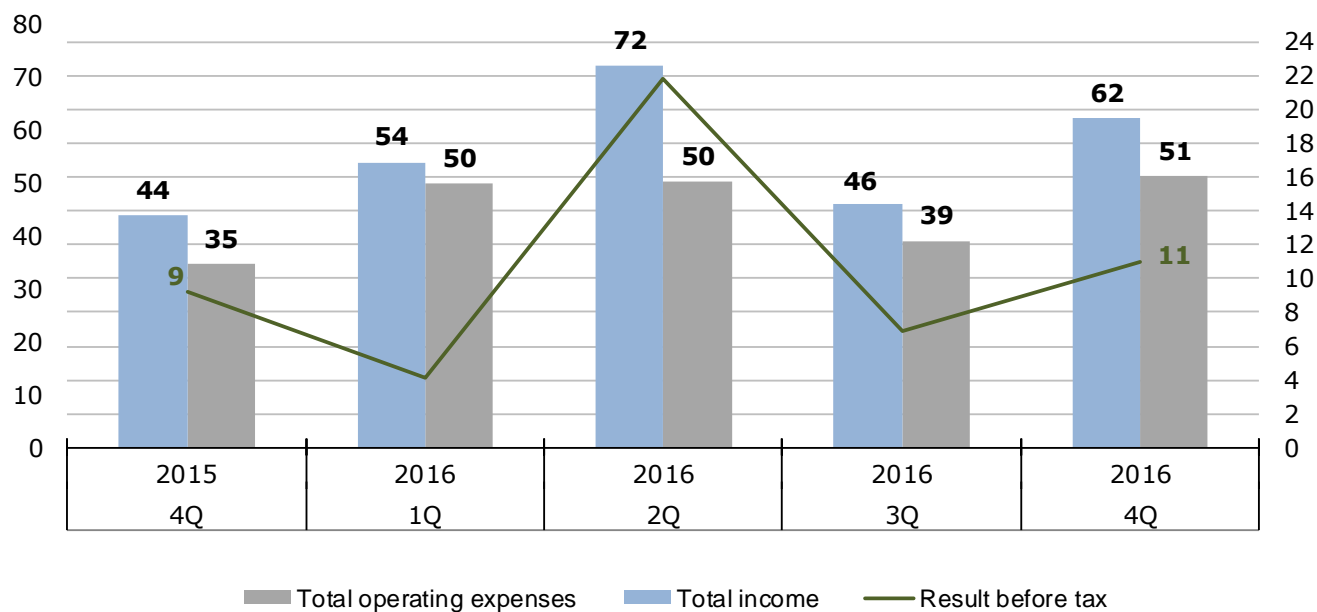
The strategy of growth through acquisitions represents a consolidation of a fragmented accounting industry. In 2016 three accounting firms and one IT company was acquired.

Financial performance

(in NOK million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec.		2015	2014
						2016	2015		
Total interest income	0	0	0	-0	-	0	-0	-0	6
Commission income and other income	62	46	72	54	44	234	197	197	182
Total income	62	46	72	54	44	235	197	197	188
Total operating expenses	51	39	50	50	35	191	162	162	148
Result before tax	11	7	22	4	9	44	35	35	40

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.

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)

SpareBank 1 Markets

<i>Financial performance</i> (in NOK million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	31 Dec. 2016	2015	SMN Markets 1Q 2015	31 Dec.2015 proforma
Net interest	-2	-2	-3	-2	-1	-8	-3	-15	-18
Equities / High Yield	22	30	22	23	21	97	69	2	71
Fixed Income	10	2	6	2	-0	20	-25	-	-25
Corporate	25	11	19	32	8	87	35	-	35
Foreign exchange/ interest rate derivatives	29	26	22	10	19	88	50	43	94
Other commission income	2	2	2	2	1	8	6	1	7
Total income	87	69	68	68	49	292	132	32	163
Total operating expenses	83	69	66	64	70	282	235	10	246
Results	4	0	2	3	-21	10	-103	21	-82
Loss on loans, guarantees etc.	-	-	-	-	-	-	0	-	0
Results before tax	4	0	2	3	-21	10	-103	21	-82

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 start-ups, 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, St Olavs Plass 1 SMN, Jernbanegata 19 SMN, SpareBank 1 Bygget Trondheim, Bjerkeløkkja.

