



SpareBank
SMN 

Third quarter 2017








26. October 2017

SpareBank 1 SMN, the region's most important financial institution

SpareBank 1 SMN

-  218,000 retail customers
-  14,380 corporate customers
-  Market leader in the region
-  Loan volume NOK 147bn
-  Finance house offering a wide range of products
-  A substantial co-owner of SpareBank 1 Alliance
-  Norway's largest equity-certificate-issuing bank

History

-  Established in 1823
-  Sparebanken Midt-Norge since 1985
-  Listed on Oslo Børs since 1994
-  SpareBank 1 Alliance since 1996
-  Acquired Romsdals Fellesbank in 2005
-  Acquired BN Bank/Sunnmøre in 2009
-  Strong financial results over time

Good profits 3rd quarter 2017



Net profit NOK 1,250m (1,185m),
return on equity 10.8 % (11.0 %)



CET1 14.7 % (14.3 %). Leverage
ratio 7.5 % (6.8 %)



Result of core business NOK
1,064m (713m) exclusive of loan
losses. Loan losses NOK 263m (NOK
417m)



Growth in lending RM 10.3 % (10.8
) and CM 7.9 % (minus 0.4 %),
deposits 10.3 % (4.2 %) last 12
months



Decrease in FTEs parent bank and
very low cost growth in parent
bank



Booked equity capital per ECC NOK 76.21
(71.17), profit per ECC NOK 6.06 (NOK
5.70)

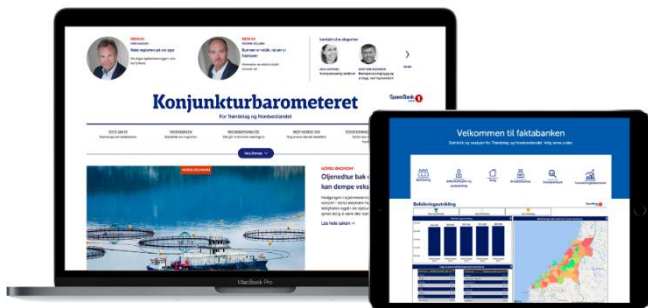


SpareBank 1 SMN's

Economic Barometer 2017

for Trøndelag and Nordvestlandet

Economic barometer – main results for the year. Optimism is back



smn.no/konjunkturbarometeret

Hele regionen på vei opp



Oljeindustrien som startet i 2014 har gitt et tydelig tegn på at økonomien i Trøndelag er fortsatt i god form, mens Møre og Romsdal har en robust næringsstruktur som gjør at regionen er på vei opp.

Det viser makroestimater hentet inn i årets konjunkturbarometer. Vi har også regnet på 40 000 bedrifter. De viser at Trøndelag og Møre/Romsdal har en robust næringsstruktur som gjør at regionen er på vei opp.

Bunnen er nådd, nå ser vi framover!



Årets konjunkturbarometer er opplysende lesning. Oljeprisen som falt i 2014 gjorde oss usikre på om regionen kunne bli rammet av et stort antall store konkurser – med negative følger for leverandører, tapte arbeidsplasser og mindre inntekt med det resulterende tapet av arbeidsplasser og tjenester som gir nye negative ringvirkninger til andre bransjer. Det har heldigvis ikke gått så ille.

Jeg har ved flere anledninger prøvd meg på å fremstille næringsstrukturen i Trøndelag og Møre/Romsdal som et lite bilde.

anlegg er det stor aktivitet særlig på innbyggere har relativt høy byggeaktivitet, innenfor tross for at førstnevnte viser en noe nedadgående trend.

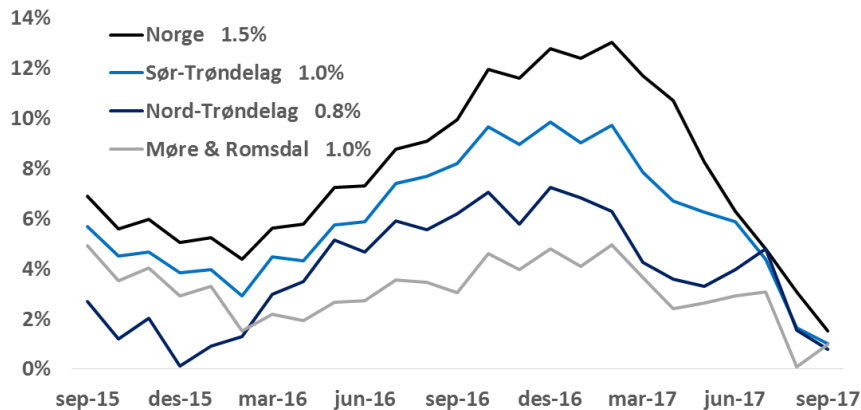
Samme signaler finner vi i SpareBank 1 bedriftsbarometer, hvor optimismen er tilbake i vår. Bedriftsledere ser betydning for de neste 12 månedene nå enn for tidligere år. Dette er positive slemningsberetninger for mange bedrifter i 2015.

Like fullt: er det noe som betyr mer for flere privatpersoner har problemer med økonomi og økonomi.

- The oil slump appears to be over this time round, and optimism is growing once again in all three counties in Trøndelag and Møre and Romsdal
- We have analysed the accounts of some 40,000 businesses in our region. The conclusion is clear: We have a robust industry structure which holds its own in challenging as well as in good times
- The 2016 accounts show sound growth and improved profitability in Trøndelag. In Møre and Romsdal overall turnover is declining, but profitability remains stable
- The sea gives and the sea takes away: Seafarming and fisheries flourish as never before, while maritime industry and offshore find the going tough

More moderate house price development. Unemployment remains low

12-month growth in house prices. September 2015 to September 2017

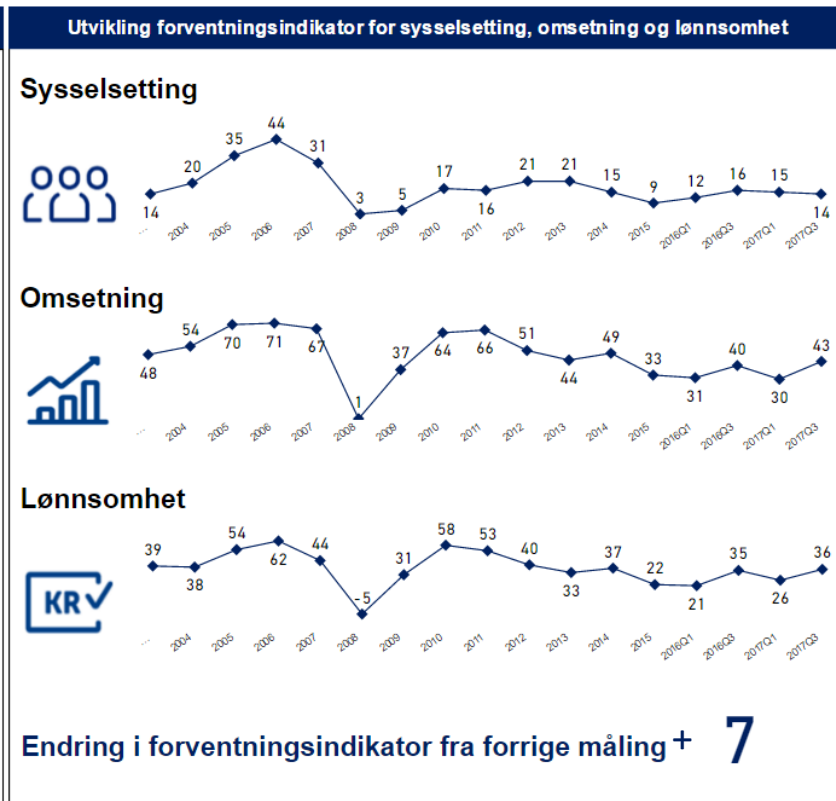
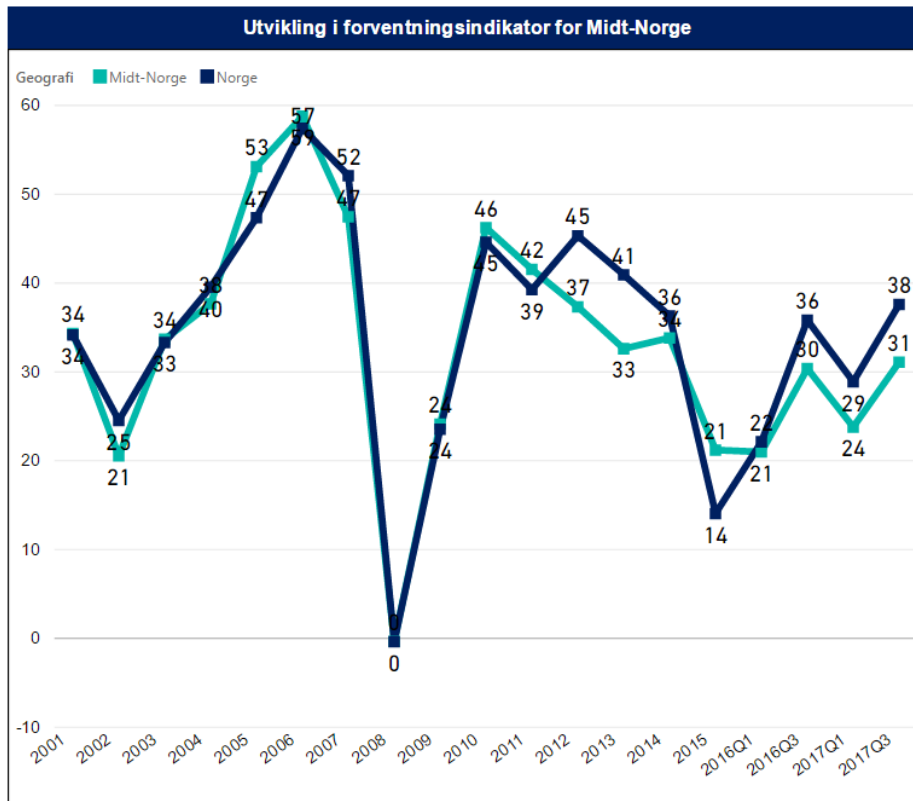


Unemployed in per cent of the labour force (NAV)

