

# Investor Relations

Supplementary information  
Fourth Quarter 2018



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**Information on the Internet**

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

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

**Financial Calendar 2019**

1st quarter 2019 09 May 2019  
2nd quarter 2019 08 August 2019  
3rd quarter 2018 30 October 2018

## Table of Contents

1. Major changes from 3Q18 .....	3
2. SpareBank 1 SMN.....	4
2.1. Financial highlights.....	4
2.2. Business description .....	5
2.3. Credit ratings.....	8
2.4. Equity capital certificate (MING).....	9
3. Financial results .....	13
3.1. Main figures.....	13
3.2. Net interest income .....	14
3.3. Commission income .....	17
3.4. Operating expenses .....	20
4. Loans to customers.....	22
4.1. Distribution of loans by industry .....	22
4.2. Risk profile and write-downs.....	23
3.3 Capital adequacy.....	26
5. Funding .....	31
6. Financial results .....	33
7. Segment Information.....	36
7.1. Extract from income statement .....	36
7.2. Retail Market .....	39
7.3. Corporate .....	41
7.4. Subsidiaries.....	43
8. Development last ten years .....	48

## 1. Major changes from 3Q18

Retail Banking's executive director, Svein Tore Samdal, took over as CEO of BN Bank as from 1 December 2018. Nelly Maske is the new executive director of the retail banking business. She comes from the position of executive director of Organisation and Development.

## 2. SpareBank 1 SMN

### 2.1. Financial highlights

#### January- December 2018

(Consolidated figures. Figures in parentheses refer to the same period of 2017 unless otherwise stated).

- Profit before tax and inv. held for sale: NOK 2,450 million (NOK 2,279 million)
- Net profit: NOK 2,090 million (NOK 1,828 million)
- Return on equity: 12.2 per cent (11.5 per cent)
- 12-month growth in lending (incl. SB1 Boligkreditt and SB1 Næringskreditt): 7.8 per cent (8.2 per cent)
- 12-month growth in deposits 5.4 per cent (13.9 per cent)
- Loan losses: NOK 263 million (NOK 341 million)
- Common equity tier 1 ratio: 14.6 per cent (14.6 per cent)
- Earnings per EC: NOK 9.97 (NOK 8.71)

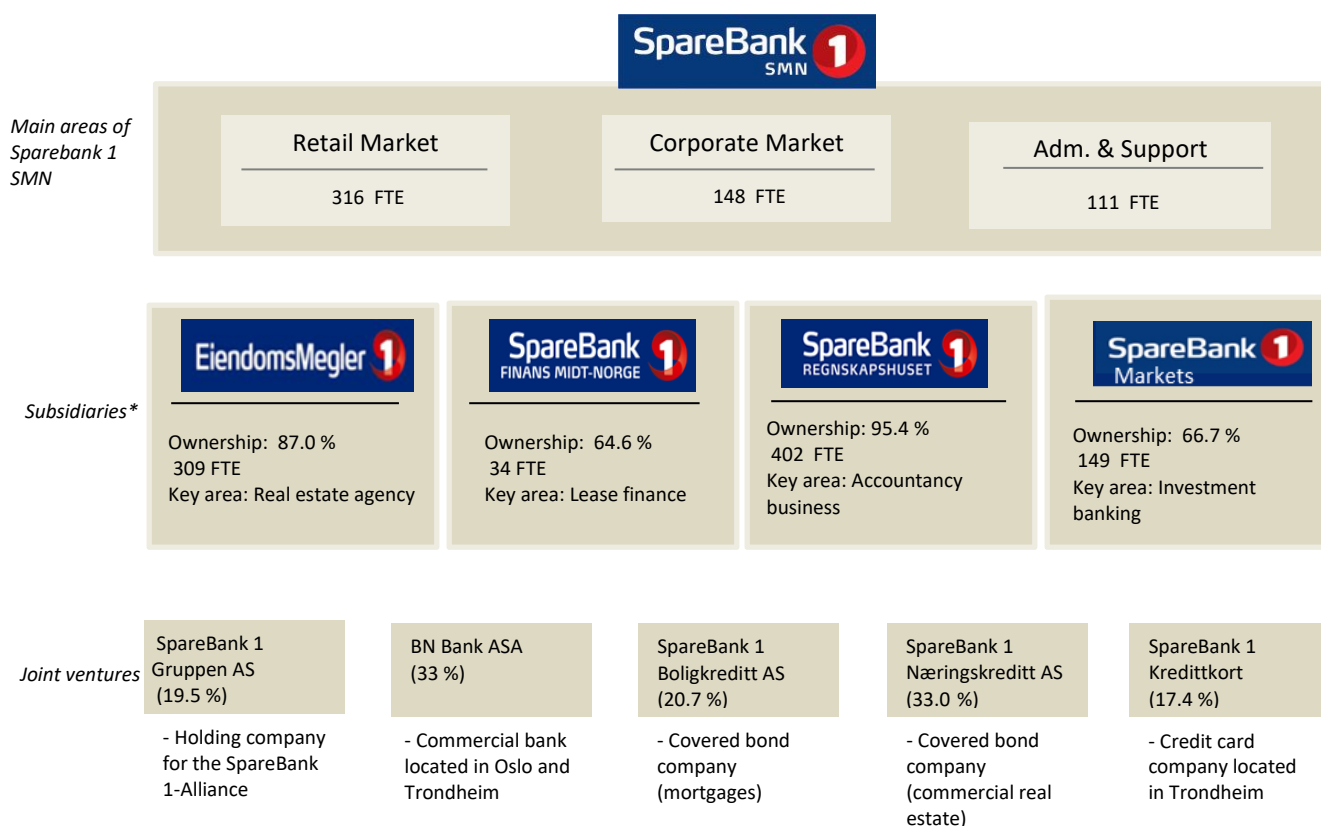
#### Fourth quarter 2018

- Profit before tax and inv. held for sale: NOK 513 million (NOK 678 million)
- Net profit: NOK 401 million (NOK 553 million)
- Return on equity: 9.0 per cent (13.4 per cent)
- Loan losses: NOK 67 million (NOK 78 million)
- Earnings per EC: NOK 1.90 (NOK 2.63)

## 2.2. Business description

SpareBank 1 SMN is Mid-Norway's largest bank with assets totalling NOK 161 billion at the end of December 2018. Head office is in Trondheim. SpareBank 1 SMN employs 1,493 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.

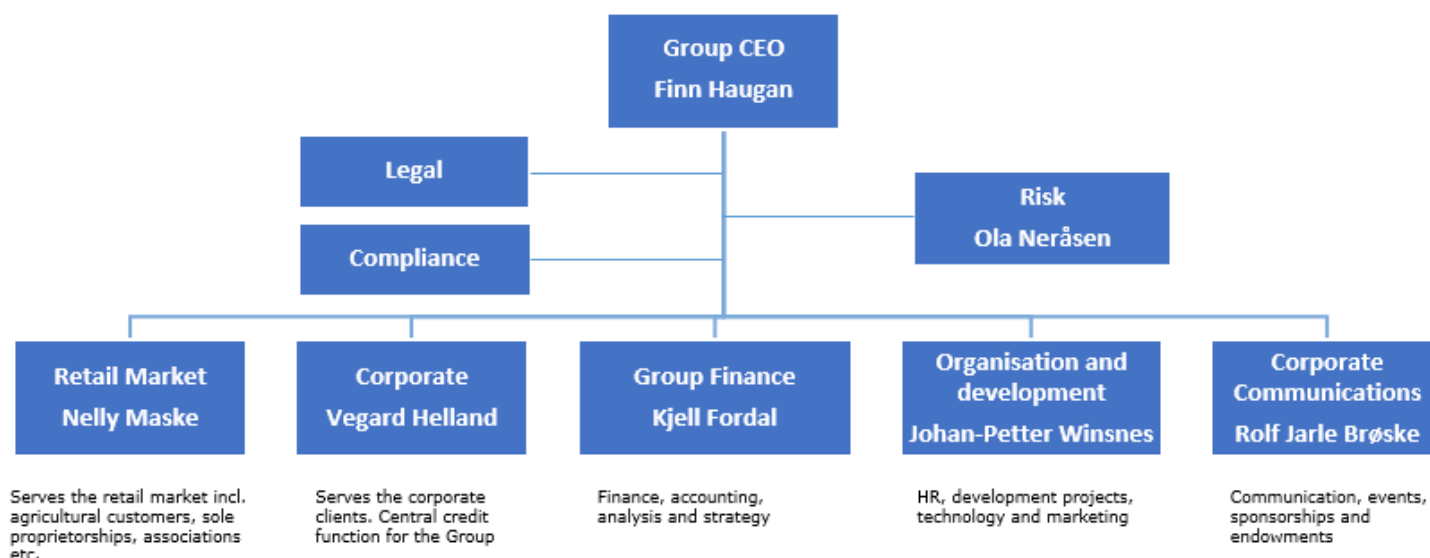
### SpareBank 1 SMN's activities



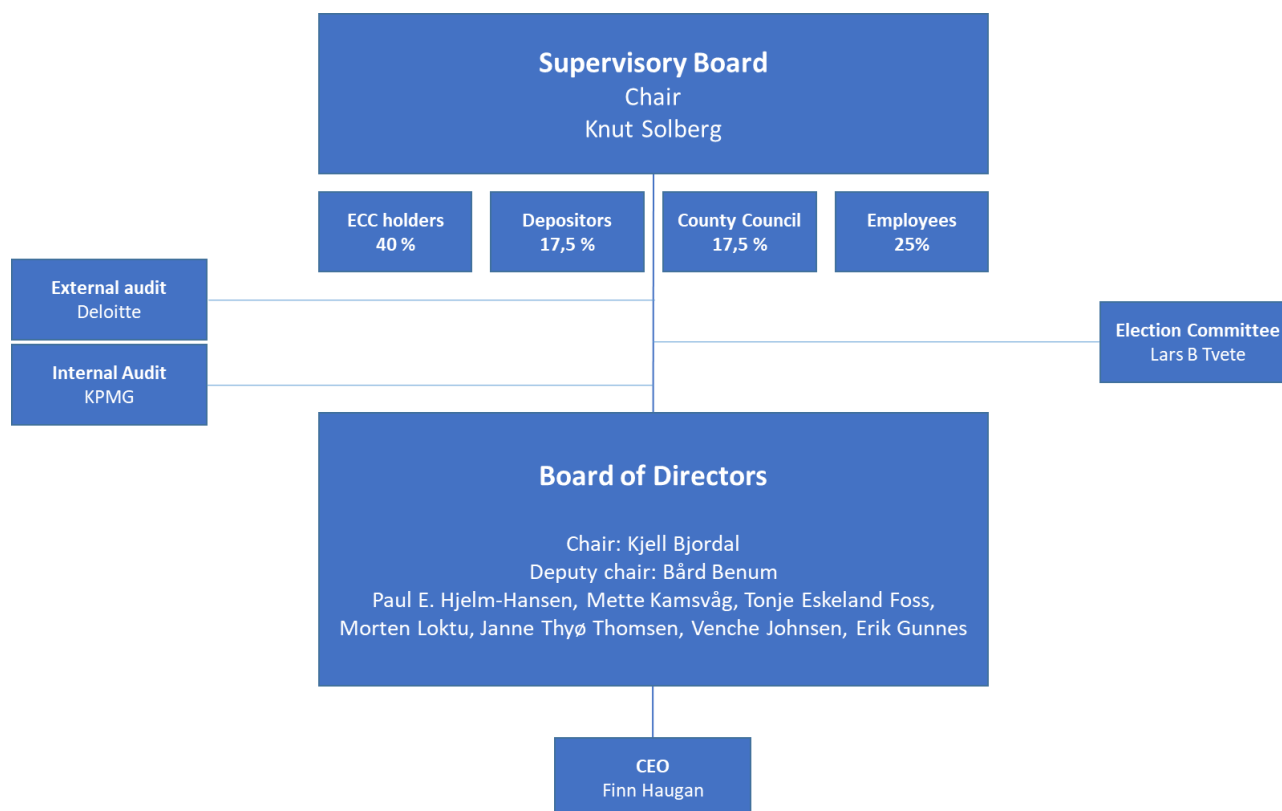
\* In addition SpareBank 1 SMN has subsidiaries with activities covering asset management, investments in regional sees corn, venture and private equity funds, property companies and car fleet management. These subsidiaries account for 24 FTEs.