8. Development last ten years

Financial results

(in NOK million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net interest	1,024	1,139	1,350	1,325	1,317	1,392	1,477	1,616	1,790	1,872
Commission income and other income	580	671	610	756	855	919	1,139	1,463	1,512	1,545
Net return on financial investments	419	332	207	596	410	434	451	502	720	459
Total income	2,022	2,142	2,167	2,677	2,582	2,746	3,067	3,580	4,021	3,876
Staff costs	512	583	623	725	583	810	942	923	1,002	1,093
Other operating expenses	478	519	571	528	557	672	712	799	787	838
Total operating expenses	990	1,102	1,194	1,253	1,140	1,482	1,654	1,722	1,789	1,931
Result before losses	1,032	1,039	975	1,424	1,441	1,264	1,414	1,859	2,232	1,945
Loss on loans, guarantees etc.	-84	-6	202	277	132	27	58	101	89	169
Result before tax	1,116	1,045	773	1,147	1,309	1,236	1,355	1,758	2,143	1,776
Tax charge	219	200	156	210	260	255	295	388	362	370
Results investments held for sale, after tax					-27	43	16	30	0	(1)
Net profit	898	846	617	937	1,022	1,024	1,077	1,400	1,782	1,406

Balance sheet*

(in NOK million)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cash and loans to and claims on credit institutions	2,323	3,878	4,548	1,260	2,532	4,075	4,091	5,984	5,965	5,677
CDs, bonds and other interest-bearing securities	5,602	7,246	12,036	19,302	22,948	21,485	25,614	26,358	27,891	30,282
Gross loans to customers before write-downs	52,819	59,178	64,016	61,782	69,847	73,105	74,943	80,548	90,578	93,974
- Specified write-downs	-147	-116	-215	-219	-222	-172	-144	-173	-172	-183
- Write-downs by loan category	-184	-185	-245	-289	-290	-290	-295	-295	-295	-376
Other assets	2,765	1,502	4,540	2,704	3,182	3,252	3,766	2,938	2,080	2,540
Assets	63,178	71,503	84,679	84,541	97,997	101,455	107,975	115,360	126,047	131,914
Deposits from credit institutions	2,766	5,346	9,000	11,310	13,062	9,118	7,410	6,581	9,123	8,155
Deposits from and debt to customers	30,136	32,434	35,280	37,227	42,786	47,871	52,252	55,927	60,680	64,090
Debt created by issue of securities	21,911	23,950	29,680	24,070	29,625	31,306	33,121	36,806	39,254	40,569
Other liabilities	1,799	2,265	2,045	1,876	1,922	2,122	2,070	1,485	1,095	1,734
Subordinated loan capital	2,383	2,648	3,156	3,875	2,758	2,690	3,040	3,319	3,371	3,463
Total equity capital	4,183	4,860	5,518	6,183	7,846	8,348	10,082	11,242	12,524	13,904
Total liabilities and equity	63,178	71,503	84,679	84,541	97,997	101,455	107,975	115,360	126,047	131,914