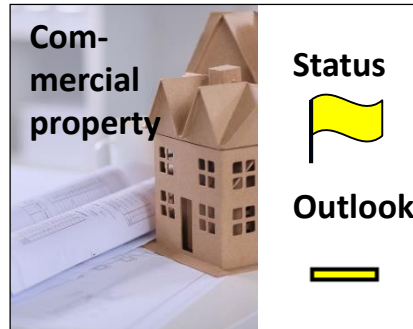
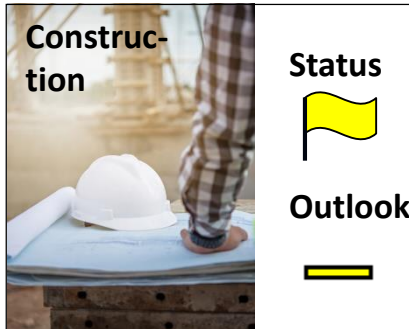
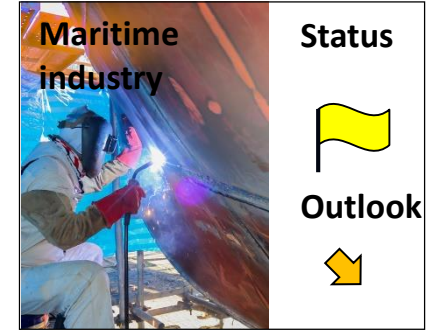
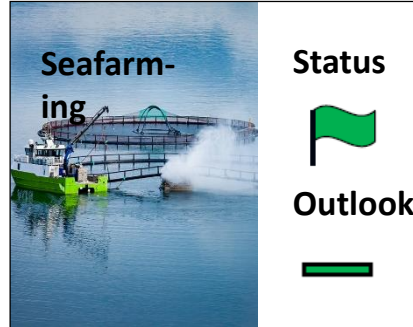
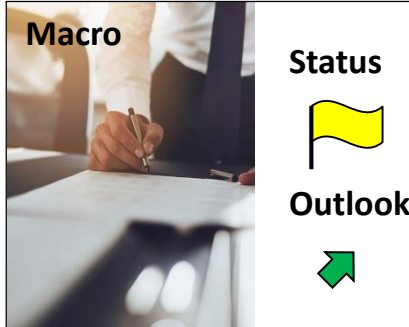
Monthly figures. September 2016 and September 2017



Sentiment has turned around both in North Trøndelag and in Møre and Romsdal



Industry indicators



A considerable readjustment, in both organisational and technological terms



Clear planning and design of distribution model will ensure increased selling power and cost effectiveness



Increased sales across all channels

- from a total of 120,000 in 2016 to 170,000 to 200,000 in 2020



Increased share of digital sales and increased sales effectiveness

- from 20,000 in 2016 til 80,000–100,000 in 2020



Strong physical presence, with focus on cost and efficiency



Efficiency gain through removal of 100 FTEs

- from 630 in 2016 to 530 in 2020

3rd quarter 2017

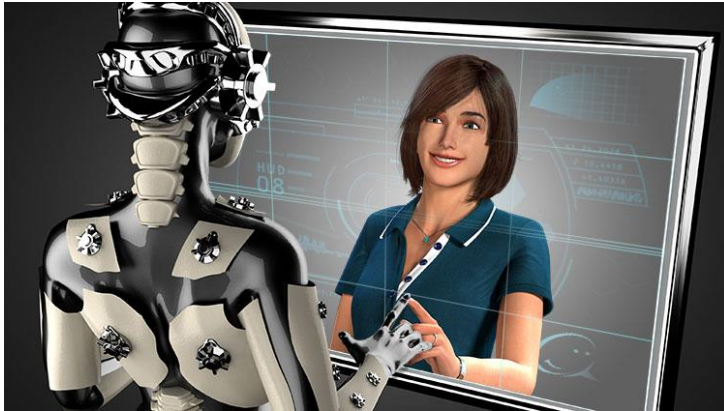
Sparebank 1 SMN key in start up of FinTech Incubator – F3 «Finance For the Future»



- Financial technology challenges traditional financial services, and revolutionises our way of thinking
- New solutions and business ideas are in heavy demand, and the pace of technological development is high
- The aim is to create an innovative locale for entrepreneurs, established businesses, investors, public authorities and academia
- Digital solutions for tomorrow's banking and financial industry at centre stage
- Partnered by NTNU (Norwegian University of Science and Technology)
- The incubator is located in SMN's head office in Trondheim and can accommodate 6-14 start-up companies, and a total of 35-40 workplaces

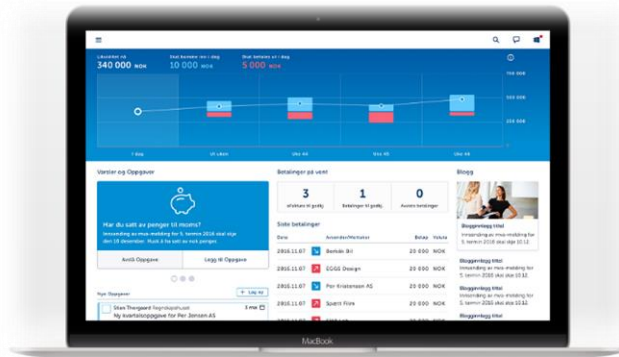
DRIV

Banking and accounts in a single service

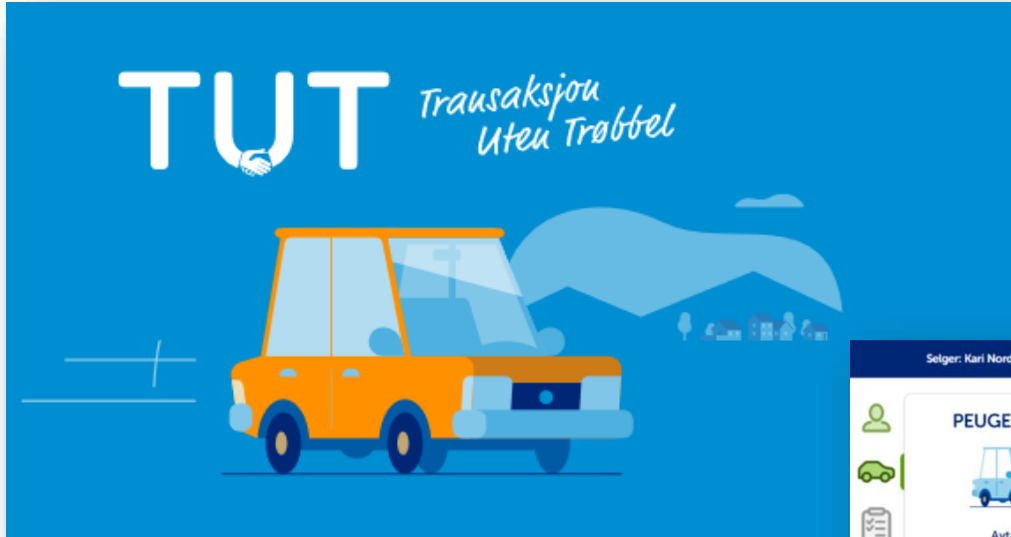


DRIV - Digital financial assistant from SpareBank 1

- DRIV is a portal for SMB clients offering an easy overview of banking and accounts
- Driv is a client-oriented system designed to give management a better overview of the the company's various bank accounts and cash position



**We have launched «TUT»:
a new digital ecosystem for a safer, simpler way to buy or sell a car, and it pays**



Objective: to expand SpareBank 1's market base by enabling private individuals to continue to buy and sell cars privately



Safe for both buyer and seller

Electronic identification using «BankID»

Designated digital purchase agreement

Insurance for both buyer and seller

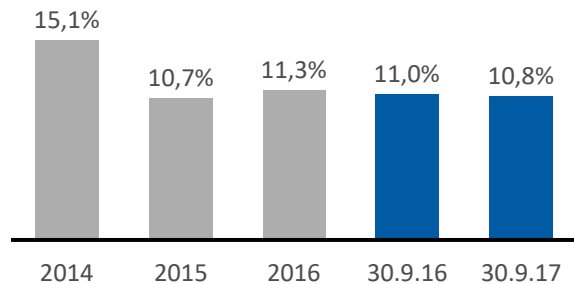
Easy car loan application; instant loan decision

Access to a secure payment solution

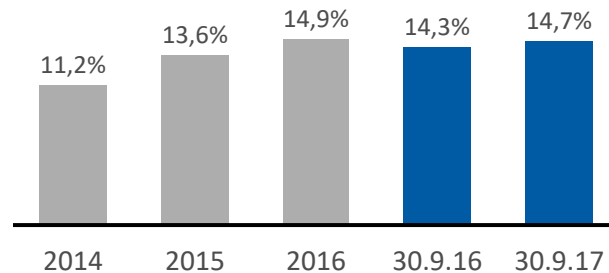
Digital notification of sale to Public Roads Administration

Key figures

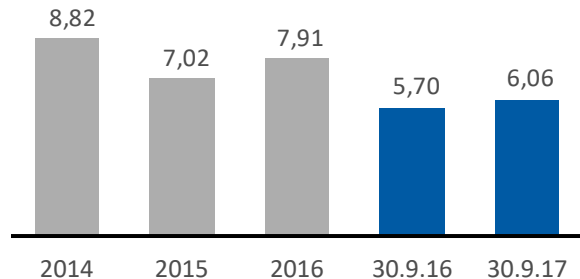
Return on equity



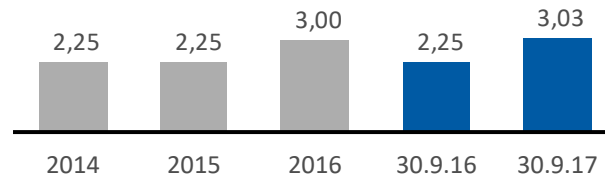
CET1



Earnings per ECC



Dividend



Figures for 30.9.16 are ¾ av the year's dividend. 30.9.17 are 50 % of earnings per ECC

Strengthened focus on income diversification through subsidiaries

SpareBank 1 Finans Midt-Norge



- Pre-tax profit of NOK 94m (75m)
- Solid market position
- Leasing NOK 2.7bn, car loans 3.3bn
- Strong growth in car loans
-

SpareBank 1 Regnskapshuset SMN



- Pre-tax profit of NOK 45m (33m)
- Stable and high growth in turnover
- Consolidating and digitalizing the industry
- The acquisition of Økonomisenteret in Molde has had a positive profit effect.