## Organisation of SpareBank 1 SMN

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

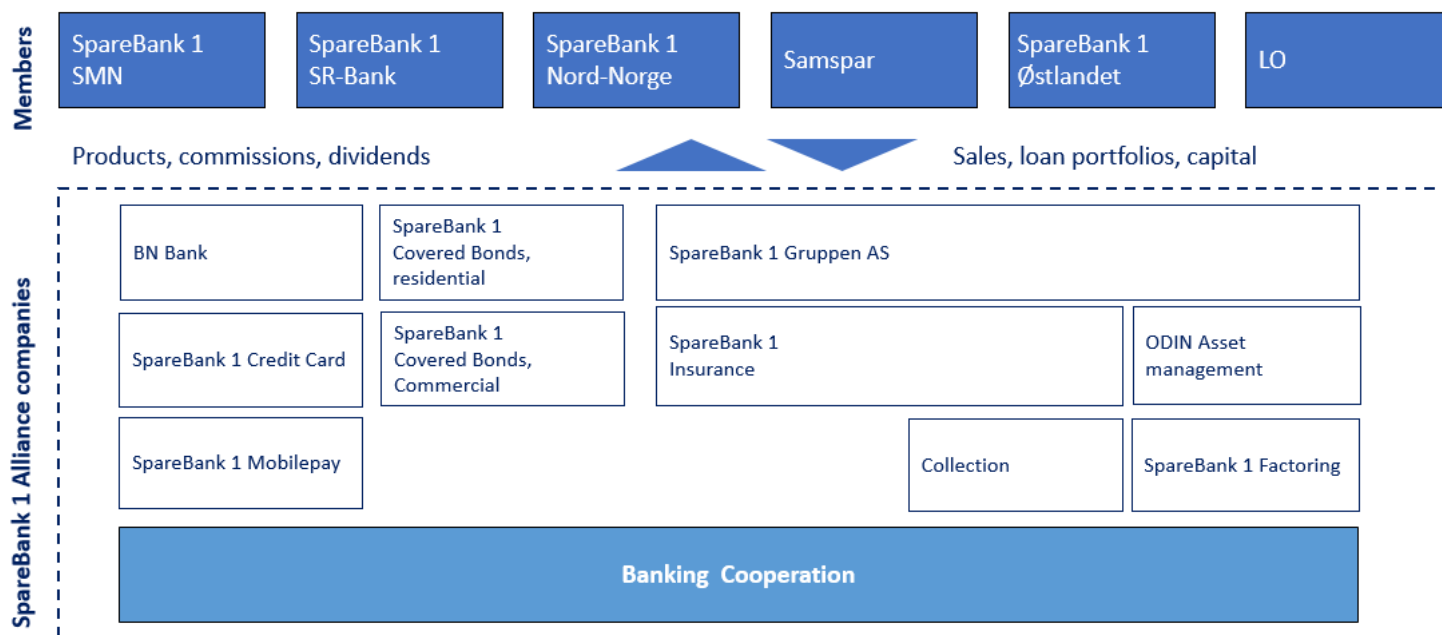


## Overview of governing and control bodies

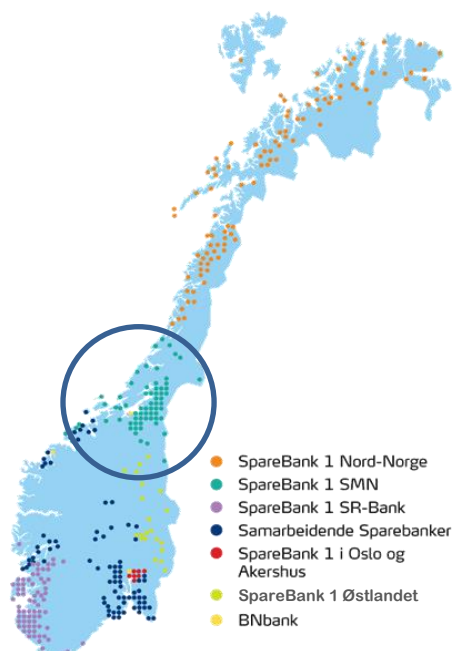


## SpareBank 1 Alliance

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 2<sup>nd</sup> largest Norwegian financial group with a wide distribution all over Norway.



\* LO: The Norwegian Confederation of Trade Unions



## 2.3. Credit ratings

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

<i>Fitch</i>	<b>Current rating</b>	<b>2015</b>	<b>2014</b>	<b>Year end</b>		<b>2011</b>	<b>2010</b>
				<b>2013</b>	<b>2012</b>		
Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Negative
Long-term IDR	A-	A-	A-	A-	A-	A-	A
Short-term IDR	F2	F2	F2	F2	F2	F2	F1
Support rating	5	3	3	3	3	3	3

## 2.4. Equity capital certificate (MING)

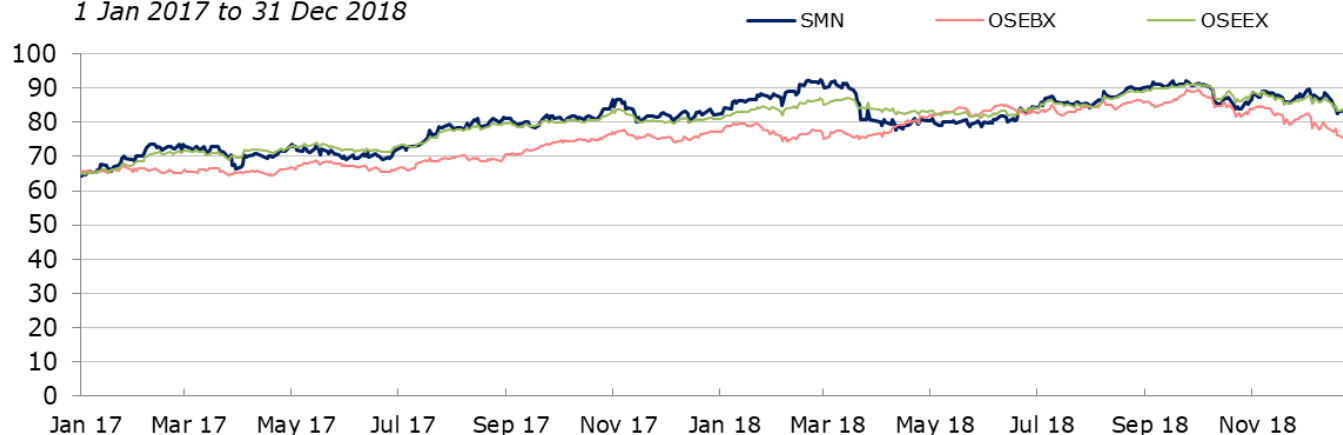
The key figures are corrected for issues.

31 December 2018 the price of the Bank's ECC was NOK 84.20 (NOK 82.25). Earnings per ECC were NOK 9.97 (NOK 8.71). Book value per ECC was NOK 83.87 (NOK 78.81) as of 31 December 2018.

### Key figures

	4Q	3Q	2Q	1Q	4Q	31 Dec.			
	2018	2018	2018	2018	2017	2018	2017	2017	2016
ECC price	84,20	90,90	84,50	80,90	82,25	84,20	82,25	82,25	64,75
Number of certificates issued, millions	129,62	129,44	129,31	129,38	129,38	129,62	129,38	129,38	129,64
Booked equity capital per ECC (incl. dividend)	83,87	82,57	80,21	76,53	78,81	83,87	78,81	78,81	73,35
Adjusted profit per ECC	1,90	2,32	3,54	2,21	2,63	9,97	8,71	8,71	7,93
P/E per ECC (annualised)	11,05	9,77	5,97	9,16	7,81	8,44	9,44	9,44	8,17
P/B equity capital	1,00	1,10	1,05	1,06	1,04	1,00	1,04	1,04	0,88

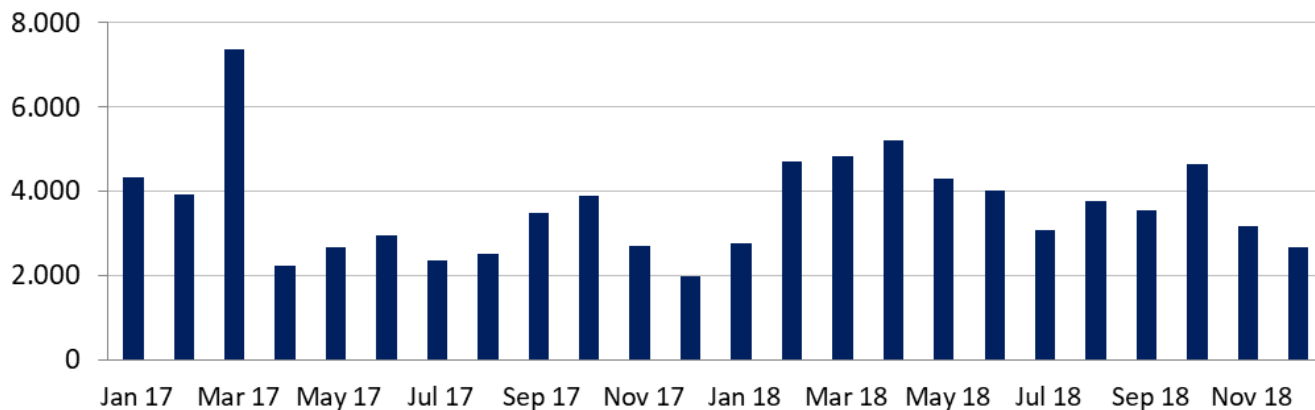
Stock price compared with OSEBX<sup>1)</sup> and OSEEX<sup>2)</sup>  
1 Jan 2017 to 31 Dec 2018