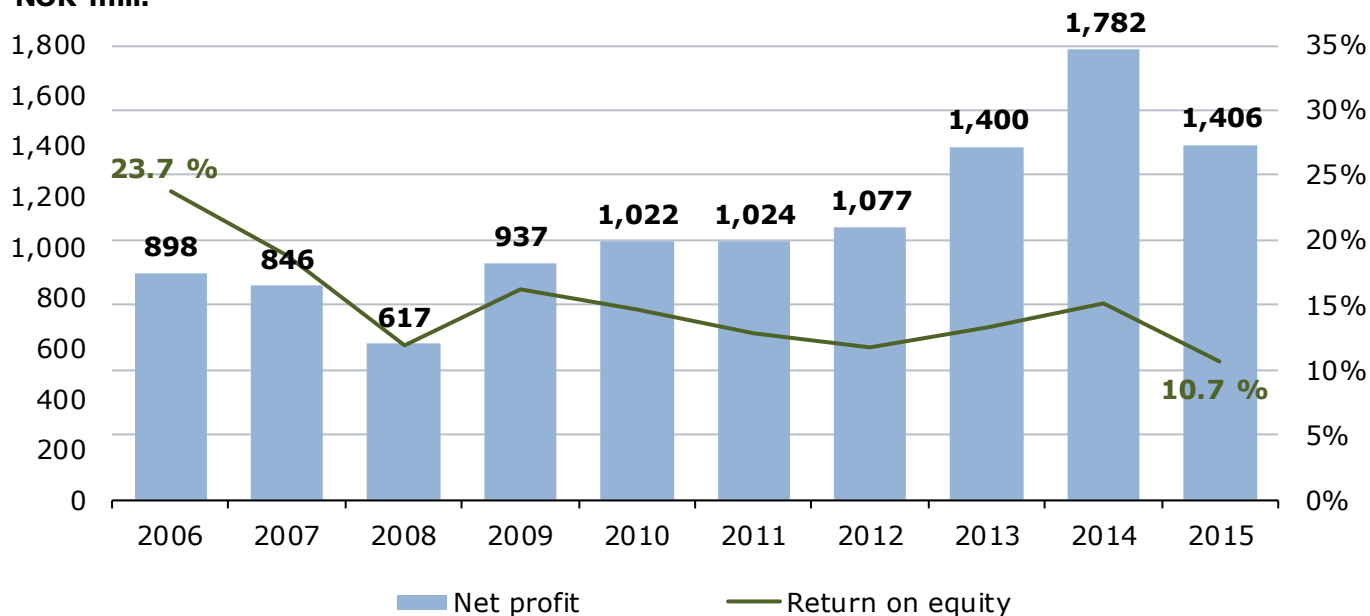
Key figures

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Return on equity	23.7 %	18.9 %	11.9 %	16.2 %	14.6 %	12.8 %	11.7 %	13.3 %	15.1 %	10.7 %
Cost/income ratio group	49.0 %	51.7 %	55.0 %	46.8 %	44.2 %	54.0 %	53.9 %	48.1 %	44.5 %	49.8 %
Cost/income ratio group, ex. financial inv.	61.1 %	60.8 %	60.2 %	52.5 %	52.5 %	64.1 %	63.2 %	55.9 %	54.2 %	56.5 %
Cost/income ratio parent bank	47.6 %	52.4 %	55.3 %	47.2 %	40.2 %	50.5 %	47.5 %	40.2 %	40.5 %	38.0 %
12-month cost growth	9.3 %	11.8 %	7.9 %	4.9 %	-9.0 %	30.0 %	11.6 %	4.1 %	3.9 %	7.9 %
Gross loans to customers*	52,819	61,910	71,317	77,429	87,665	95,232	104,925	112,283	120,435	127,378
Gross loans in retail market	33,808	38,872	42,679	45,157	49,619	55,034	62,587	68,591	74,087	80,725
Gross loans in corporate market	19,011	23,038	28,638	32,272	38,046	40,198	42,322	43,692	46,348	46,653
Growth in loans last 12 months*	16.6 %	17.2 %	15.2 %	8.6 %	13.2 %	8.6 %	10.2 %	6.8 %	7.3 %	5.8 %
Deposits from customers	30,136	32,434	35,280	37,227	42,786	47,871	52,252	55,927	60,680	64,090
Deposits from retail market	14,707	16,070	17,566	17,898	19,052	20,860	22,279	23,891	26,496	28,336
Deposits from corporate market	15,429	16,363	17,715	19,330	23,734	27,011	29,973	32,036	34,184	35,754
Growth in deposits last 12 months	11.4 %	7.6 %	8.8 %	5.5 %	14.9 %	11.9 %	9.2 %	7.3 %	8.5 %	5.6 %
Deposit-to-loan ratio*	57.1 %	52.4 %	49.5 %	48.1 %	48.8 %	50.3 %	49.8 %	49.8 %	50.4 %	50.3 %
Total assets	63,178	71,503	84,679	84,541	97,997	102,479	107,975	115,360	126,047	131,914
Average total assets	56,434	67,202	75,820	86,679	91,317	98,465	105,372	111,843	117,794	128,355
Employees in employment group	841	931	982	1,016	1,035	1,098	1,135	1,159	1,192	1,208
Employees in employment parent bank	661	723	750	767	764	786	793	757	753	645
Employees in employment subsidiaries	180	208	232	250	271	312	342	402	439	563
Net other operating income of total income	28.7 %	31.3 %	28.2 %	28.2 %	33.1 %	33.5 %	37.1 %	40.8 %	38.0 %	40 %
Common Equity Tier 1 ratio	7.5 %	7.4 %	7.1 %	7.7 %	9.3 %	8.9 %	10.0 %	11.1 %	11.2 %	13.6 %
Capital adequacy ratio	11.9 %	12.1 %	11.9 %	13.6 %	13.0 %	12.0 %	13.3 %	14.7 %	15.7 %	18.3 %
Core capital ratio	8.6 %	8.4 %	8.1 %	10.4 %	10.9 %	10.4 %	11.3 %	13.0 %	13.0 %	15.6 %
Total core capital	3,614	4,019	4,967	6,730	7,283	7,856	9,357	10,989	12,382	13,988
Net subordinated capital	5,229	5,762	7,312	8,730	8,646	9,055	10,943	12,417	14,937	16,378
Impairment losses ratio	-0.03 %	-0.01 %	0.21 %	0.31 %	0.16 %	0.03 %	0.06 %	0.09 %	0.08 %	0.14 %
Non-perf. commitm. as % of gross loans	0.41 %	0.39 %	0.46 %	0.49 %	0.57 %	0.36 %	0.36 %	0.34 %	0.22 %	0.13 %
Other doubtful commitm. as % of gross loans	0.51 %	0.37 %	1.33 %	0.57 %	0.24 %	0.21 %	0.14 %	0.14 %	0.18 %	0.30 %