EiendomsMegler 1 Midt-Norge



- Pre-tax profit of NOK 13m (60m). The profit performance is weakened by start-up costs of NOK 16m at BN Bolig
- 40% market share, strong synergy with the bank

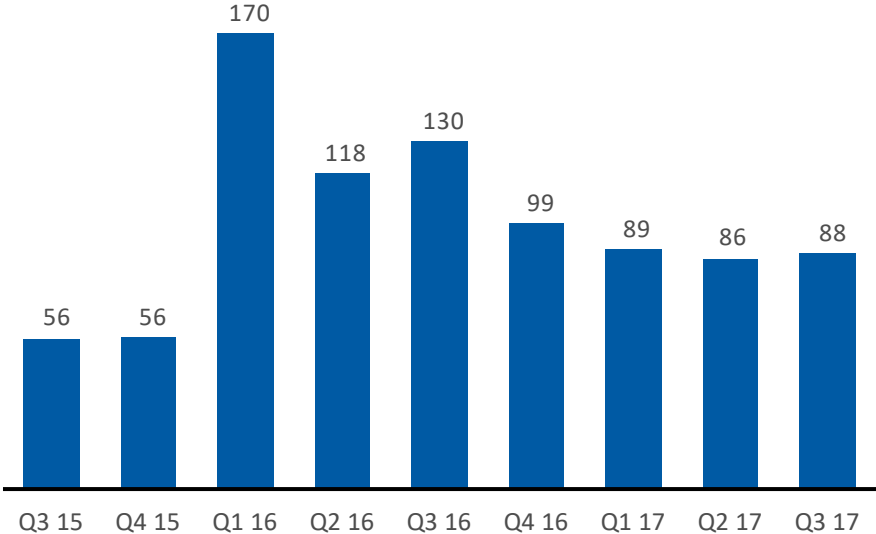
SpareBank 1 Markets



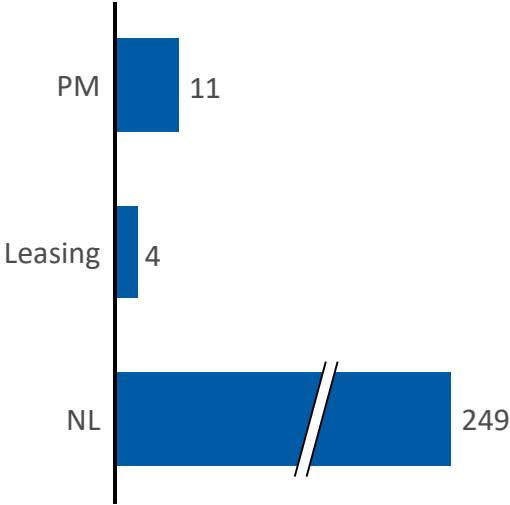
- Pre-tax profit minus NOK 6m (plus NOK 11m)
- Complete range of capital market services in cooperation with the owner banks
- Staff taken over from Swedbank will strengthen profit in the company
- Asset management companies in SMN and SNN taken over by SpareBak 1 Markets

Lower loan losses

Losses per quarter, NOKm



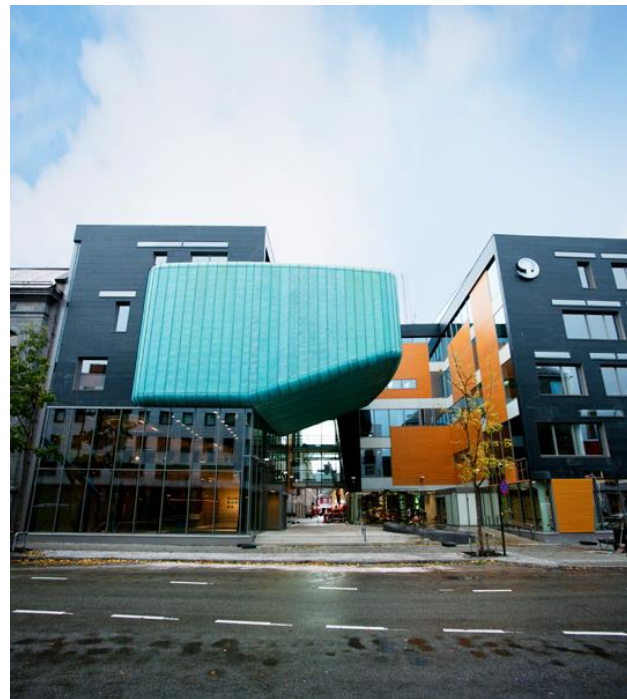
Distribution at 3rd quarter 2017



Loan losses including collective losses provisions 0.25 % (0.42 %) of gross lending as of 30.9.2017

Considering sale of head office, Søndre gt nos. 4 - 10

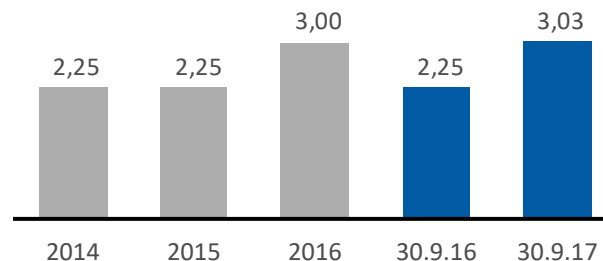
- SpareBank 1 SMN is considering the sale of parts of the bank's head office in Trondheim. The property is situated in the city centre, Søndre gt. nos. 4 -10
- The property was completed in 2010 and has a total floorage of about 18,200 sqm, distributed on offices, shops and stores, and parking
- In the event of a sale, the intention is to lease back the area currently occupied by SpareBank 1 SMN and subsidiaries
- The process has started and the interest is good
- SpareBank 1 SMN has engaged SpareBank 1 Markets as its adviser in the process



SpareBank 1 SMN is fully focused on creating value for its owners

- Ambitious ROE targets
- Dividend policy revised to permit payouts above 50 per cent
- Payout policy that prevents negative dilution effects
- Changes to statutes have given EC holders greater influence
- Substantial equity participation in the bank by the bank's top management

Dividend per ECC



Figures for 30.9.16 are ¼ av the year's dividend. 30.9.17 are 50 % of earnings per ECC

50 per cent of the net profit to be paid out as dividend in 2017

SpareBank 1 SMN intends to be one of the best performing banks



Customer oriented

Best for customer experience
Continuing to strengthen market position



Efficient

Nominal costs at the parent bank unchanged from 2014 to 2018



Profitable

Return on equity among the best performing Norwegian banks: 12 per cent annually



Utbytte

Payout ratio in the region of 50 per cent



Solid

15 per cent CET1 capital ratio

Financial information

3rd quarter 2017

3rd quarter 2017



Very good profit



Very good profit at 3rd quarter 2017



The bank is gaining efficiency, the target is zero cost growth



Growth and high customer influx



Dividend 50 per cent



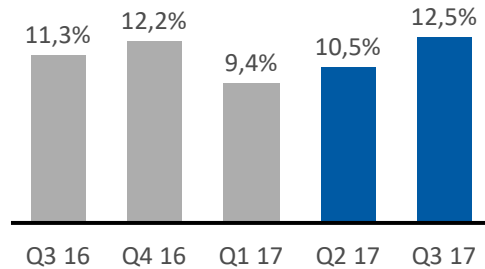
Strong financial position



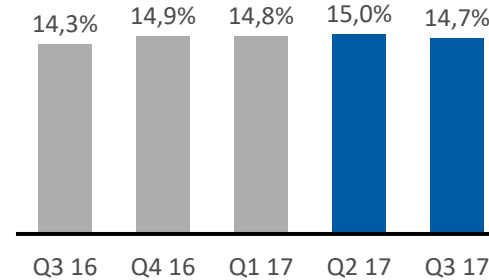
Good results at subsidiaries, product companies and BN Bank. Satisfactory return on financial assets

Good profits and strong capitalization. Lower loan losses

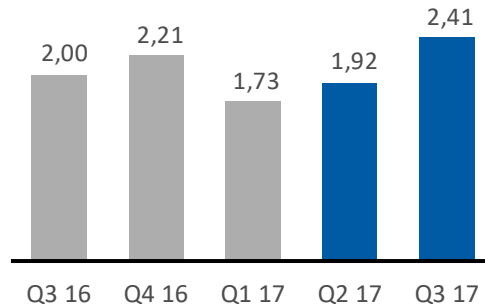
Return on equity



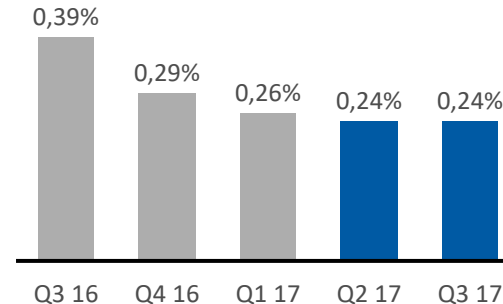
CET 1



Earnings per ECC



Loan losses as a percentage of total loans

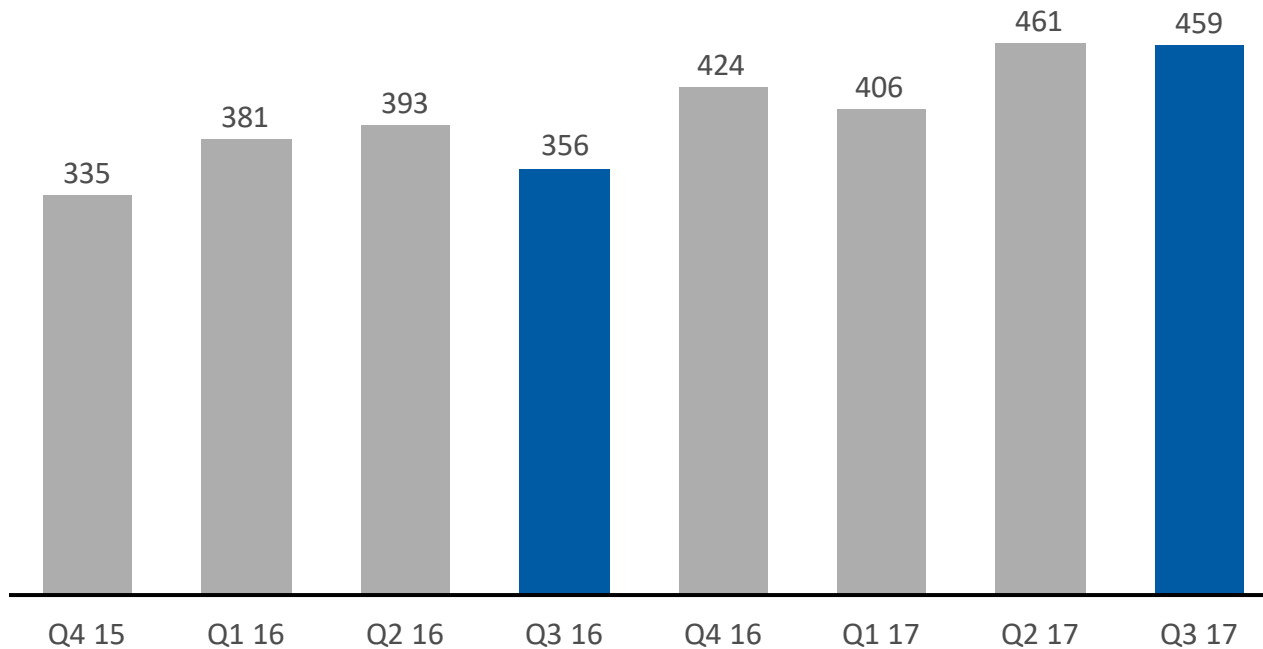


Strengthened profits from core business

NOK mill	January to September 2017	January to September 2016	Change	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16
Net interest	1.603	1.391	212	559	521	522	493	449
Commission income and other income	1.475	1.260	215	482	538	455	414	412
Operating income	3.078	2.651	427	1.041	1.059	977	907	860
Total operating expenses	1.751	1.521	230	582	598	571	482	504
Pre-loss result of core business	1.327	1.130	196	459	461	406	424	356
Losses on loans and guarantees	263	417	-154	88	86	89	99	130
Post-loss result of core business	1.064	713	350	372	375	317	326	227
Related companies	290	349	-58	126	96	71	82	102
Securities, foreign currency and derivatives	214	368	-154	109	38	67	154	170
Result before tax	1.568	1.430	138	607	509	454	561	499
Tax	318	242	76	115	109	96	99	85
Net profit	1.250	1.188	62	491	401	358	462	414
Return on equity	10,8 %	11,0 %		12,5 %	10,5 %	9,4 %	12,2 %	11,3 %