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

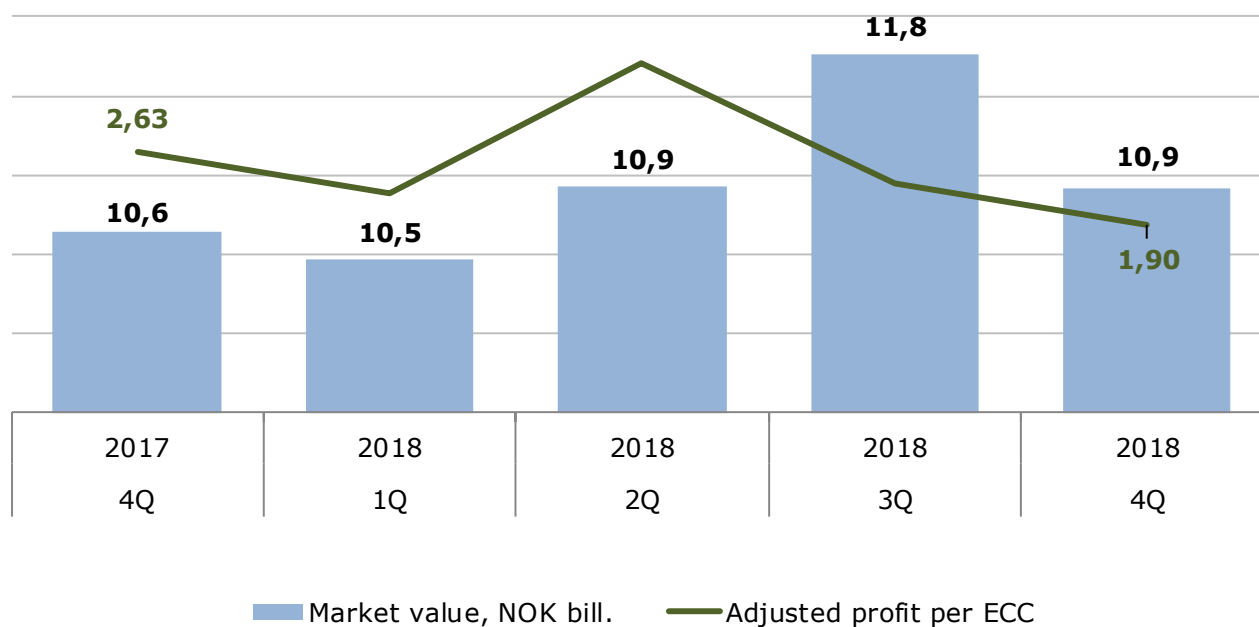
2) OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics<sup>1)</sup>  
1 Jan 2017 to 31 Dec 2018



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

## Market value and profit per ECC



## Equity certificates ratio (parent bank)

(in NOK million)	31 Dec. 2018	30 Sept. 2018	30 Jun. 2018	31 Mar. 2018	31 Dec. 2017	31 Dec. 2016
ECC capital	2.597	2.597	2.597	2.597	2.597	2.597
Dividend equalisation reserve	5.602	5.079	5.079	5.079	5.079	4.487
Premium reserve	895	895	895	895	895	895
Unrealised gains reserve	99	81	81	81	81	81
Other equity	0	-12	-8	-9	0	0
<b>A. The equity certificate owner's capital</b>	<b>9.193</b>	<b>8.640</b>	<b>8.644</b>	<b>8.643</b>	<b>8.652</b>	<b>8.060</b>
Saving bank reserve	5.126	4.831	4.831	4.831	4.831	4.499
Unrealised gains reserve	56	45	45	45	45	45
Other equity	0	-7	-4	-5	0	0
<b>B. Ownerless capital</b>	<b>5.182</b>	<b>4.870</b>	<b>4.872</b>	<b>4.871</b>	<b>4.877</b>	<b>4.545</b>
Provision for gifts	373	0	0	0	322	220
Recommended dividends	661	0	0	0	571	389
<b>Equity ex. hybrid capital</b>	<b>15.409</b>	<b>13.510</b>	<b>13.517</b>	<b>13.514</b>	<b>14.422</b>	<b>13.214</b>
Equity certificates ratio A/(A+B)	63,95 %	63,95 %	63,95 %	63,90 %	63,95 %	63,95 %

## 20 largest ECC holders

Owner	Number	Ownership in %
VPF Nordea Norge Verdi	5.734.807	4,42 %
State Street Bank and Trust CO (nominee)	4.442.606	3,42 %
Sparebankstiftelsen SMN	3.965.391	3,05 %
VPF Odin Norge	3.542.919	2,73 %
VPF Danske Invest Norske Aksjer Inst. II	3.274.149	2,52 %
VPF Pareto Aksje Norge	2.578.447	1,99 %
VPF Alfred Berg Gambak	2.156.139	1,66 %
State Street Bank and Trust CO (nominee)	1.919.043	1,48 %
JP Morgan Chase Bank (nominee)	1.871.849	1,44 %
State Street Bank and Trust CO (nominee)	1.768.901	1,36 %
VPF Danske Invest Norske Aksjer Inst. I	1.750.292	1,35 %
Forsvarets Personellservice	1.717.046	1,32 %
Pareto AS	1.707.998	1,32 %
Handelsbanken Nordiska Småbolagsfond	1.701.137	1,31 %
MP Pensjon PK	1.552.771	1,20 %
JP Morgan Securities	1.459.686	1,12 %
VPF Nordea Kapital	1.438.701	1,11 %
VPF Nordea Avkastning	1.260.717	0,97 %
Euroclear Bank S.A/N.V (nominee)	1.119.647	0,86 %
VPF Storebrand Norge I	1.096.565	0,84 %
<b>Total 20 largest shareholders</b>	<b>46.058.811</b>	<b>35,47 %</b>
Others	83.777.632	64,53 %
<b>Total</b>	<b>129.836.443</b>	<b>100,00 %</b>

## *ECC capital history*

<b>Year</b>	<b>Change</b>	<b>Change in ECC capital</b>	<b>Total ECC capital</b>	<b>No. of ECC's</b>
1991	Placing	525	525	5.250.000
1992	Placing	75	600	6.000.000
2000	Employee placing	5	605	6.053.099
2001	Employee placing	5	610	6.099.432
2002	Employee placing	5	614	6.148.060
2004	Bonus Issue	154	768	7.685.075
2005	Placing	217	986	9.859.317
2005	Employee placing	24	1.009	10.097.817
2005	Split	-	1.009	40.391.268
2005	Bonus Issue	253	1.262	50.489.085
2007	Dividend Issue	82	1.344	53.752.203
2007	Employee placing	5	1.349	53.976.003
2008	Dividend Issue	91	1.440	57.603.748
2008	Employee placing	6	1.447	57.861.806
2009	Bonus Issue	289	1.736	69.434.167
2010	Placing	624	2.360	94.397.474
2010	Employee placing	13	2.373	94.905.286
2011	Issue	1	2.373	94.930.286
2012	Placing	95	2.468	123.407.456
2012	Employee placing	16	2.484	124.218.466
2012	Private placement	112	2.597	129.836.443

## 3. Financial results

### 3.1. Main figures

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
Net interest	644	610	581	568	589	2.403	2.225	2.225	1.929
Commission income and other income	543	486	607	542	529	2.177	2.005	2.005	1.674
Net return on financial investments	95	182	300	180	256	757	760	760	944
<b>Total income</b>	<b>1.282</b>	<b>1.277</b>	<b>1.488</b>	<b>1.290</b>	<b>1.374</b>	<b>5.337</b>	<b>4.989</b>	<b>4.989</b>	<b>4.547</b>
<b>Total operating expenses</b>	<b>701</b>	<b>616</b>	<b>661</b>	<b>645</b>	<b>618</b>	<b>2.624</b>	<b>2.369</b>	<b>2.369</b>	<b>2.003</b>
<b>Result before losses</b>	<b>580</b>	<b>661</b>	<b>827</b>	<b>645</b>	<b>756</b>	<b>2.713</b>	<b>2.621</b>	<b>2.621</b>	<b>2.544</b>
Loss on loans, guarantees etc.	67	69	78	48	78	263	341	341	516
<b>Result before tax</b>	<b>513</b>	<b>592</b>	<b>748</b>	<b>596</b>	<b>678</b>	<b>2.450</b>	<b>2.279</b>	<b>2.279</b>	<b>2.029</b>
Tax charge	104	119	156	131	122	509	450	450	352
Results investments held for sale, after tax	-8	6	150	1	-4	149	-1	-1	4
<b>Net profit</b>	<b>401</b>	<b>480</b>	<b>743</b>	<b>466</b>	<b>553</b>	<b>2.090</b>	<b>1.828</b>	<b>1.828</b>	<b>1.681</b>

### Balance sheet - condensed

Balance (in NOK million)	31 Dec. 2018	30 Sept. 2018	30 Jun. 2018	31 Mar. 2018	31 Dec. 2017	31 Dec. 2016
Total assets	160.704	159.337	159.584	152.083	153.254	138.080
Average total assets (quarterly)	160.021	159.460	155.833	152.668	150.083	138.948
Gross loans to customers *	160.317	157.825	154.790	151.065	148.784	137.535
Deposits from customers	80.615	77.529	80.343	75.937	76.476	67.168
Total equity capital	18.686	18.650	17.984	17.365	17.510	16.253

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

### Key figures

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
Return on equity	9,0 %	11,1 %	17,9 %	11,2 %	13,4 %	12,2 %	11,5 %	11,5 %	11,3 %
Common Equity Tier 1 ratio	14,6 %	14,9 %	15,0 %	14,6 %	14,6 %	14,6 %	14,6 %	14,6 %	14,8 %
Cost/income ratio group	55 %	48 %	44 %	50 %	45 %	49 %	47 %	47 %	44 %
Growth in loans incl Boligkreditt and Næringskreditt last 12 months	7,8 %	7,3 %	7,6 %	7,9 %	8,2 %	7,8 %	8,2 %	8,2 %	8,0 %
Growth in deposits last 12 months	5,4 %	6,1 %	6,3 %	8,2 %	13,9 %	5,4 %	13,9 %	13,9 %	4,8 %
Deposits-to-loan ratio incl Boligkreditt and Næringskreditt last 12 months	50 %	49 %	52 %	50 %	51 %	50 %	51 %	51 %	49 %
Impairment losses ratio	0,17 %	0,18 %	0,20 %	0,13 %	0,22 %	0,17 %	0,24 %	0,24 %	0,39 %
Non-performing commitm. as % of gross loans	0,19 %	0,18 %	0,18 %	0,19 %	0,19 %	0,19 %	0,19 %	0,19 %	0,16 %
ECC price	84,20	90,90	84,50	80,90	82,25	84,20	82,25	82,25	64,75
Booked equity capital per ECC (incl. dividend)	83,87	82,57	80,21	76,53	78,81	83,87	78,81	78,81	73,35
Adjusted profit per ECC	1,90	2,32	3,54	2,21	2,63	9,97	8,71	8,71	7,93

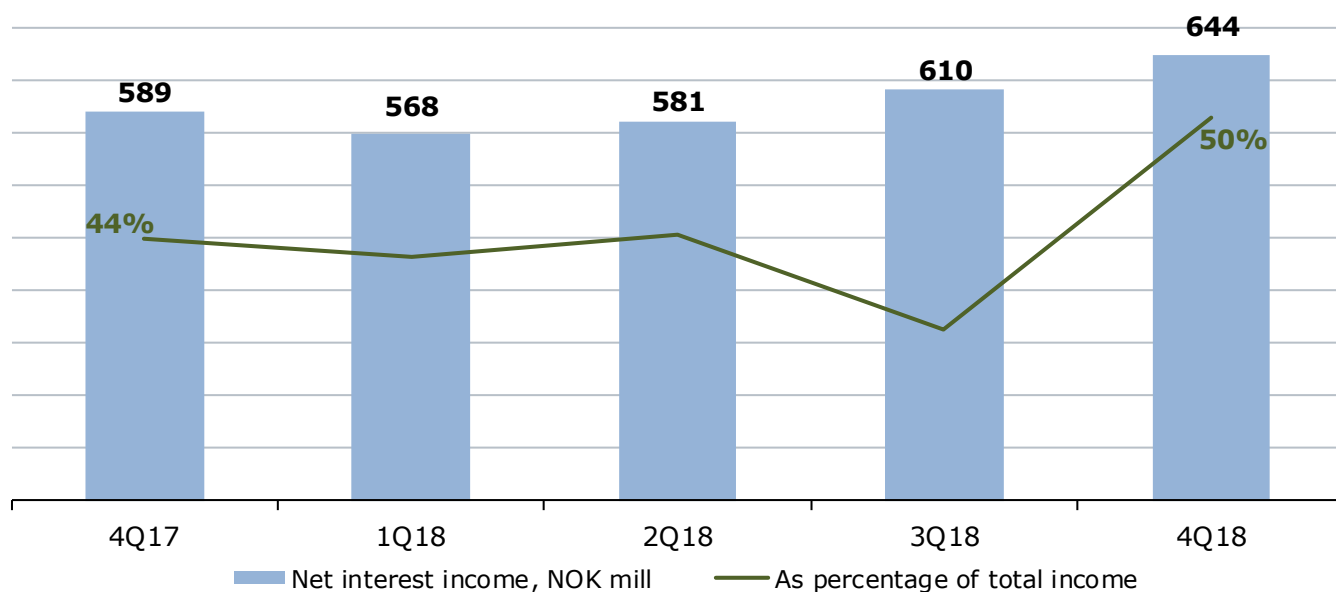
### 3.2. Net interest income

#### Net interest income

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec.		2017	2016
Interest income	1.082	1.025	989	962	989	4.057	3.825	3.825	3.597
Interest expenses	438	414	408	394	400	1.655	1.600	1.600	1.668
<b>Net interest income</b>	<b>644</b>	<b>610</b>	<b>581</b>	<b>568</b>	<b>589</b>	<b>2.403</b>	<b>2.225</b>	<b>2.225</b>	<b>1.929</b>
<b>As percentage of total income</b>	<b>50 %</b>	<b>39 %</b>	<b>44 %</b>	<b>43 %</b>	<b>44 %</b>	<b>45 %</b>	<b>45 %</b>	<b>45 %</b>	<b>42 %</b>