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

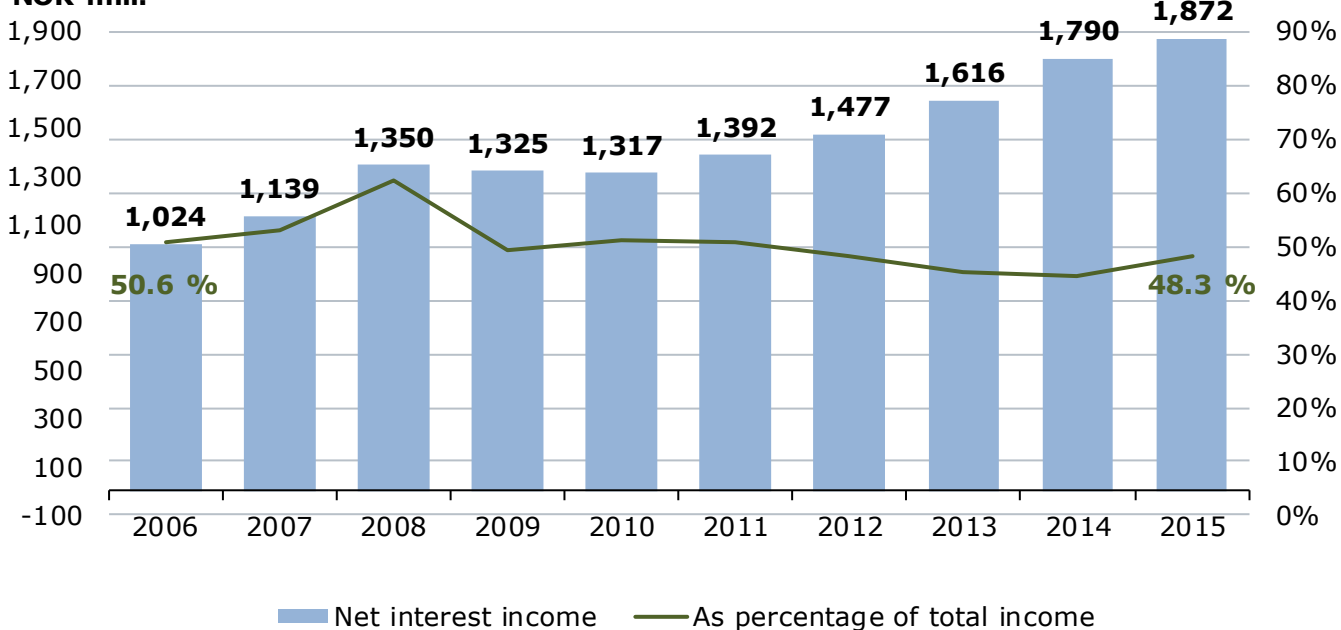
Net profit and return on equity

NOK mill.