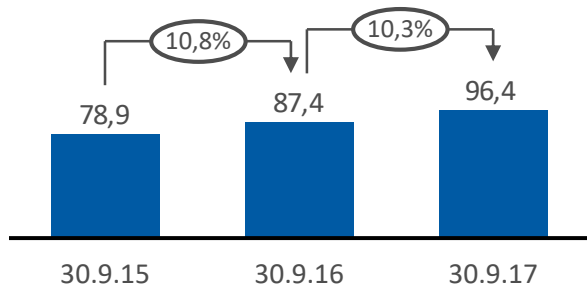
Pre-loss results of core business

Per quarter last two years

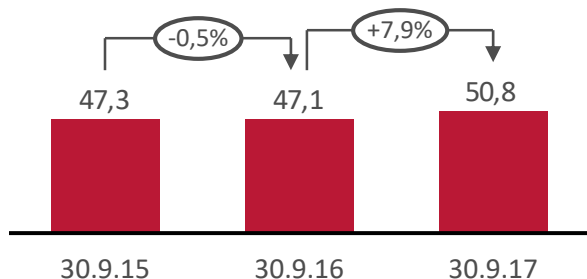


Total growth lending 9.4 % last 12 months

Lending RM +10.3 % last 12 months



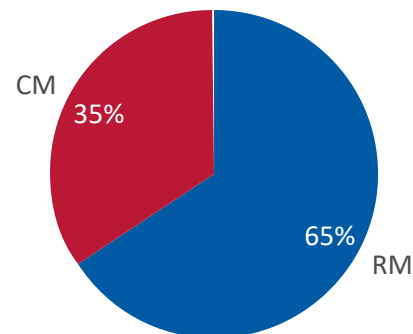
Lending CM + 7.9 % last 12 months,



High growth in home mortgage lending

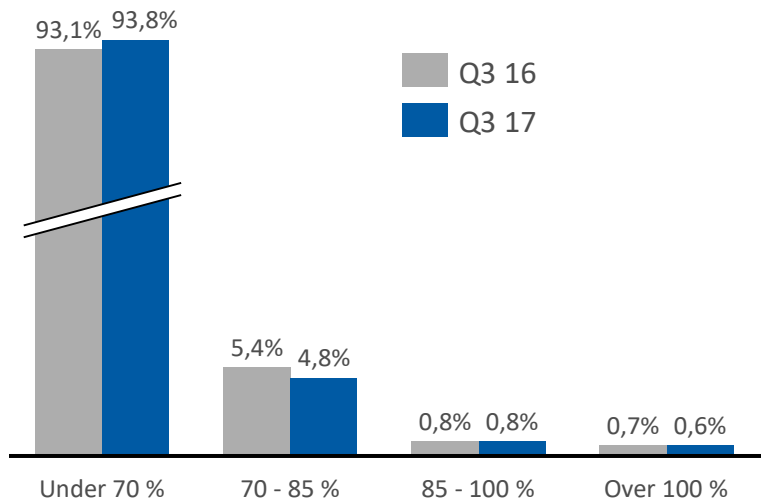
- Of the growth in home mortgage lending, 2/3 refers to established customers and 1/3 to new customers
- Share of retail lending increased from 61 to 65 % last three years
- Stable LTV in mortgages portfolio

Share of lending



Loan to value mortgages

Last two years



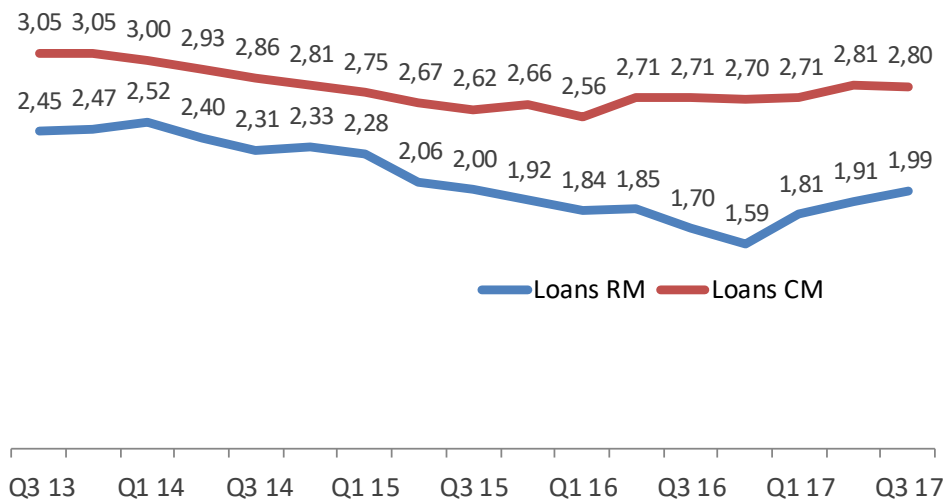
3rd quarter 2017

LTV mortgages

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

Lending margins

Increased lending margins Retail and Corporate

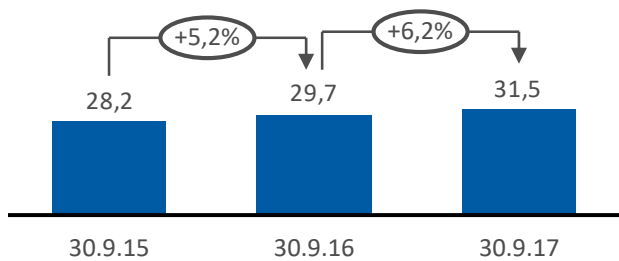


Comments

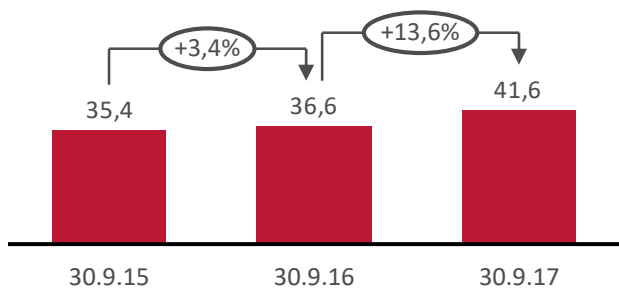
- Mortgage lending rates raised as from January 2017
- Repricing of loans to corporates are carried out
- Reduced Nibor in 2017

Total growth deposits 10.3 % last 12 months

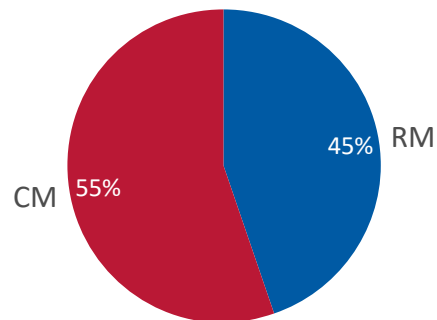
Deposits RM + 6.2 %



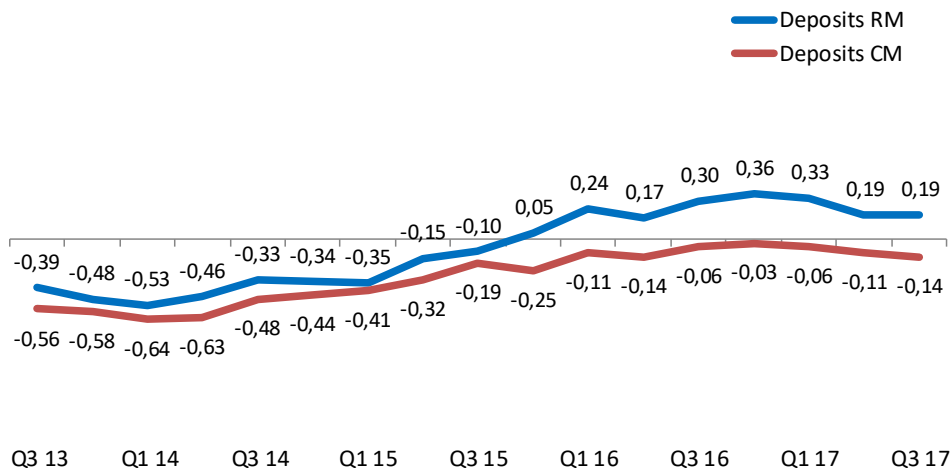
Deposits CM + 13.6 %



Share of deposits



Deposit margins Retail and Corporate



Comments

- Margins improved due to repricing last two years
- Decreased Nibor has weakened the margins in 2017

Change in net interest income

30.9.2017 compared with 30.9.2016

Net interest this quarter	1.603
Net interest at same period last year	1.391
Change	212

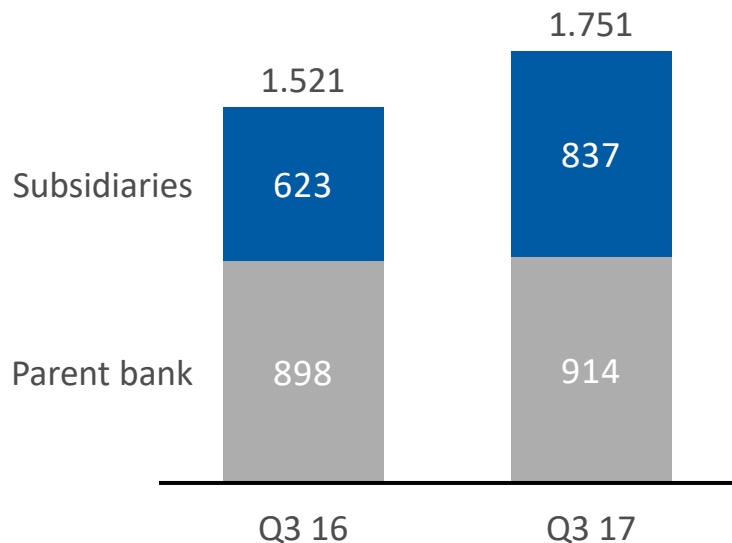
Obtained as follows:

Fees on lending	-10
Lending volume	114
Deposit volume	3
Lending margin	74
Deposit margin	-22
Equity capital	7
Funding and liquidity buffer	8
Subsidiaries	37
Change	212

Comments

- Increased lending volume and lending margins the main reason for higher net interest income

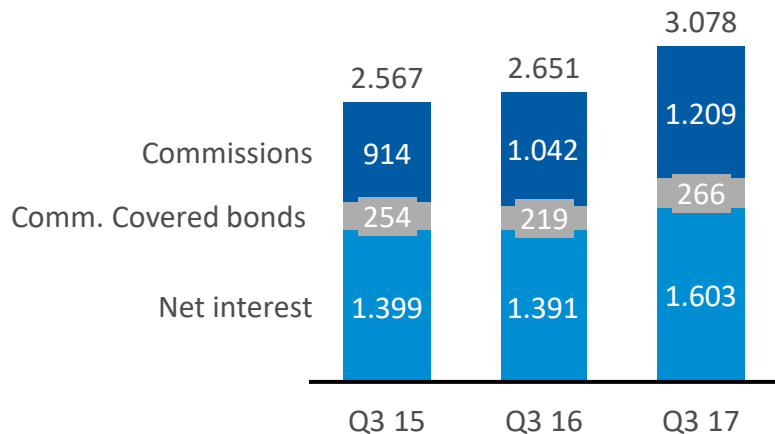
More efficient banking operations and increased activity in the subsidiaries



- Cost growth in the subsidiaries
 - SMN Regnskapshuset's acquisition substantially increases cost base
 - Stronger business focus at SpareBank 1 Markets
 - Start-up costs for BN bolig
- Some cost growth at parent bank due to new tax on financial institutions and technology developments
- Goal of zero growth in costs at parent bank

Robust income platform and increased commission income

Net interest and other income



Commissions at 30.9.2017 and 30.9.2016

<i>mill kr</i>	2017	2016	Change
Payment transmission income	157	149	9
Creditcards	44	46	-3
Commissions savings and asset management	64	66	-2
Commissions insurance	128	119	9
Guarantee commissions	54	60	-6
Estate agency	289	301	-12
Accountancy services	271	161	110
Securities Broking	156	86	70
Other commissions	47	54	-7
Commissions ex. Bolig/Næringskreditt	1.209	1.042	168
Commissions Boligkreditt (cov. bonds)	254	211	43
Commissions Næringskreditt (cov. bonds)	12	8	5
Total commission income	1.475	1.260	215

- Robust income platform
- A wide range of products both from the parent bank, the subsidiaries, and the SpareBank 1 Group

Subsidiaries

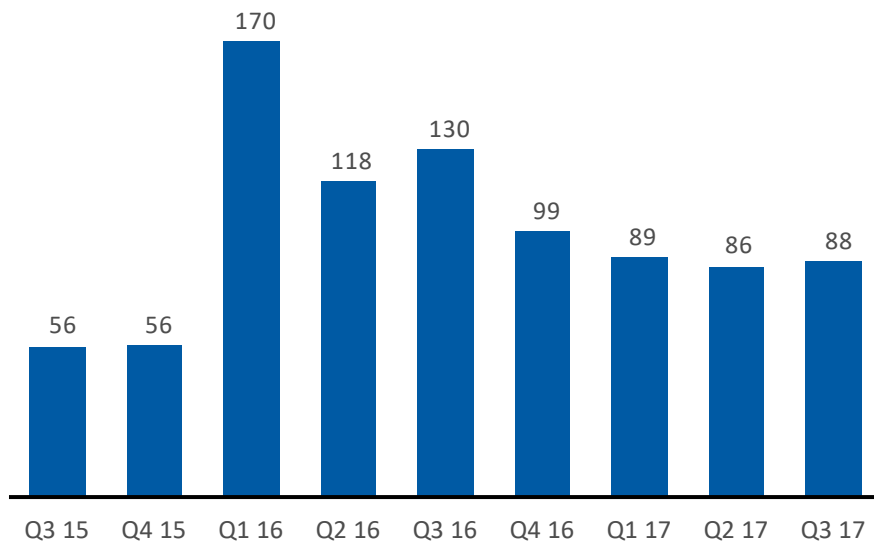
Pre tax profit subsidiaries

mNOK, SMN's share in parentheses	January to September 2017	January to September 2016	Change	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16
EiendomsMegler 1 Midt-Norge (87 %)	12	59	-47	-11	19	4	7	16
SpareBank 1 Regnskapshuset SMN (95 %)	45	33	12	9	20	15	10	7
SpareBank 1 Finans Midt-Norge (65 %)	94	75	19	36	30	28	29	26
SpareBank 1 Markets, proforma incl. SB1 Kapitalforvaltning (71 %)	-6	11	-17	-26	17	3	9	1
SpareBank 1 SMN Invest (100%)	31	37	-5	15	15	1	37	14
Other companies	16	5	11	5	6	5	15	9

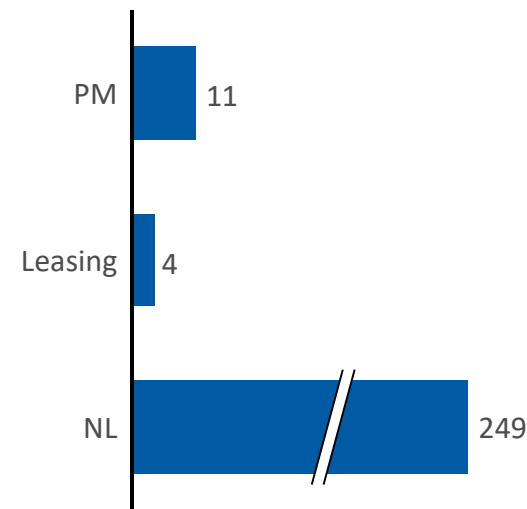
The results refer to the respective company accounts

Lower loan losses

Losses per quarter, NOKm



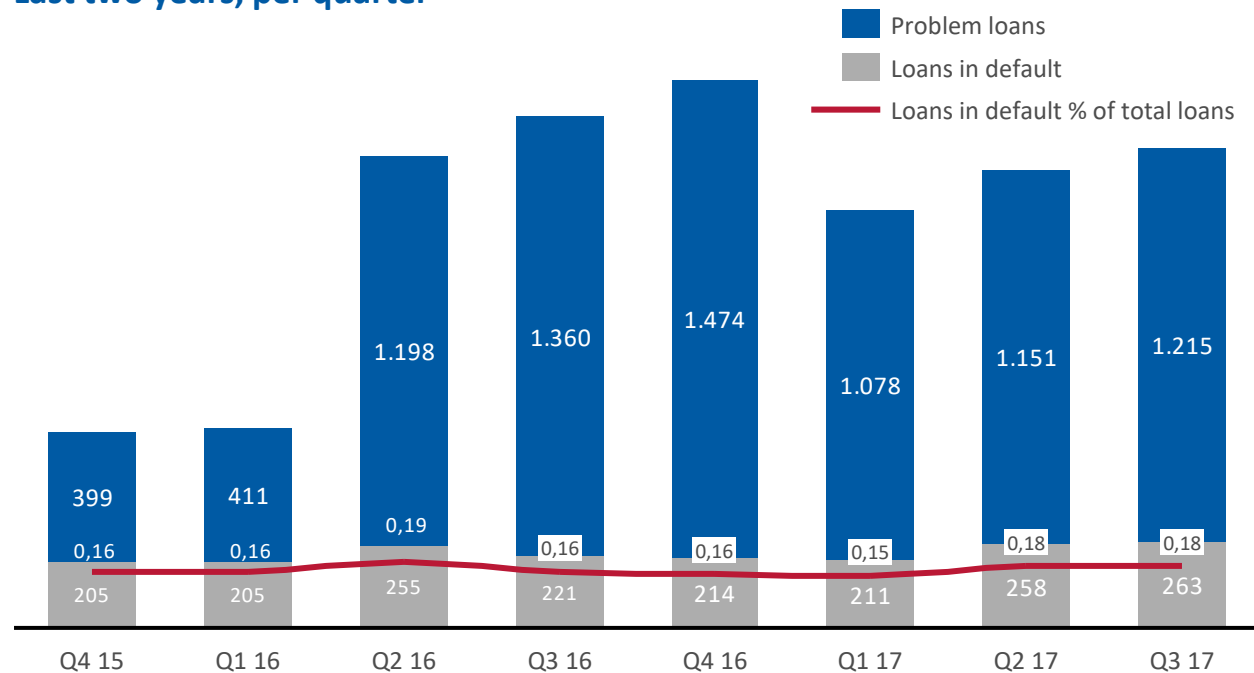
Distribution at 3rd quarter 2017



Loan losses including collective losses provisions 0.25 % (0.42 %) of gross lending as of 30.9.2017

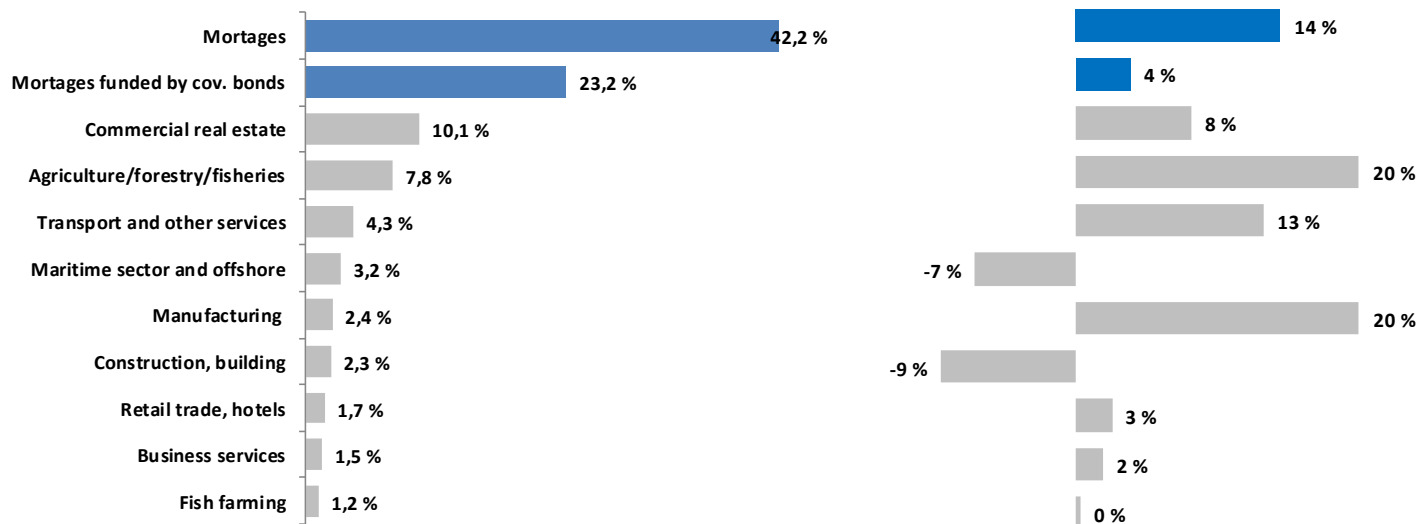
Very low levels on loans in default (0,19 %)