Margins on loans sold to Sparebank 1 Boligkreditt and Sparebank 1 Næringskreditt are recorded as commission income. See part 2.3. Commission Income

#### Development in net interest income



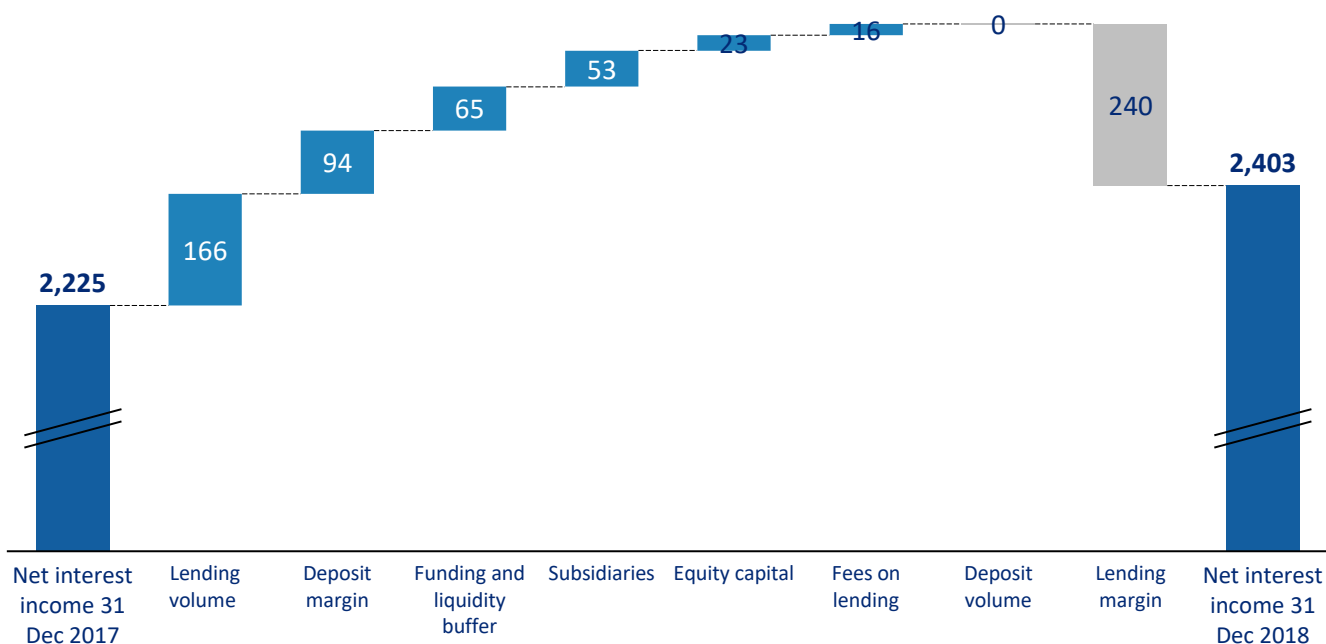
#### Changes in interest income from lending and deposits, last 12 months

(in NOK million)	Volume	Margin	Total
Lending	166	-240	-74
Deposits	0	94	94
<b>Total</b>	<b>166</b>	<b>-146</b>	<b>20</b>

## Changes in net interest income

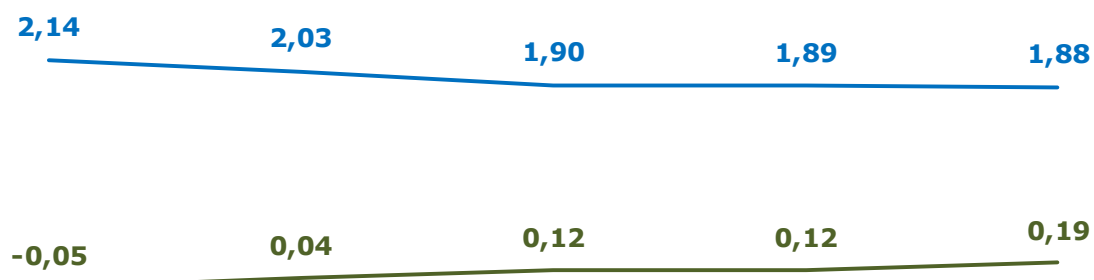
(in NOK million)

	2018	31 Dec. Change	2017
<b>Net interest income</b>	<b>2.403</b>	<b>178</b>	<b>2.225</b>
Equity capital		23	
Lending volume		166	
Fees on lending		16	
Deposit margin		94	
Subsidiaries		53	
Deposit volume		0	
Lending margin		-240	
Funding and liquidity buffer		65	



## Margin development

Definition margin: Average customer interest minus 3 months nibor

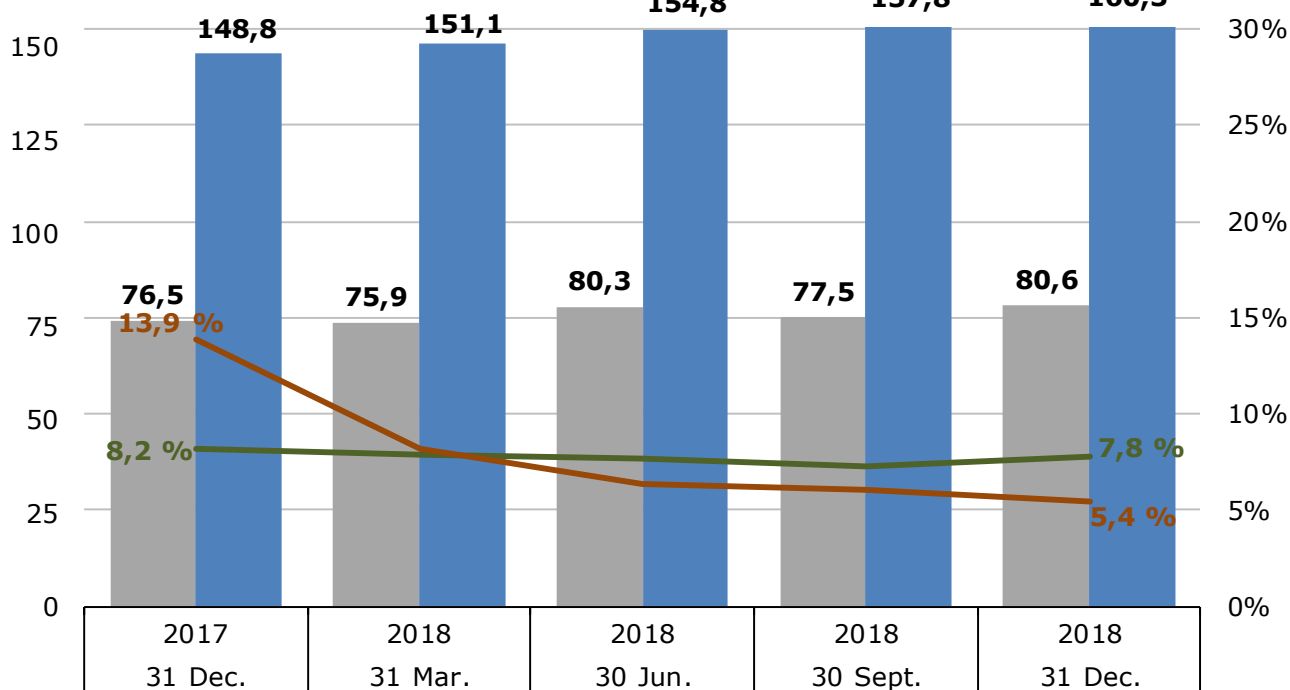


2017 31 Dec.	2018 31 Mar.	2018 30 Jun.	2018 30 Sept.	2018 31 Dec.
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— Lending margin — Deposits margin

## Volume development

NOK bn.



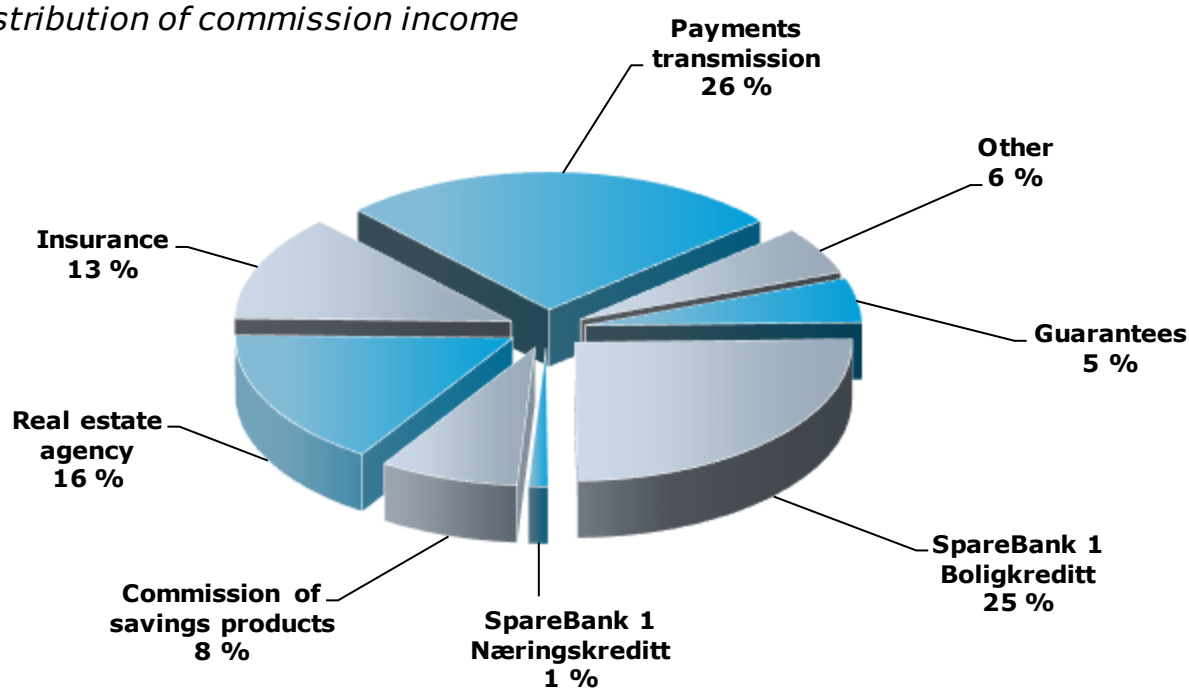
■ Lending volume ■ Deposits volume  
— Growth in loans last 12 months — Growth in deposits last 12 months