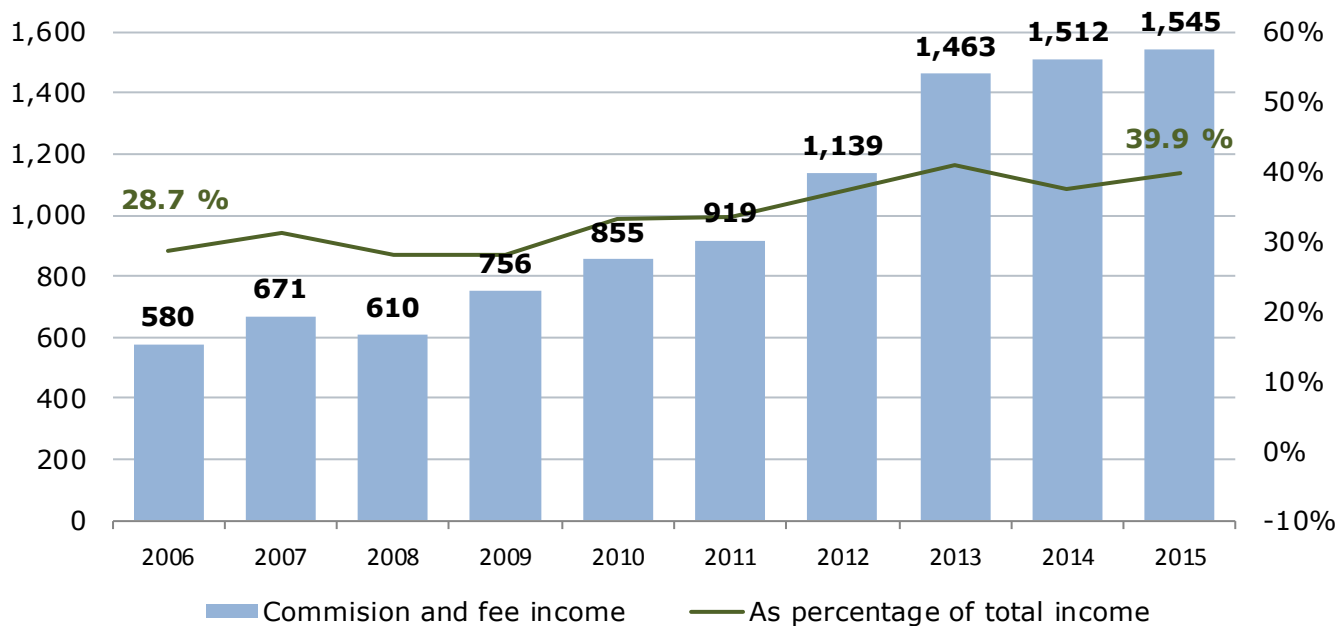


Development in net interest income

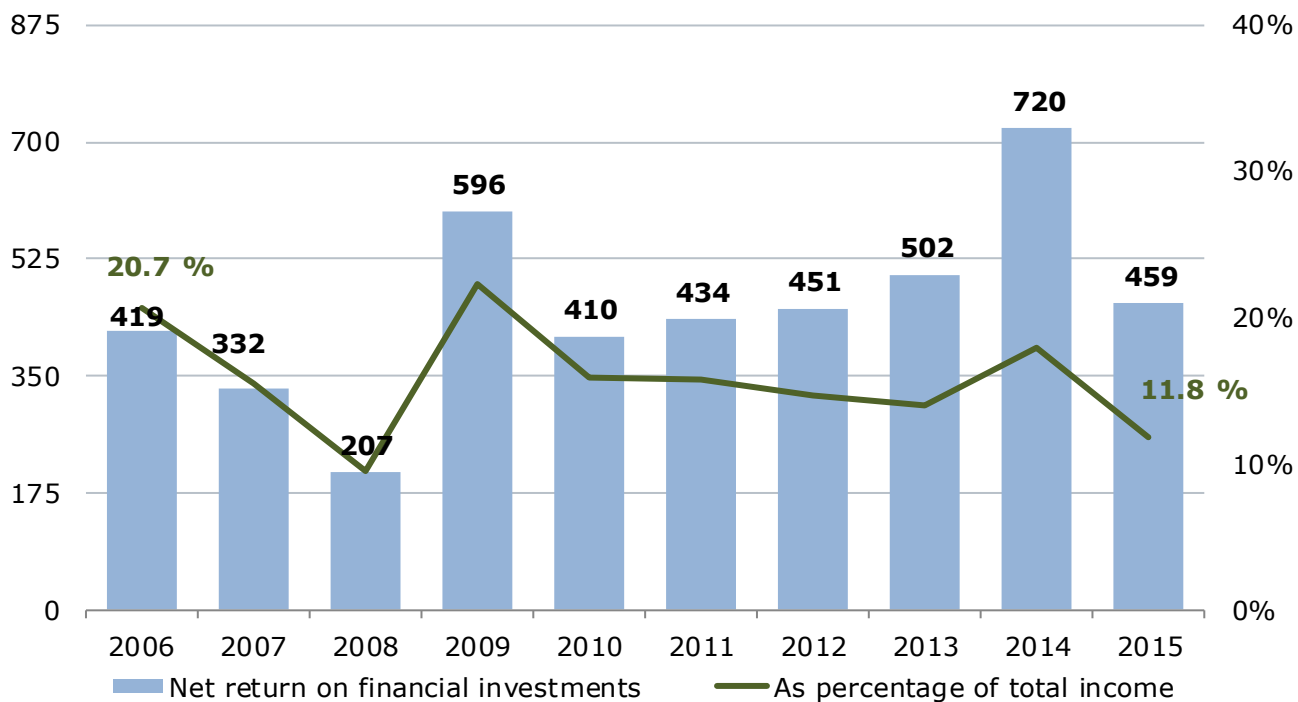
NOK mill.