Last two years, per quarter



High share mortgages and diversified portfolio SMEs

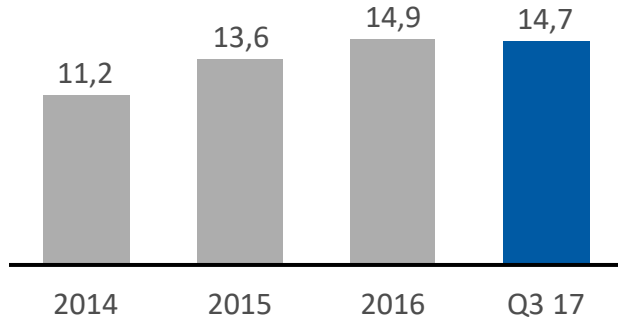
Lending by sector as a share of total lending and change last 12 months, per cent



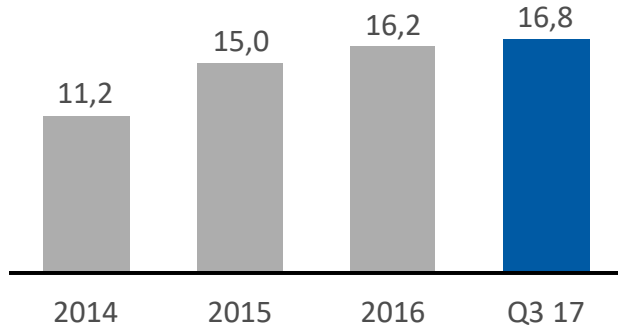
Strong capitalization

Reduction in third quarter ascribable to a changed understanding of the calculation of capital charges under the transitional arrangement

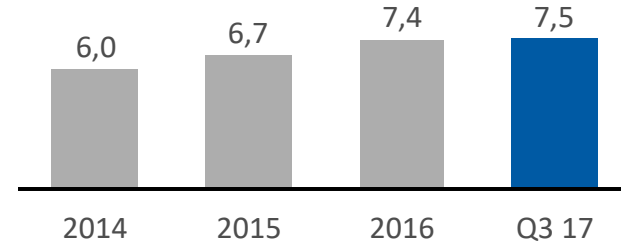
Development CET1



Development CET 1 without transitional arrangements (Basel III)

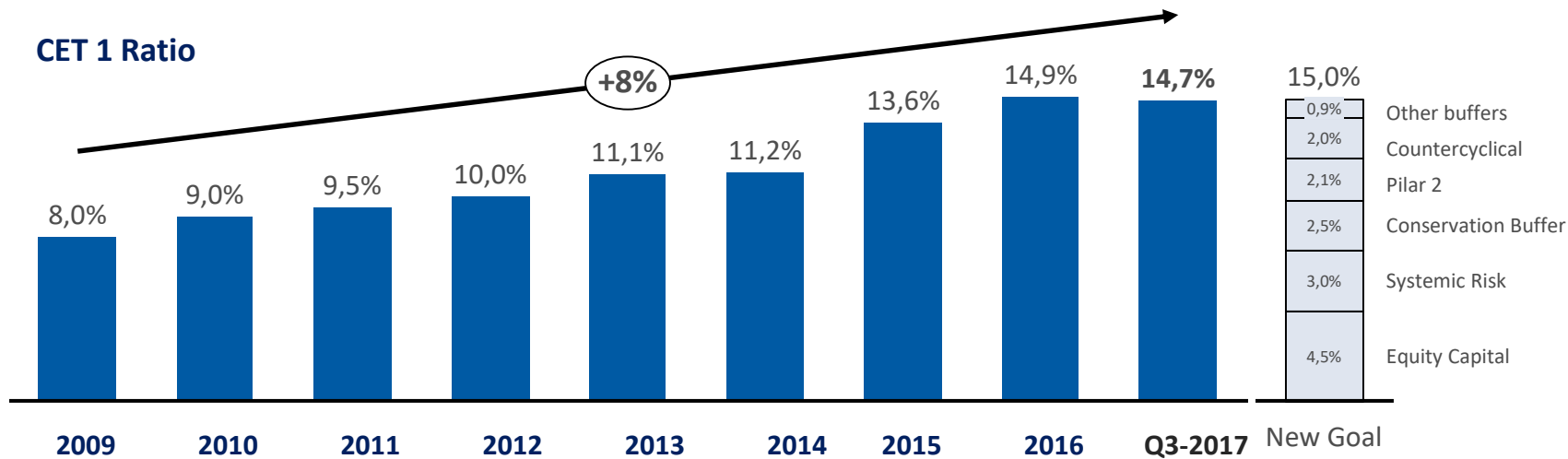


Development leverage ratio



Strong development in CET 1 (capital and ratio)

CET 1 Ratio



CET 1 Capital	4.938	6.177	6.687	8.254	9.374	10.679	12.192	13.229	13.990
ROE	16,2 %	14,6 %	12,8 %	11,7 %	13,3 %	15,1 %	10,7 %	11,3 %	10,8 %
RWA	64.400	66.688	75.337	82.450	84.591	95.322	89.465	88.788	94.938

SpareBank 1 SMN

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SMN homepage og internet bank:
HuginOnline:
Equity capital certificates in general:

www.smn.no
www.huginonline.no
www.grunnfondsbevis.no



Financial calendar 2017

Q3 2017 27. October 2017

Appendix

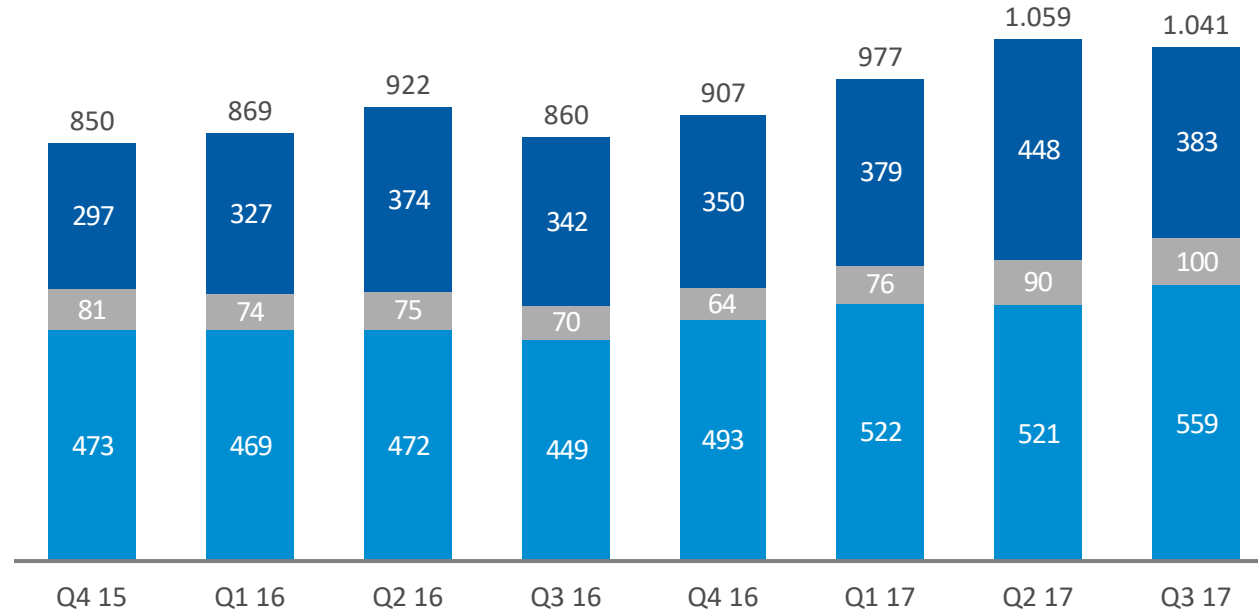
Tredje kvartal 2017



Operating income

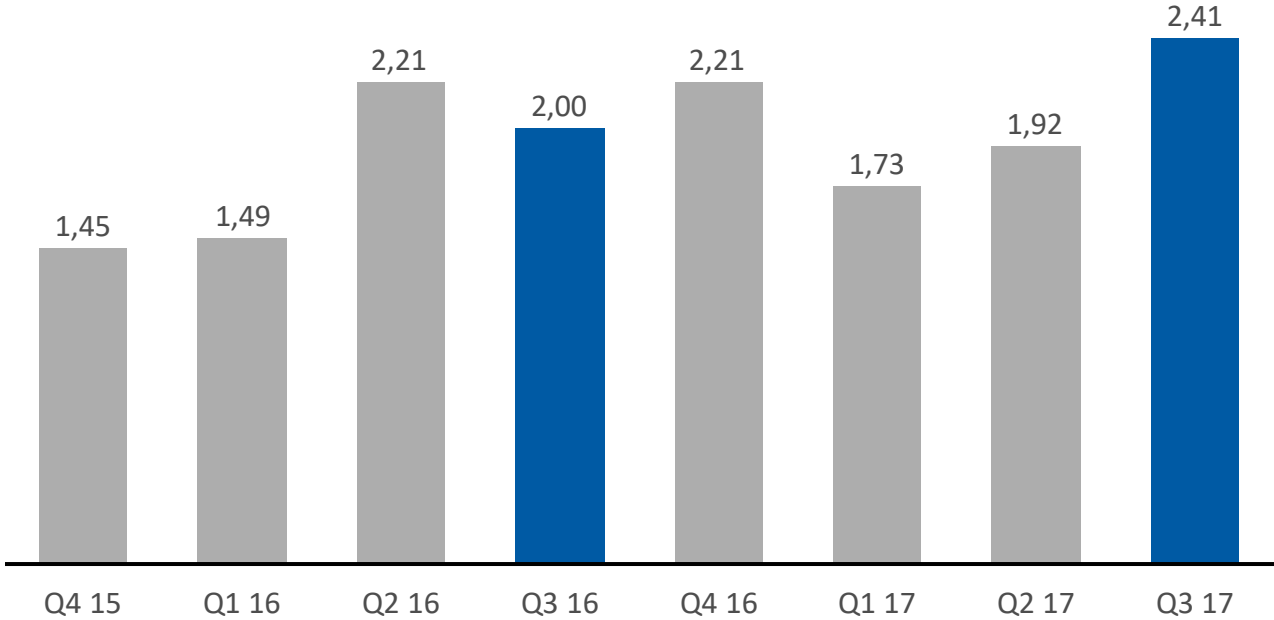
Operating income per quarter last two years