### 3.3. Commission income

#### Total commission and other income

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018	2017	2017	2016
Guarantees	16	19	17	20	19	72	80	80	76
SpareBank 1 Boligkreditt	87	77	86	99	100	350	353	353	271
SpareBank 1 Næringskreditt	5	4	4	3	4	16	17	17	12
Commission of savings products	30	28	28	27	48	113	115	115	74
Real estate agency	48	58	71	49	46	225	223	223	247
Insurance	44	43	44	43	44	174	172	172	159
Payments transmission	95	94	89	82	95	360	362	362	355
Other	19	21	23	15	16	78	67	67	57
<b>Total commissions income</b>	<b>343</b>	<b>344</b>	<b>361</b>	<b>339</b>	<b>372</b>	<b>1.387</b>	<b>1.390</b>	<b>1.390</b>	<b>1.251</b>
Operating- and sales income real estate	24	31	41	29	23	124	118	118	121
Accounting services	93	78	126	114	83	411	342	342	202
Other operating income	125	77	125	96	99	423	323	323	234
<b>Total other operating income</b>	<b>242</b>	<b>186</b>	<b>291</b>	<b>239</b>	<b>206</b>	<b>958</b>	<b>783</b>	<b>783</b>	<b>556</b>
Commission expenses	42	45	45	36	49	168	168	168	133
<b>Total commissions and other income</b>	<b>543</b>	<b>486</b>	<b>607</b>	<b>542</b>	<b>529</b>	<b>2.177</b>	<b>2.005</b>	<b>2.005</b>	<b>1.674</b>
<b>As percentage of total income</b>	<b>42 %</b>	<b>38 %</b>	<b>41 %</b>	<b>42 %</b>	<b>39 %</b>	<b>41 %</b>	<b>40 %</b>	<b>40 %</b>	<b>37 %</b>

#### Distribution of commission income



## Change in commission and other income

(in NOK million)	2018	31 Dec. Change	2017
<b>Total</b>	<b>2.177</b>	<b>172</b>	<b>2.005</b>
Real estate agency		1	
Other operating income		99	
Operating- and sales income real estate		7	
Accounting services		69	
Insurance		2	
Commission of savings products		-3	
Commission expenses		0	
Other		10	
Payments transmission		-2	
Guarantees		-8	
SpareBank 1 Boligkreditt		-3	
SpareBank 1 Næringskreditt		-1	

## Net return on financial investments

incl investments held for sale

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018	31 Dec. 2017	2017	2016
<b>Dividends</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>8</b>	<b>6</b>	<b>6</b>	<b>88</b>
SpareBank 1 Gruppen	99	72	81	36	134	289	349	349	317
SpareBank 1 Boligkreditt	-9	7	-8	3	-15	-7	-41	-41	-17
SpareBank 1 Næringskreditt	4	2	4	4	1	15	19	19	29
BN Bank	24	20	23	30	28	97	98	98	86
SpareBank 1 Kredittkort	6	5	6	5	5	23	15	15	24
SpareBank 1 Mobilbetaling	-3	-3	-3	-3	0	-12	-14	-14	-27
Other companies	0	6	148	7	-9	161	12	12	15
<b>Income from investment in associates and joint ventures</b>	<b>122</b>	<b>111</b>	<b>251</b>	<b>81</b>	<b>143</b>	<b>565</b>	<b>437</b>	<b>437</b>	<b>427</b>
Capital gains shares	-48	26	113	5		96	62	62	76
Gain on derivatives	-5	50	23	119		187	148	148	280
Gain on other financial instruments at fair value (FVO)	-13	11	8	4		10	7	7	26
Foreign exchange gain	16	21	15	11		63	45	45	51
Gain on certificates and bonds	5	-45	23	-59		-77	58	58	-2
Gain on shares and derivatives in SB1 Markets	7	14	20	17		58	43	43	25
Gain on financial instruments related to hedging	1	1	-7	1		-4	-46	-46	-21
<b>Net return on financial investments*</b>	<b>-37</b>	<b>77</b>	<b>195</b>	<b>98</b>	<b>112</b>	<b>334</b>	<b>317</b>	<b>317</b>	<b>434</b>
<b>Total net return on financial investments</b>	<b>87</b>	<b>187</b>	<b>451</b>	<b>181</b>	<b>256</b>	<b>906</b>	<b>760</b>	<b>760</b>	<b>949</b>
<b>As percentage of total income</b>	<b>7 %</b>	<b>15 %</b>	<b>28 %</b>	<b>14 %</b>	<b>18 %</b>	<b>17 %</b>	<b>15 %</b>	<b>15 %</b>	<b>21 %</b>

\*New specification of net return on financial investments as of June 2017, historical figures have not been prepared

### *Change in net return on financial investments*

(in NOK million)	2018	31 Dec. Change	2017
<b>Total</b>	<b>757</b>	<b>-3</b>	<b>760</b>
Dividends		2	
Income from investment in related companies, incl. inv. held for sale		-22	
Capital gains shares		34	
Gain on derivatives		39	
Gain on other financial instruments at fair value (FVO)		4	
Foreign exchange gain		18	
Gain on certificates and bonds		-135	
Gain on shares and derivatives in SB1 Markets		15	
Gain on financial instruments related to hedging		43	

### 3.4. Operating expenses

#### *Operating expenses*

	4Q	3Q	2Q	1Q	4Q	31 Dec.			
(in NOK million)	2018	2018	2018	2018	2017	2018	2017	2017	2016
Salary	311	289	325	303	293	1228	1107	1107	991
Pension costs (defined benefit plan)	12	24	30	29	6	96	85	85	-20
Employer's insurance contributions	-4	4	5	5	4	10	12	12	13
Other personnel expenses	72	58	54	65	60	249	223	223	175
<b>Total personnel expenses</b>	<b>391</b>	<b>376</b>	<b>413</b>	<b>403</b>	<b>362</b>	<b>1.584</b>	<b>1.426</b>	<b>1.426</b>	<b>1.159</b>
EDP and telecommunication expenses	78	69	75	71	61	293	266	266	252
Postage and transportation services	5	4	5	4	5	17	22	22	22
Marketing	30	26	24	26	31	106	104	104	98
Depr./write-downs of fixed & intangible assets	32	23	14	29	28	99	102	102	98
Operating exp. on properties and premises	41	35	40	37	35	153	118	118	109
Other external services	50	36	38	28	37	151	139	139	108
Other operating expenses	74	47	53	47	60	221	192	192	156
<b>Other expenses</b>	<b>311</b>	<b>240</b>	<b>248</b>	<b>241</b>	<b>255</b>	<b>1.040</b>	<b>943</b>	<b>943</b>	<b>844</b>
<b>Total operating expenses</b>	<b>701</b>	<b>616</b>	<b>661</b>	<b>645</b>	<b>618</b>	<b>2.624</b>	<b>2.369</b>	<b>2.369</b>	<b>2.003</b>

Cost/income ratio	55 %	48 %	44 %	50 %	45 %	49 %	47 %	47 %	44 %
Cost/income ratio ex financial inv.	59 %	56 %	56 %	58 %	55 %	57 %	56 %	56 %	56 %
12-month cost growth*	13,6 %	5,9 %	10,7 %	12,9 %	28,1 %	10,8 %	15,0 %	18,3 %	3,7 %

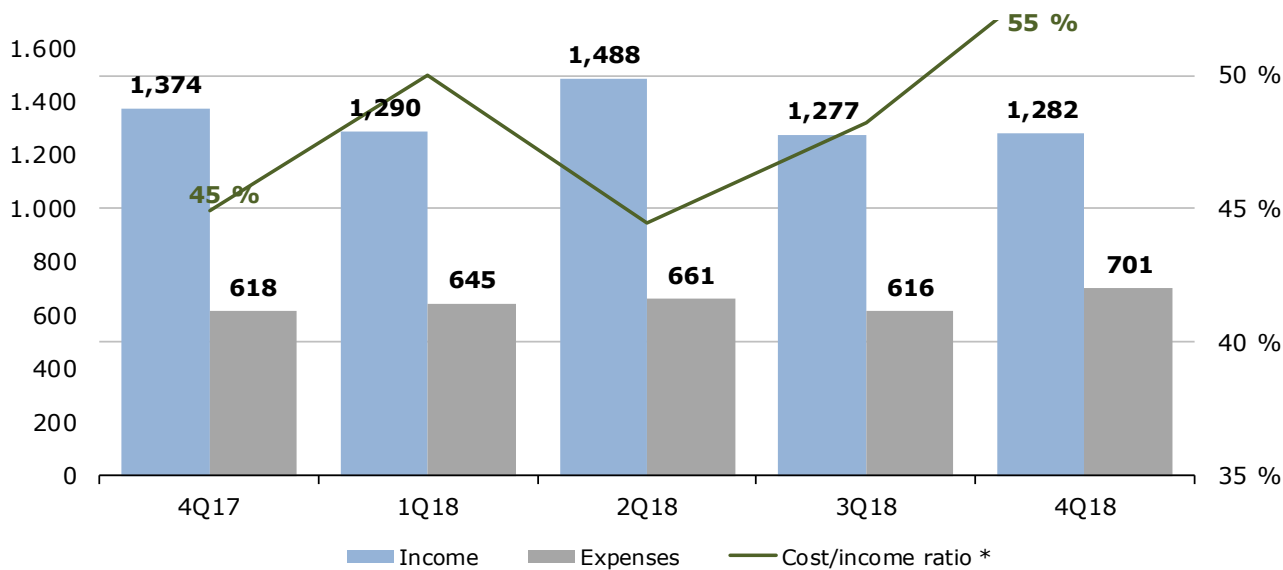
\* SpareBank 1 Regnskapshuset SMN's acquisition of a large accounting firm 1 January 2017 affects the 12 month cost growth in 2017. The 12 month cost growth in 2016 is affected by the consolidation of SpareBank 1 Markets as a subsidiary

#### *Change in operating expenses*

(in NOK million)	2018	31 Dec. Change	2017
<b>Total</b>	<b>2.624</b>	<b>256</b>	<b>2.369</b>
Total personnel expenses		159	
Depr./write-downs of fixed & intangible assets		29	
EDP and telecommunication expenses		26	
Other operating expenses		12	
Operating exp. on properties and premises		-4	
Other external services		35	
Marketing		2	