Development in commission income and other income

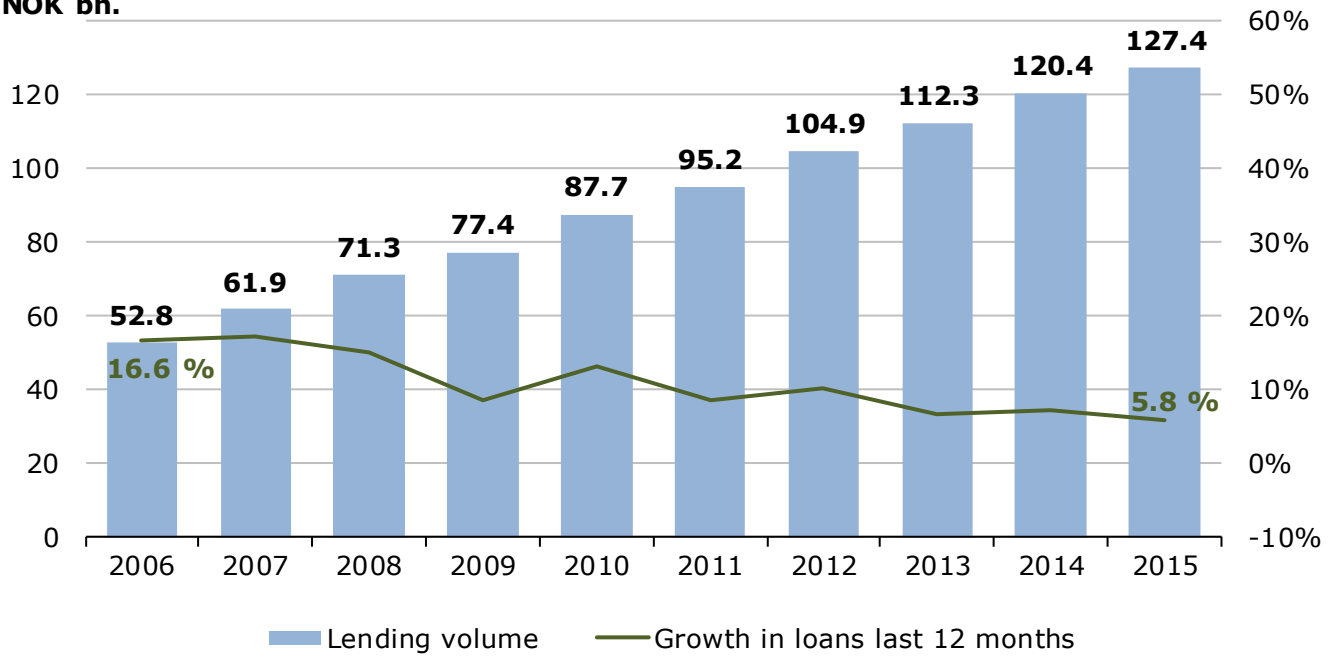


Development in net return on financial investments

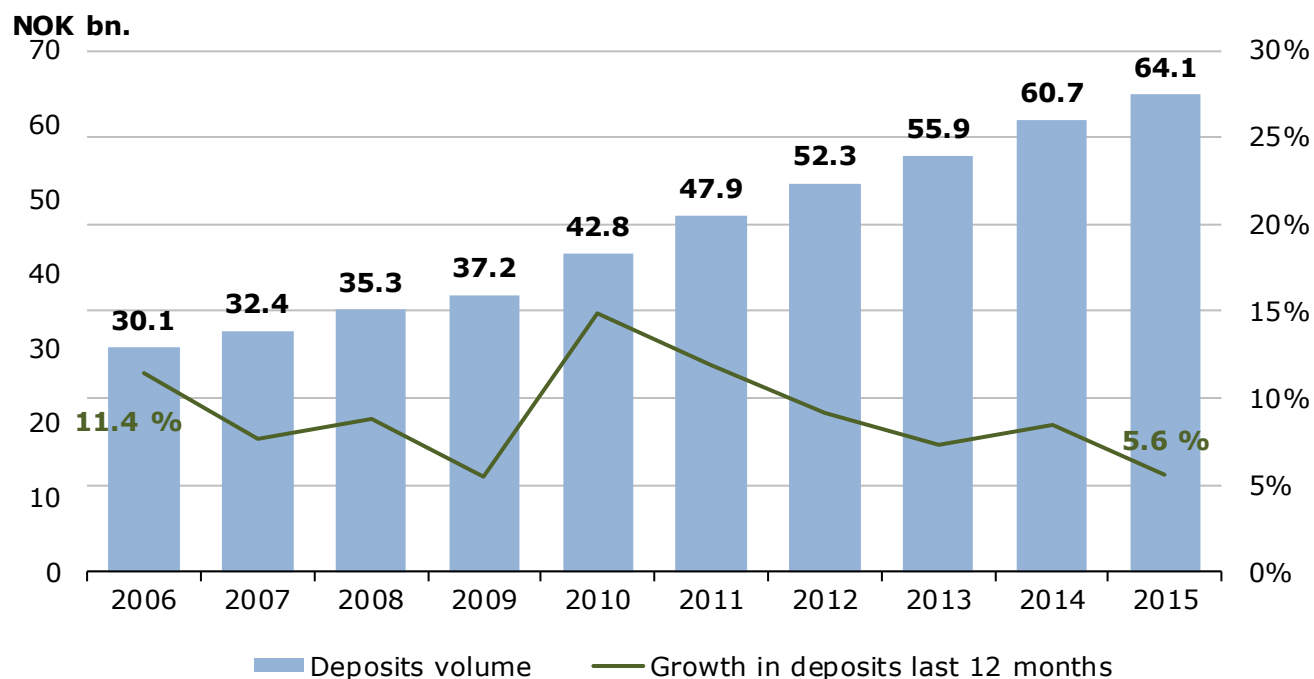


Volume development, Lending*

NOK bn.