- Commission income
- Commission income covered bonds
- Net interest income



Earnings per ECC

Last two years per quarter



Associated companies in the SpareBank 1 Alliance

Profit share after tax

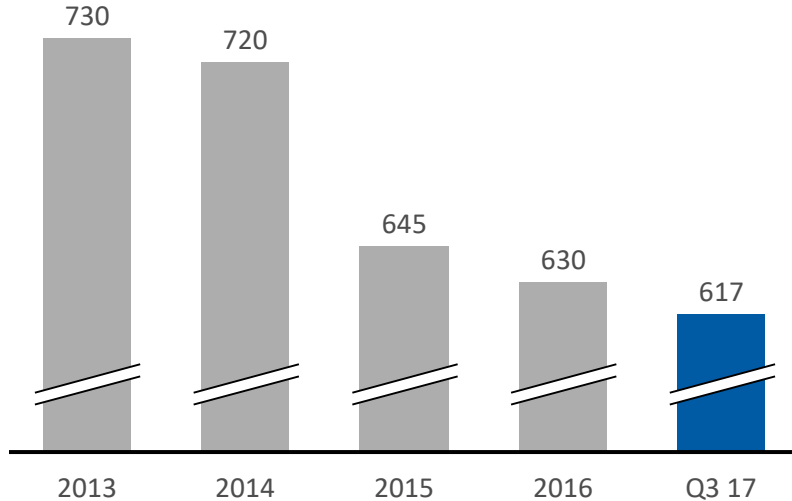
	January to September 2017	January to September 2016	Change	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16
SpareBank 1 Gruppen (19,5 %)	214	220	-6	80	68	66	97	79
SpareBank 1 Boligkreditt (19,0 %)	-26	9	-36	11	-13	-24	-26	-13
SpareBank 1 Næringskreditt (36,5 %)	18	20	-2	5	5	8	8	5
BN Bank (33 %)	70	79	-8	21	20	29	7	28
SpareBank 1 Kredittkort (17,9 %)	11	20	-10	3	5	2	3	6
SpareBank 1 Mobilbetaling (19,7 %)	-14	-19	5	0	-1	-13	-8	-9

Return on financial investments

NOKm	Januar - September 2017	Januar - September 2016	Endring	Q3 17	Q2 17	Q1 17
Capital gains shares	79	100	-22	45	26	8
Gain/(loss) on derivatives	32	52	-19	36	2	-6
Gain/(loss) on other financial instruments at fair value	11	26	-16	-5	5	11
Foreign exchange gain / (loss)	29	53	-24	10	13	6
Gain/(Loss) on certificates and bonds	206	138	67	19	75	112
Gain/(loss) on financial instruments related to hedging	-147	-89	-59	4	-87	-65
<i>of which basis-swap</i>	-56	-4	-52	37	-39	-55
Net return on financial instruments	209	281	-72	108	35	66

FTEs reduced at the parent bank. Group FTEs rising in keeping with established strategy for the subsidiaries

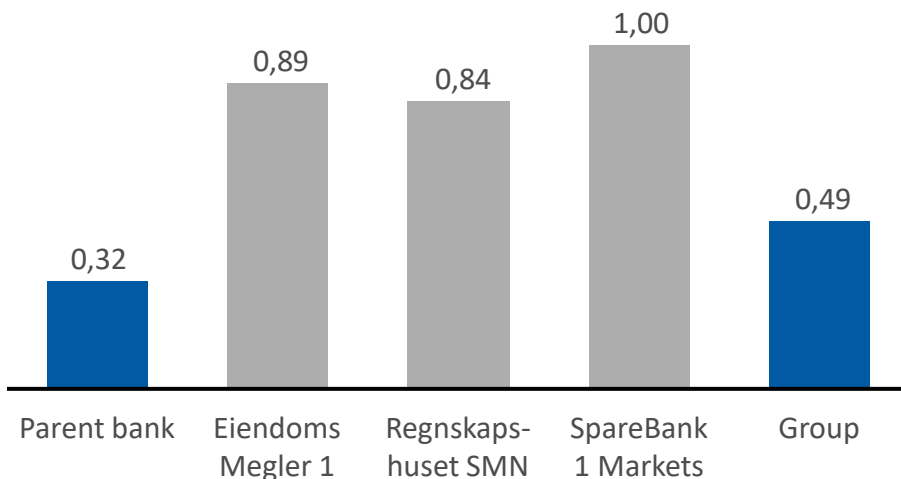
FTEs at parent bank



- Considerable reduction in the number of FTEs at the parent bank in recent years, primarily through natural wastage
- By the end of 2017 number of FTEs at parent bank will be 590

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

High operating margins in EM1 and Regnskapshuset SMN



Profitable and non-capital-intensive subsidiaries:

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

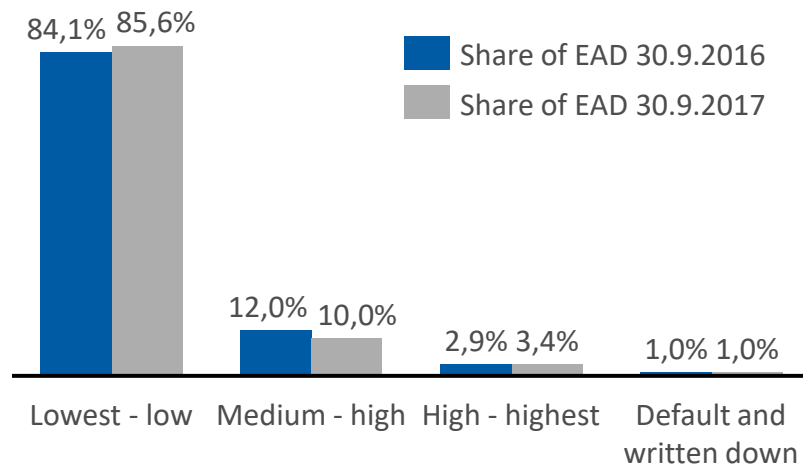
Balance sheet

Last three years

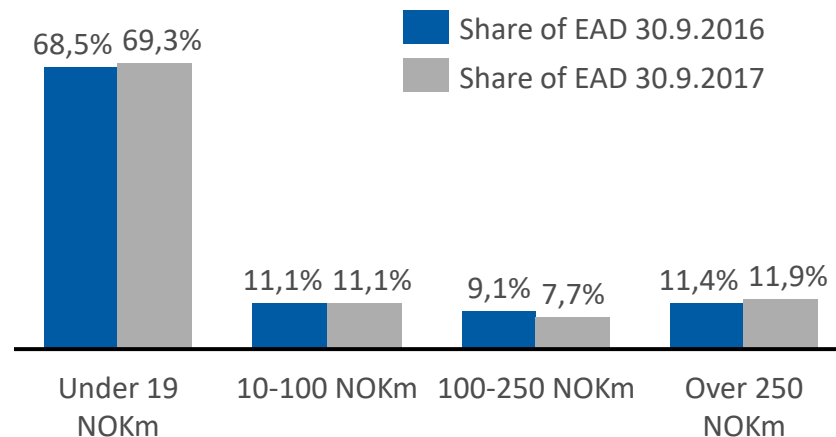
	30.9.17	30.9.16	30.9.15
Funds available	21,6	24,6	18,5
Net loans	109,6	98,6	94,4
Securities	1,6	1,3	1,2
Investment in related companies	5,9	5,9	5,2
Goodwill	0,7	0,6	0,5
Other assets	7,5	8,8	9,4
Total Assets	146,9	139,8	129,2
Capital market funding	47,6	47,7	41,9
Deposits	73,1	66,3	63,6
Other liabilities	6,5	7,4	6,8
Subordinated debt	3,5	3,5	3,5
Equity	16,3	14,9	13,5
Total Debt and Equity	146,9	139,8	129,2
in addition loans sold to Boligkreditt and Næringskreditt	36,5	34,9	30,4

Stable credit risk

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



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



Offshore risk still mainly related to the PSV segment

Most exposures financially restructured

The Offshore segment

1. Exposure (EAD) to offshore is 5.6 bill (5.5)

- Offshore constitutes 3.5% of the total SMN exposure
- 93 vessels in 6 segments
- 5.1 bill with collateral in vessels, 0.5 in other assets

2. Exposure reduced by 0.5 bill last 12 months (9%)

- Sale of vessels
- Extraordinary installmenst
- Financial restructuring/negotiations/sustainable solutions

3. Offshore related losses of 223 bill year to date in 2017

- 128 mill Lower compared to losses as of 3q 2016

Segment and exposure (share of offshore in %)

Default risk class distribution

EAD Offshore: 5.648 mill

Subsea 2.367 (42%)

PSV 1.487 (26%)

AHTS 505 (9%)

Standby 132 (2%)

Seismic 401 (7%)

Barges 262 (5%)

Other 495 (9%)

Low risk
1.278

Medium risk
2.088

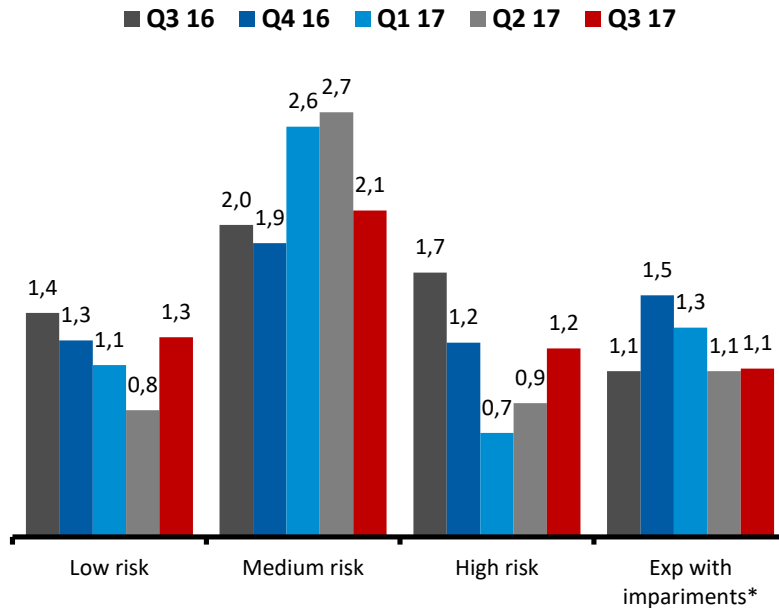
High risk
1.206

Impairments
1.076

High impairment share for problem exposures

Default risk class distribution

3rd quarter 2016 – 3rd quarter 2017 (bill NOK)