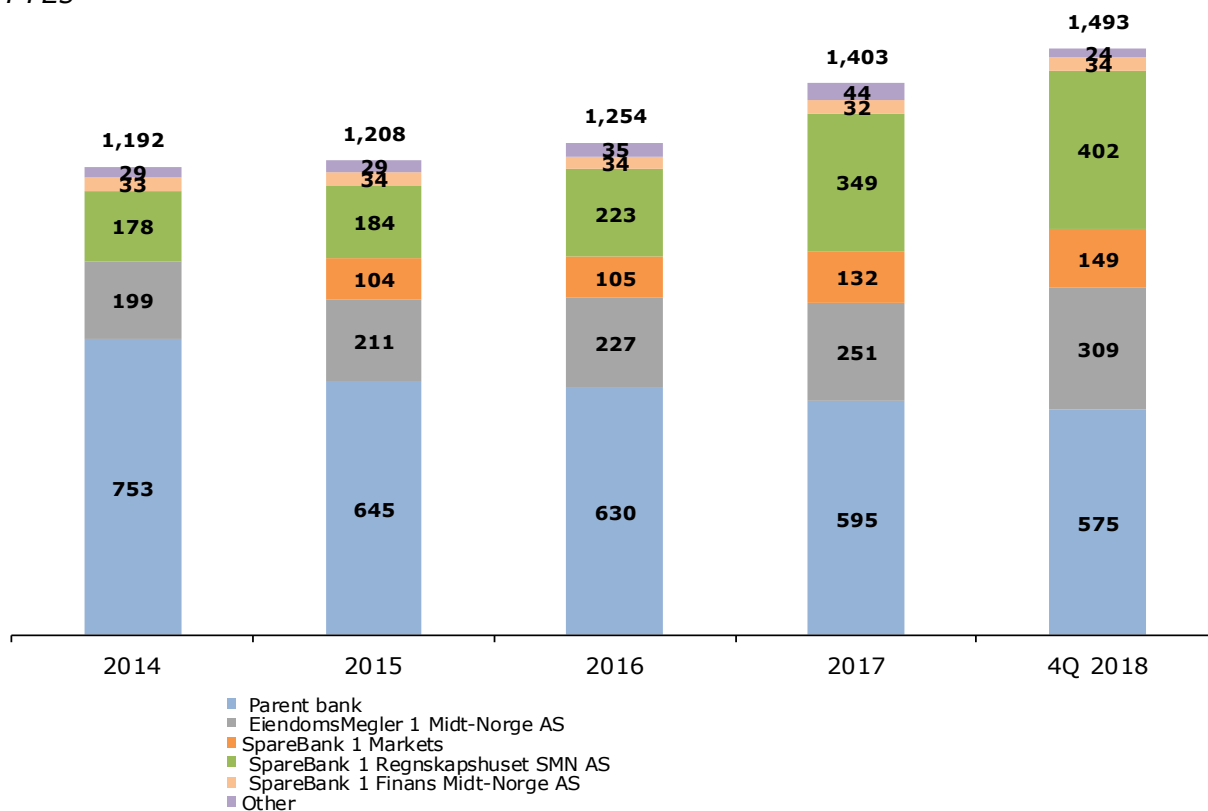
## Cost/income ratio

NOK mill.



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

## FTEs



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.

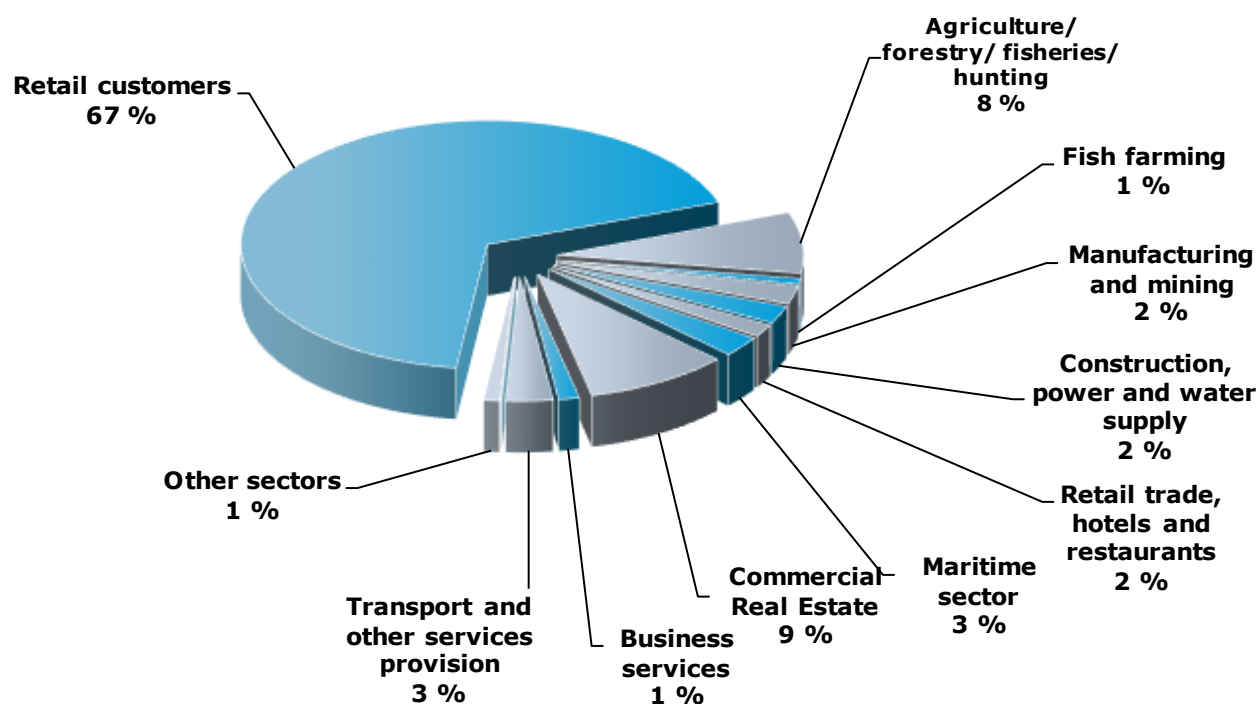
## 4. Loans to customers

### 4.1. Distribution of loans by industry

#### *Distribution of loans by industry*

(in NOK million)	31 Dec. 2018	30 Sept. 2018	30 Jun. 2018	31 Mar. 2018	31 Dec. 2017	31 Dec. 2016
Agriculture/ forestry/ fisheries/ hunting	12.686	12.346	12.137	11.816	11.606	10.499
Fish farming	1.180	1.317	1.556	1.697	1.697	1.985
Manufacturing and mining	3.787	3.158	2.794	3.129	3.157	2.985
Construction, power and water supply	3.661	3.536	3.349	3.622	3.419	3.532
Retail trade, hotels and restaurants	2.621	2.410	2.902	2.825	2.700	2.510
Maritime sector	4.227	4.372	4.706	4.533	4.639	4.983
Commercial Real Estate	15.168	14.737	14.623	14.366	14.348	13.744
Business services	2.162	2.463	2.195	2.203	2.260	2.072
Transport and other services provision	4.961	4.876	4.545	4.370	4.322	3.836
Public administration	55	23	19	243	240	288
Other sectors	1.679	1.955	1.852	1.823	1.699	1.700
<b>Gross loans in corporate market</b>	<b>52.186</b>	<b>51.195</b>	<b>50.676</b>	<b>50.629</b>	<b>50.087</b>	<b>48.133</b>
<b>Retail customers</b>	<b>108.131</b>	<b>106.631</b>	<b>104.114</b>	<b>100.436</b>	<b>98.697</b>	<b>89.402</b>
<b>Gross loans incl. Boligkr. and Næringskr.</b>	<b>160.317</b>	<b>157.825</b>	<b>154.790</b>	<b>151.065</b>	<b>148.784</b>	<b>137.535</b>
- Adv. of this Boligkreditt	38.062	37.669	37.172	36.374	34.885	33.142
- Adv. of this Næringskreditt	1.782	2.112	1.831	1.518	1.828	2.069
<b>Gross loans in balance sheet</b>	<b>120.473</b>	<b>118.044</b>	<b>115.787</b>	<b>113.174</b>	<b>112.071</b>	<b>102.325</b>
<b>Share of loans, corporate market</b>	<b>33 %</b>	<b>32 %</b>	<b>33 %</b>	<b>34 %</b>	<b>34 %</b>	<b>35 %</b>
<b>Share of loans, retail market</b>	<b>67 %</b>	<b>68 %</b>	<b>67 %</b>	<b>66 %</b>	<b>66 %</b>	<b>65 %</b>

#### *Distribution of loans by industry*



## 4.2. Risk profile and write-downs

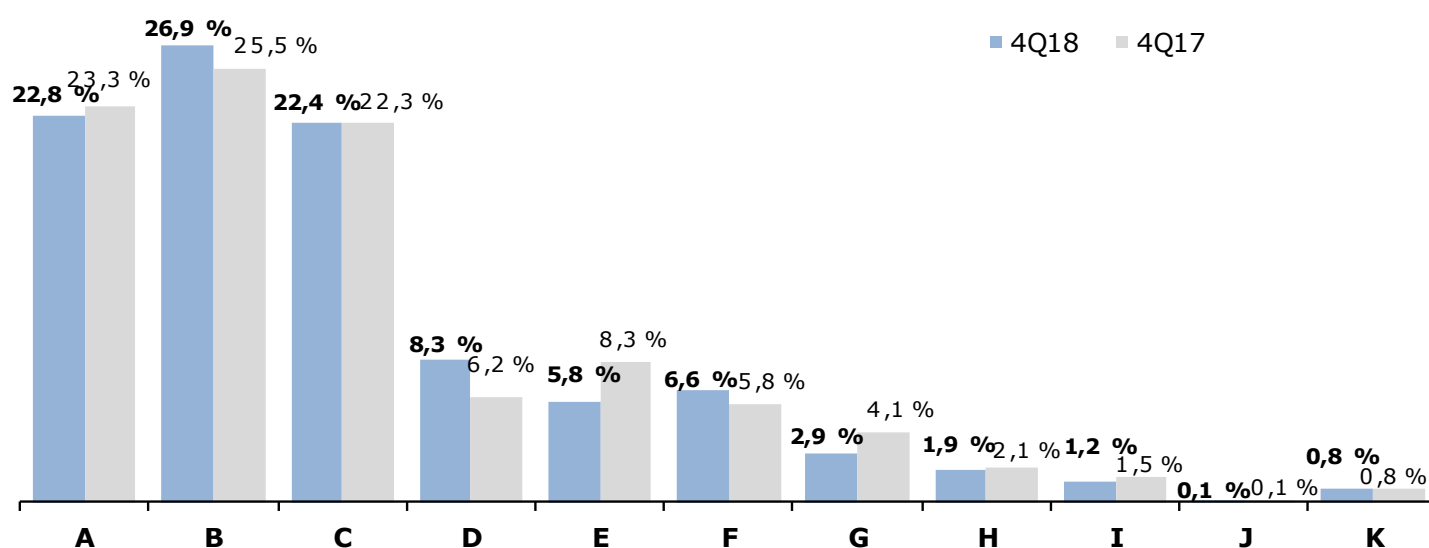
### *Actual risk profile, Exposure At Default*

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 2018	3Q 2018	2Q 2018	1Q 2018	31 Dec. 2018
Change in provision for expected credit losses for the period	22	58	61	9	150
Actual loan losses on commitments exceeding provisions made	46	15	24	42	127
Recoveries on commitments previously written-off	-1	-4	-7	-2	-15
<b>Write-downs on loans and guarantees</b>	<b>67</b>	<b>69</b>	<b>78</b>	<b>48</b>	<b>263</b>
<b>As % of gross loans incl. Boligkreditt</b>	<b>0,17 %</b>	<b>0,18 %</b>	<b>0,20 %</b>	<b>0,13 %</b>	<b>0,17 %</b>

## Write-downs on loans and guarantees to the end of 2017

(in NOK million)	4Q 2017	3Q 2017	2Q 2017	2017	2016
Increase in and new individual write-downs	63	82	55	127	454
Reassessments and recoveries	14	11	29	206	99
Total individual write-downs	77	92	84	332	554
Change in group write-downs on loans	1	-5	2	9	-38
<b>Write-downs on loans and guarantees</b>	<b>78</b>	<b>88</b>	<b>86</b>	<b>341</b>	<b>516</b>
<b>As % of gross loans incl. Boligkreditt</b>	<b>0.22%</b>	<b>0.24%</b>	<b>0.24%</b>	<b>0.23%</b>	<b>0.39%</b>

Provision for expected credit losses on loans and guarantees are presented after implementation of IFRS 9 from January 1, 2018. See note 2 and 45 in the annual report for 2017 for detailed information about the implementation effect and transition. Comparative figures have not been restated, and the information regarding periods before Q1 2018 has been presented above in accordance with previous rules in IAS 32.