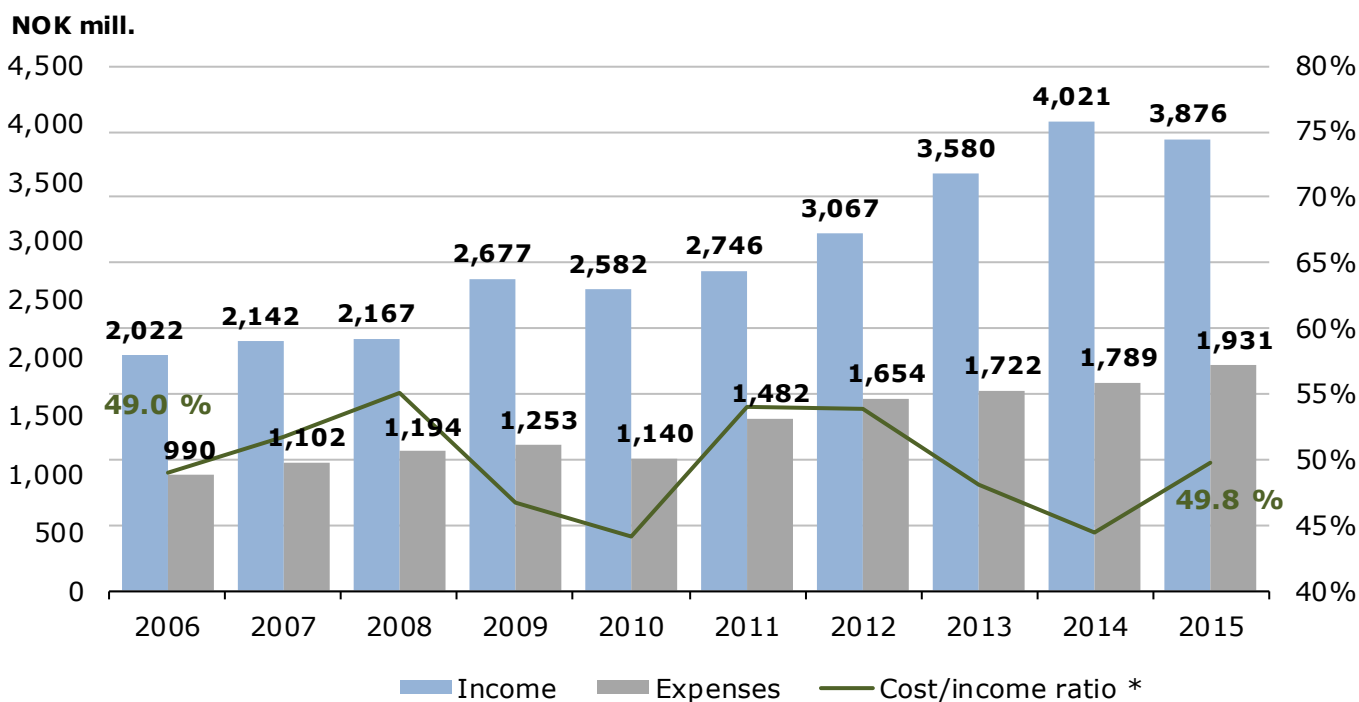


Volume development, Deposits*



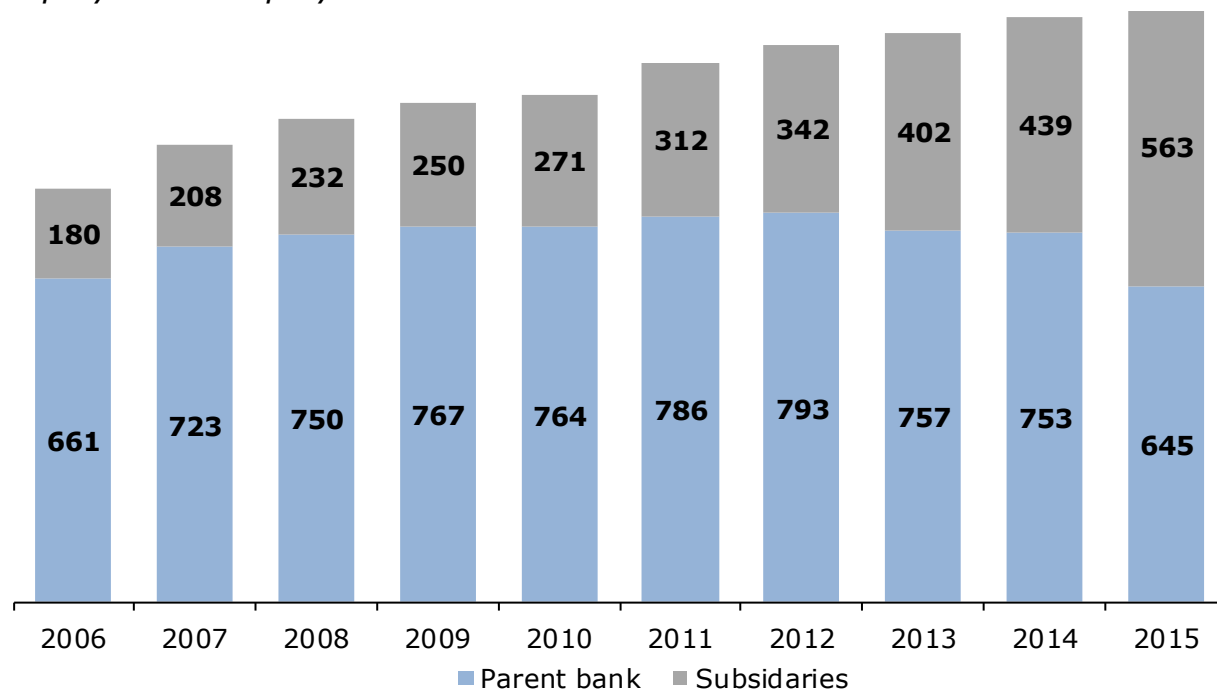
*)