3rd quarter 2017

*) Incl. exposures with final losses in the quarter

Impairments per default risk class and share of EAD

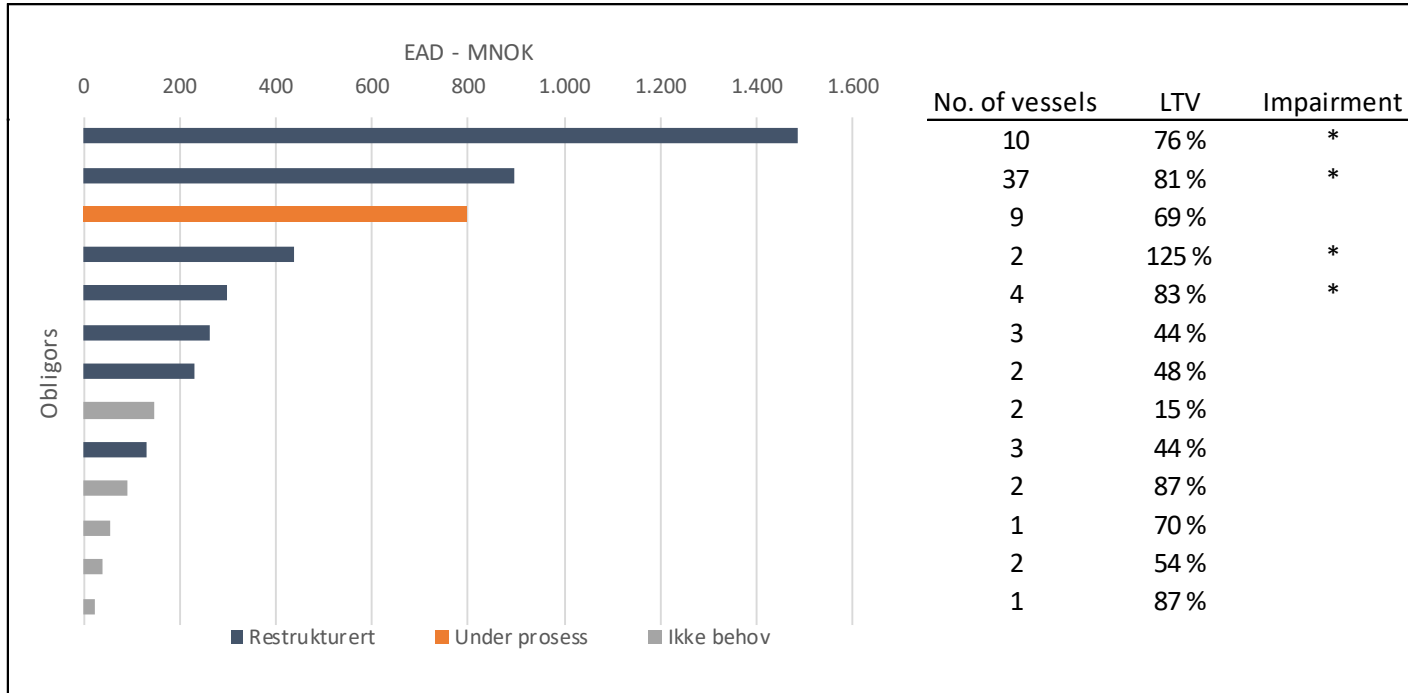
30. September 2017

mill kr	EAD	Individual	Group	Total impairments	Share of EAD
Low risk	1.278		1	1	0,1 %
Medium risk	2.088		27	27	1,3 %
High risk	1.206		37	37	3,0 %
Obligors with impairments / defaulted	1.076	573		573	53,2 %
Total	5.648	573	65	638	11,3 %

Total losses on the offshore segment 810 mNOK from 2015 – 3d quarter 2017

Financial restructuring implemented for most shipowners

Offshore Service Vessels – Largest customer groups



LTV = Exposure with collateral in vessels / Market value of vessels
Barges not included

* = individual impairments

3rd quarter 2017

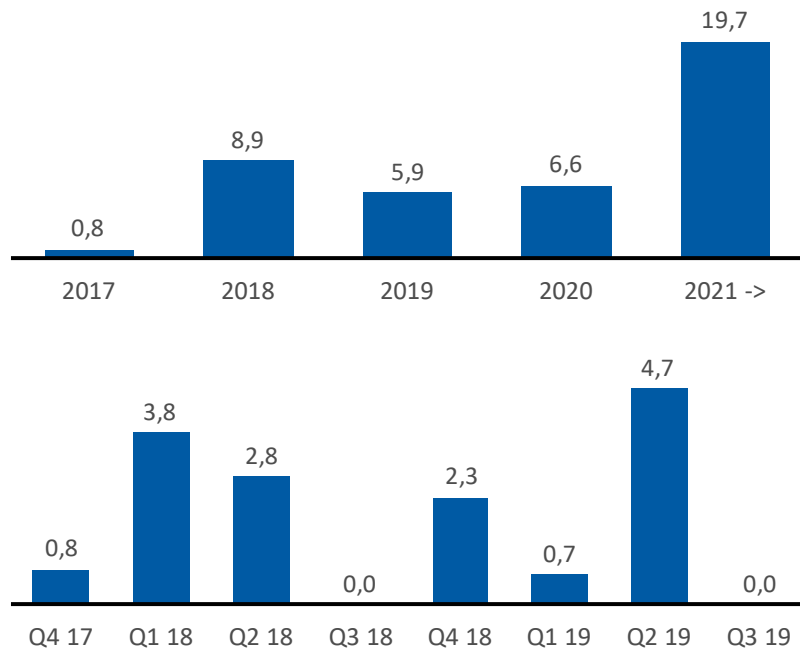
Strengthened capital adequacy

As at Q3 2017 and Q3 2016

<i>NOKm</i>	30.9.17	30.9.16
Core capital exclusive hybrid capital	13.990	12.895
Hybrid capital	1.817	1.840
Core capital	15.807	14.736
Supplementary capital	2.286	2.275
Total capital	18.093	17.011
Total credit risk IRB	4.084	4.080
Exposures calculated using the standardised approach	1.870	1.828
Debt risk, Equity risk	42	30
Operational risk	510	479
CVA	134	88
Transitional arrangements	956	723
Minimum requirements total capital	7.595	7.228
RWA	94.938	90.351
CET 1 ratio	14,7 %	14,3 %
Core capital ratio	16,6 %	16,3 %
Capital adequacy ratio	19,1 %	18,8 %
Leverage ratio	7,5 %	7,1 %

Satisfying access to capital market funding

Funding maturity 30. September 2017



3rd quarter 2017

Comments

- SpareBank 1 Boligkreditt is the main funding source through covered bonds. NOK 34 billion transferred as of 30. September 2017
- Maturities next two years NOK 15.1 bn:
 - NOK 0.8 bn in Q4 2017
 - NOK 8.3 bn in 2018
 - NOK 5.4 bn in Q1 and Q2 19
- LCR 124 % as at 30. September 2017

Key figures ECC

Last five years

	30.9.17	30.9.16	2016	2015	2014	2013
ECC ratio	64,0 %	64,0 %	64,0 %	64,0 %	64,6 %	64,6 %
Total issued ECCs (mill)	129,83	129,83	129,83	129,83	129,83	129,83
ECC price	81,25	55,75	64,75	50,50	58,50	55,00
Market value (NOKm)	10.549	7.238	8.407	6.556	7.595	7.141
Booked equity capital per ECC	76,21	71,17	73,26	67,65	62,04	55,69
Post-tax earnings per ECC, in NOK	6,06	5,70	7,91	7,02	8,82	6,92
Dividend per ECC	-	-	3,00	2,25	2,25	1,75
P/E	10,05	7,33	8,19	7,19	6,63	7,95
Price / Booked equity capital	1,07	0,78	0,88	0,75	0,94	0,99

Key figures

Last three years

	30.9.17	30.9.16	30.9.15
CET 1 ratio	14,7 %	14,3 %	13,2 %
Core capital ratio	16,6 %	16,3 %	15,2 %
Capital adequacy	19,1 %	18,8 %	17,9 %
Leverage ratio	7,5 %	7,1 %	6,7 %
Growth in loans (incl.Boligkreditt and Næringskreditt)	9,4 %	6,6 %	8,3 %
Growth in deposits	10,3 %	4,2 %	9,5 %
Deposit-to-loan ratio	66,0 %	66,6 %	67,0 %
RM share loans	65,5 %	65,0 %	63,0 %
Cost-income ratio	48,9 %	45,2 %	49,0 %
Return of equity	10,8 %	11,0 %	11,5 %
Impairment losses ratio	0,25 %	0,42 %	0,12 %

Increased influence for equity certificate capital owners - amendment to the Articles of Association

The Supervisory Board decided to amend Article 10-1 of the Articles of Association [from](#)

Article 10-1 Redemption in the event of merger. Transitional provision

- The Regulations on Equity Certificates, section 10, shall apply to equity certificate capital (primary-capital-certificate capital) held by the savings bank as of 1 July 2009, unless a resolution in favour of a merger is passed by the Supervisory Board by the same majority as that required to amend the Articles of Association and which includes at least two-thirds of the votes cast by, or on behalf of, the equity certificate holders.

[to](#)

Article 10-1 Special proprietary rights of equity certificate holders

In the following matters support from at least two-thirds of the votes cast by members elected by the equity certificate holders is required in addition to support from at least two-thirds of the votes cast in the Supervisory Board.

- (a) Increase of equity certificate capital
- (b) Decrease of equity certificate capital
- (c) Issuance of subscription rights
- (d) Loans conferring right to demand issuance of equity certificates
- (e) Resolution to convert the savings bank
- (f) Resolution to merge or demerge the savings bank

SpareBank 1 SMN – adjustment to the dividend policy

The following wording applied prior to the adjustment:

- “SpareBank 1 SMN assumes and expects **up to** one-half of the owner capital’s share of the net profit to be paid out as dividend and the same proportion of the ownerless capital’s share of the net profit to be paid out as gifts or transferred to a foundation”.

The new wording is as follows:

- “SpareBank 1 SMN assumes and expects **about** one-half of the owner capital’s share of the net profit to be paid out as dividend and the same proportion of the ownerless capital’s share of the net profit to be paid out as gifts or transferred to a foundation”

The resolution entails removal of a cap on the dividend payout ratio.