### Loss on loans by segment

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018	31 Dec. 2017	2017	2016
Retail	-1	9	13	-3	2	17	5	5	13
Corporate *	59	51	54	48	70	212	318	318	490
SMN Finans and other	10	10	11	4	6	34	18	18	14
<b>Total loss on loans</b>	<b>67</b>	<b>69</b>	<b>78</b>	<b>48</b>	<b>78</b>	<b>263</b>	<b>341</b>	<b>341</b>	<b>516</b>

### Loans and guarantees by industry

	Total	Very low risk	Low risk	Medium risk	High risk	Very high risk	Default and written down
Wage earners	107.811	91.735	10.517	3.453	876	1.010	222
Public administration	642	642	-	-	-	-	-
Agriculture and forestry	13.831	9.130	3.044	1.170	213	265	8
Sea farming industries	1.676	1.250	109	309	9	-	-
Manufacturing	4.096	378	957	1.514	767	478	2
Construction, power and water supply	4.856	1.210	1.134	2.017	358	86	50
Retail trade, hotels and restaurants	3.408	589	1.092	1.357	296	50	24
Maritime sector	593	218	187	188	-	-	-
Property management	15.812	9.510	2.548	3.117	331	233	73
Business services	4.462	1.002	1.116	1.911	322	40	70
Transport and other services provision	9.839	3.422	3.310	1.716	106	27	1.257
Other sectors	9.160	8.019	959	82	101	-	-
<b>4Q18</b>	<b>176.188</b>	<b>127.106</b>	<b>24.974</b>	<b>16.833</b>	<b>3.379</b>	<b>2.189</b>	<b>1.707</b>
<b>2017</b>	<b>164.510</b>	<b>116.961</b>	<b>23.842</b>	<b>16.258</b>	<b>3.394</b>	<b>2.480</b>	<b>1.575</b>
<b>2016</b>	<b>155.065</b>	<b>108.123</b>	<b>21.643</b>	<b>18.875</b>	<b>2.766</b>	<b>1.702</b>	<b>1.956</b>

### Write-down ratio

(in NOK million)	31 Dec. 2018	30 Sept. 2018	30 Jun. 2018	31 Mar. 2018	31 Dec. 2017	31 Dec. 2016
Non-performing commitments (gross)	310	284	275	289	284	214
Impaired commitments (gross)	1.372	1.365	1.477	1.358	1.184	1.474
Gross non-performing and impaired commitments	1.682	1.649	1.752	1.647	1.468	1.688
Individual write-downs					769	638
Collective write-downs					347	339
Write-down ratio (%)					76,1 %	57,9 %

### 3.3 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 2018 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 2.0 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital, so that the overall minimum requirement on CET1 capital is 12.0 per cent. In addition the financial supervisory authority has set a Pillar 2 requirement of 2.1 per cent for SpareBank 1 SMN. The total minimum requirement on CET1 capital is accordingly 14.1 per cent. From first quarter 2019 the Pillar 2 requirement is changed to 1.9 per cent for SpareBank 1 SMN.

Countercyclical buffer is calculated using differentiated rates. 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 2018 both the parent bank and the group is below the capital deduction threshold such that the Norwegian rate is applied to all relevant exposures.

Parts of the group's hybrid capital and subordinated debt were issued under earlier rules. This will be subject to a write-down of 50 per cent in 2017 and 60 per cent in 2018. As at 31 December 2018 the bank held hybrid capital worth NOK 450 million subject to write-down.

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 SMN 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
	Enterprises - BN Bank AS	Advanced IRB approach
	Mass market - BN Bank AS	IRB - mass market (advanced)
Market risk	Equity risk - parent bank	Standardized approach
	Debt risk - parent bank	Standardized approach
	Currency risk - parent bank	Standardized approach
	Subsidiaries and part-owned companies	Standardized approach
Operational risk	SpareBank 1 SMN (parent bank)	Standardized approach
	Subsidiaries and part-owned companies	Basic Indicator Approach

## Capital Adequacy

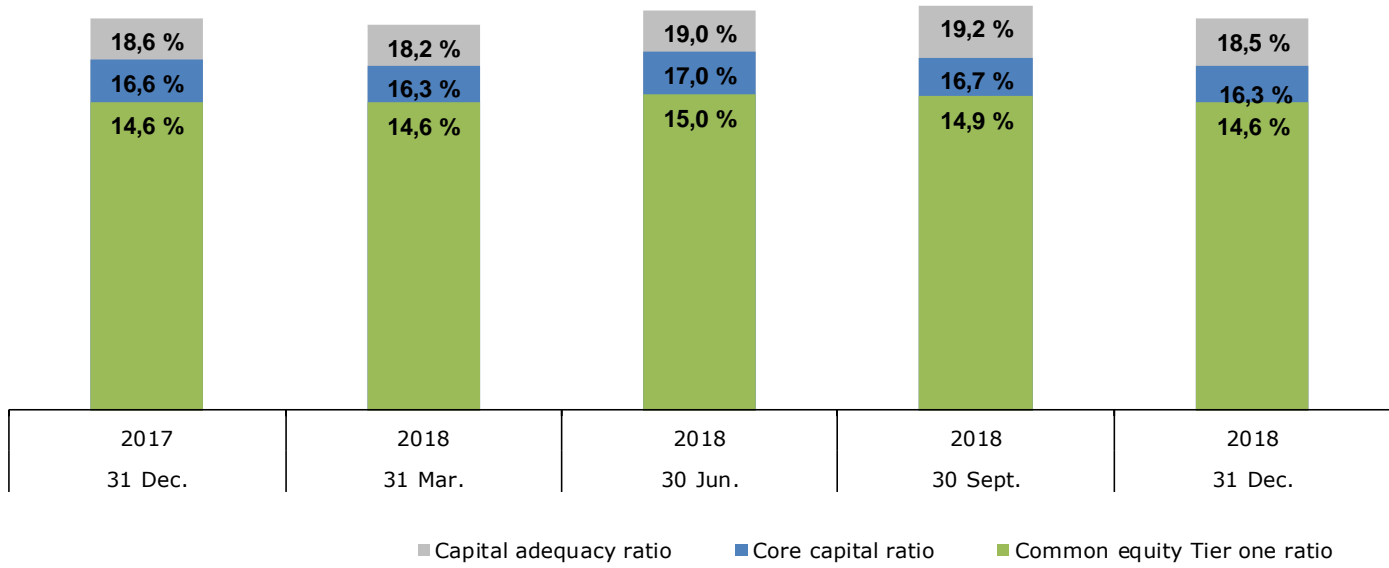
(in NOK million)

	31 Dec. 2018	30 Sept. 2018	30 Jun. 2018	31 Mar. 2018	31 Dec. 2017	31 Dec. 2016
<b>Total book equity</b>	<b>18.686</b>	<b>18.650</b>	<b>17.984</b>	<b>17.365</b>	<b>17.510</b>	<b>16.253</b>
Hybrid capital included in total equity	-1.043	-1.310	-1.136	-1.306	-993	-950
Deferred taxes, goodwill and other intangible assets	-1.079	-1.059	-1.044	-1.040	-984	-741
Deduction for allocated dividends and gifts	-1.034	0	0	0	-893	-609
Non-controlling interests recognised in other equity capital	-637	-623	-621	-572	-565	-425
Non-controlling interests eligible for inclusion in CET1 capital	366	371	357	341	324	220
Net profit	0	-1.689	-1.209	-466	0	0
Year-to-date profit included in core capital (50 per cent pre tax of group profit in 2017)	0	864	614	233	0	0
Value adjustments due to requirements for prudent valuation	-44	-47	-46	-45	-41	-48
Positive value of adjusted expected loss under IRB Approach	-286	-316	-299	-313	-333	-248
Adjustments for unrealised losses (gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	5	2	4	3	7	0
Direct, indirect and synthetic investments in financial sector companies	-206	-147	-74	-222	-212	-337
<b>Total common equity Tier one</b>	<b>14.727</b>	<b>14.697</b>	<b>14.528</b>	<b>13.976</b>	<b>13.820</b>	<b>13.115</b>
Hybrid capital, core capital	1.378	1.478	1.592	1.353	1.427	1.358
Hybrid capital covered by transitional provisions	367	367	367	367	459	483
<b>Total core capital</b>	<b>16.472</b>	<b>16.542</b>	<b>16.488</b>	<b>15.697</b>	<b>15.707</b>	<b>14.956</b>
<b>Supplementary capital in excess of core capital</b>						
Subordinated capital	2.316	2.118	1.621	1.621	1.615	1.698
Subordinated capital covered by transitional provisions	96	449	449	449	561	673
Deduction for significant investments in financial institutions	-140	-140	-141	-248	-254	-256
<b>Total supplementary capital</b>	<b>2.272</b>	<b>2.427</b>	<b>1.930</b>	<b>1.822</b>	<b>1.922</b>	<b>2.116</b>
<b>Net subordinated capital</b>	<b>18.743</b>	<b>18.969</b>	<b>18.418</b>	<b>17.518</b>	<b>17.629</b>	<b>17.072</b>

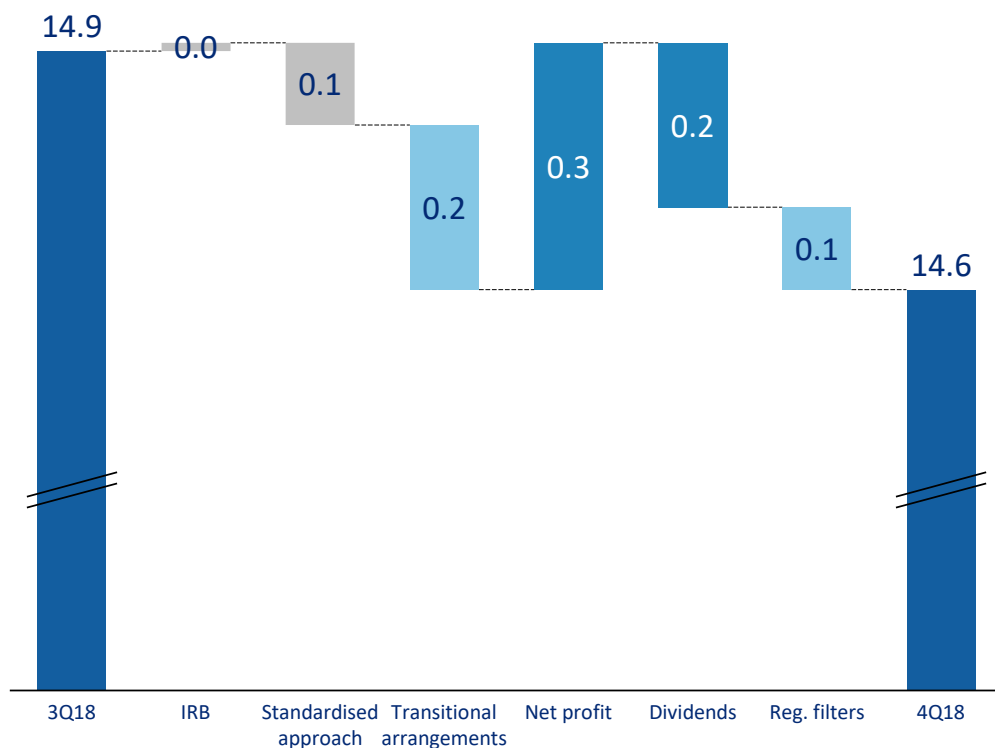
## Minimum requirements subordinated capital