Cost/income ratio



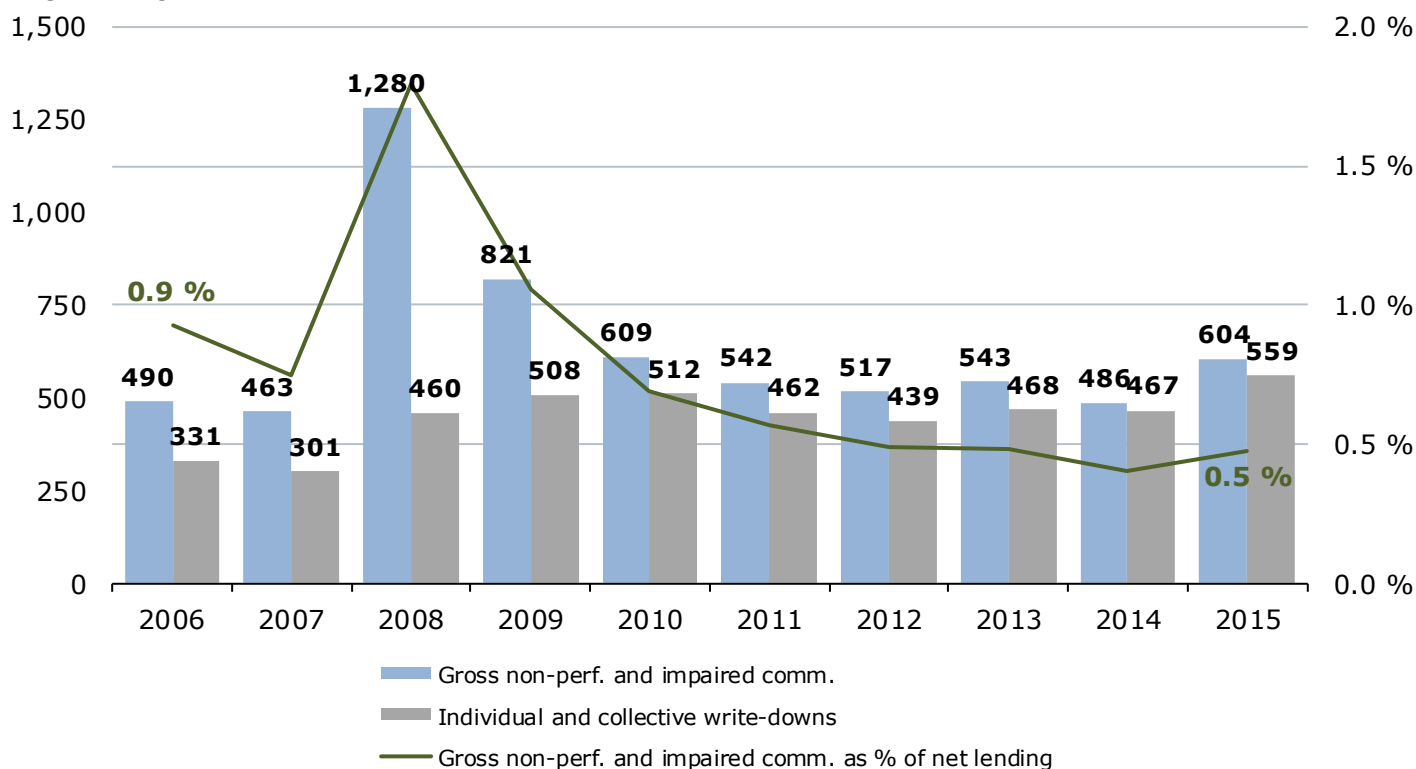
* Total operating expenses as a percentage of total operating income

Employees in employment



Net non-performing and impaired commitments

NOK million



Capital Adequacy