(in NOK million)	31 Dec. 2018	30 Sept. 2018	30 Jun. 2018	31 Mar. 2018	31 Dec. 2017	31 Dec. 2016
Specialised enterprises	1.116	1.107	1.072	1.200	1.107	1.206
Corporate	1.163	1.181	1.128	1.070	1.113	1.102
Mass market exposure, property	2.098	2.070	2.010	1.930	1.892	1.753
Other mass market	92	94	96	92	91	88
Equity investments, IRB	1	1	1	1	1	3
<b>Total credit risk IRB</b>	<b>4.470</b>	<b>4.453</b>	<b>4.307</b>	<b>4.292</b>	<b>4.205</b>	<b>4.153</b>
Central government	4	3	2	3	3	5
Covered bonds	124	145	146	142	146	130
Institutions	246	217	262	285	333	340
Local and regional authorities, state-owned enterprises	8	10	9	7	4	7
Corporate	221	241	255	236	226	253
Mass market	520	510	438	419	405	179
Exposures secured on real property	215	181	195	199	193	342
Equity positions	366	358	359	349	344	338
Other assets	107	109	128	150	166	178
<b>Total credit risk standardised approach</b>	<b>1.810</b>	<b>1.774</b>	<b>1.796</b>	<b>1.791</b>	<b>1.820</b>	<b>1.772</b>
Debt risk	31	33	23	25	18	36
Equity risk	7	24	11	14	22	5
Currency risk	3	3	4	4	1	1
Operational risk	575	575	575	575	510	479
Credit value adjustment risk (CVA)	122	80	110	119	117	84
Transitional arrangements	1.074	971	946	863	891	574
<b>Minimum requirements subordinated capital</b>	<b>8.093</b>	<b>7.913</b>	<b>7.771</b>	<b>7.684</b>	<b>7.585</b>	<b>7.103</b>
<b>Risk Weighted Assets (RWA)</b>	<b>101.168</b>	<b>98.915</b>	<b>97.137</b>	<b>96.044</b>	<b>94.807</b>	<b>88.786</b>
Minimum requirement on CET1 capital, 4.5 per cent	4.553	4.451	4.371	4.322	4.266	3.995
Capital conservation buffer, 2,5 per cent	2.529	2.473	2.428	2.401	2.370	2.220
Systemic risk buffer, 3.0 per cent	3.035	2.967	2.914	2.881	2.844	2.664
Countercyclical buffer, 2.0 per cent (1.5 per cent)	2.023	1.978	1.943	1.921	1.896	1.332
<b>Available CET1 capital after buffer requirements</b>	<b>2.587</b>	<b>2.827</b>	<b>2.872</b>	<b>2.451</b>	<b>2.444</b>	<b>2.905</b>
Common equity Tier one ratio	14,6 %	14,9 %	15,0 %	14,6 %	14,6 %	14,8 %
Core capital ratio	16,3 %	16,7 %	17,0 %	16,3 %	16,6 %	16,8 %
Capital adequacy ratio	18,5 %	19,2 %	19,0 %	18,2 %	18,6 %	19,2 %
<b>Leverage ratio</b>						
Balance sheet items	216.240	213.761	216.406	207.831	210.764	194.324
Off-balance sheet items	9.086	9.595	9.345	9.530	9.295	10.068
Regulatory adjustments	-1.474	-1.729	-1.480	-2.113	-1.580	-1.388
Calculation basis for leverage ratio	223.853	221.628	224.271	215.248	218.479	203.005
Core capital	16.472	16.542	16.488	15.697	15.707	14.956
Leverage Ratio	7,4 %	7,5 %	7,4 %	7,3 %	7,2 %	7,4 %

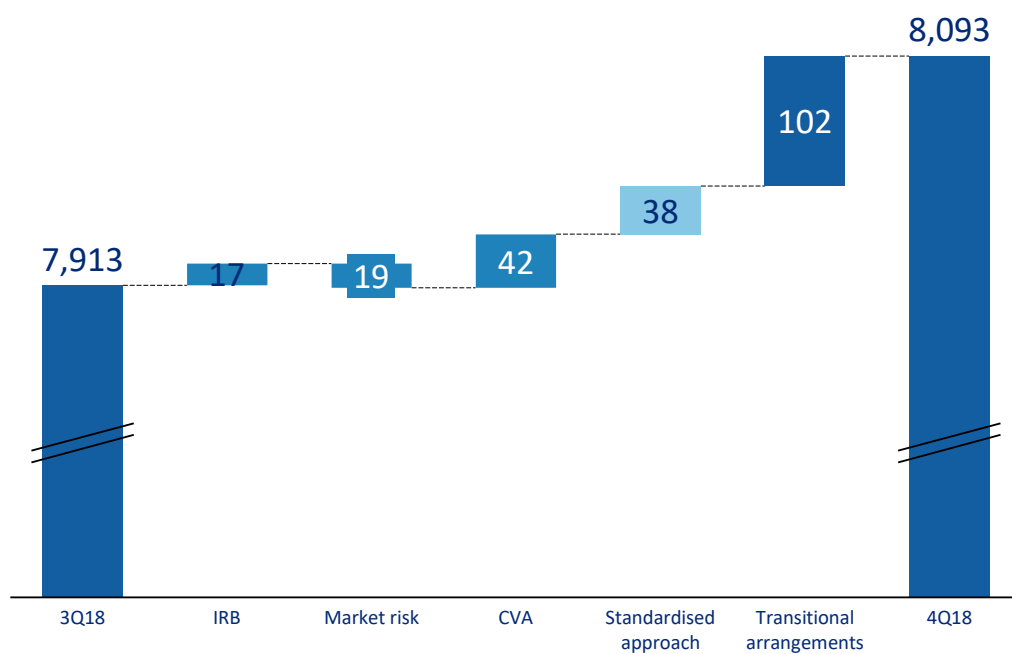
# Capital Adequacy



## Quarterly change in Common equity Tier 1 ratio



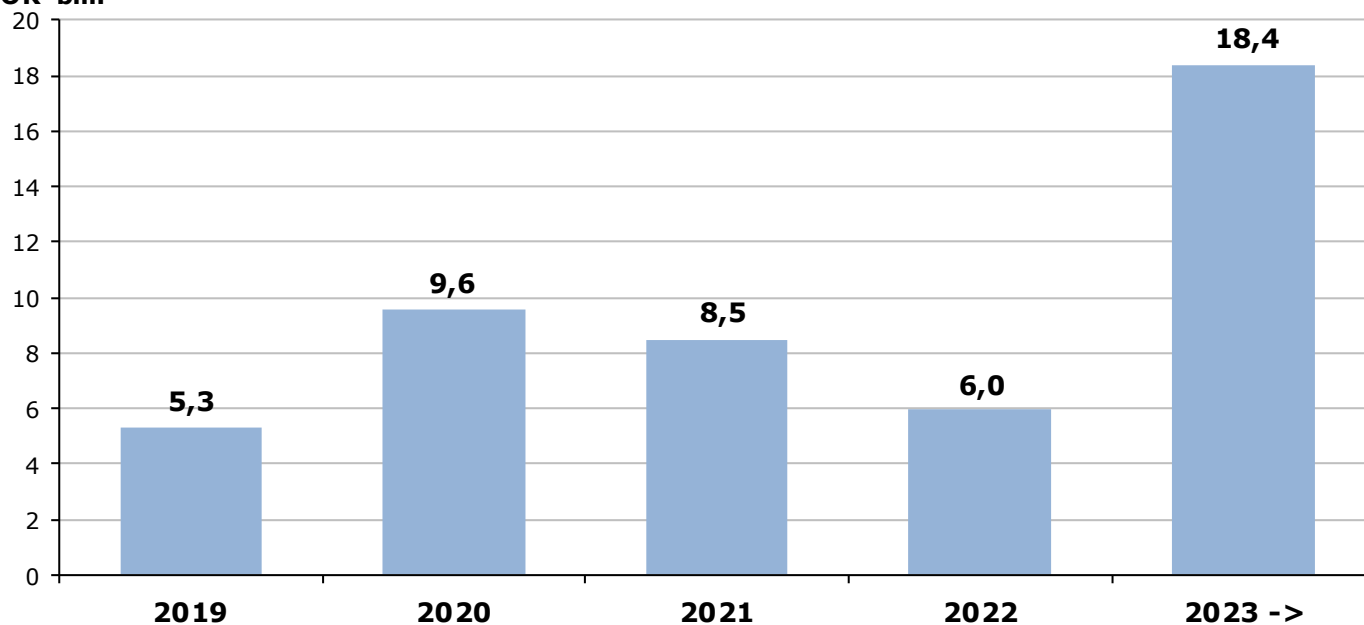
## Quarterly change in Minimum requirements subordinated capital



## 5. Funding

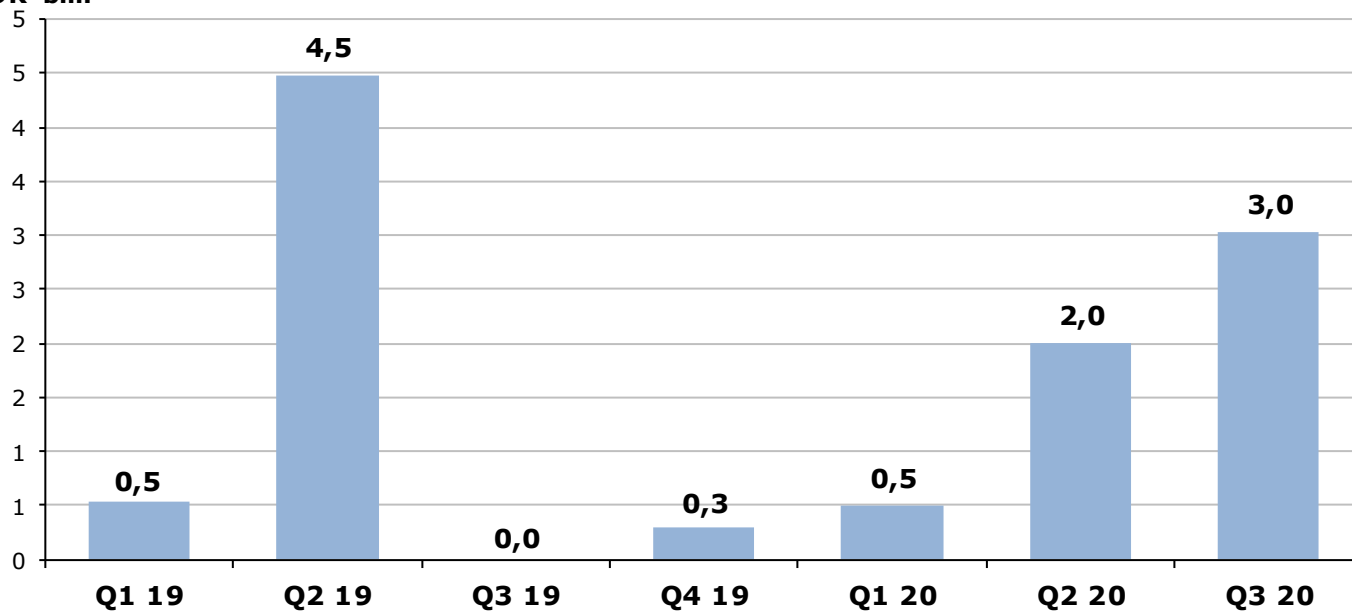
### *Funding maturity dates*

NOK bill.



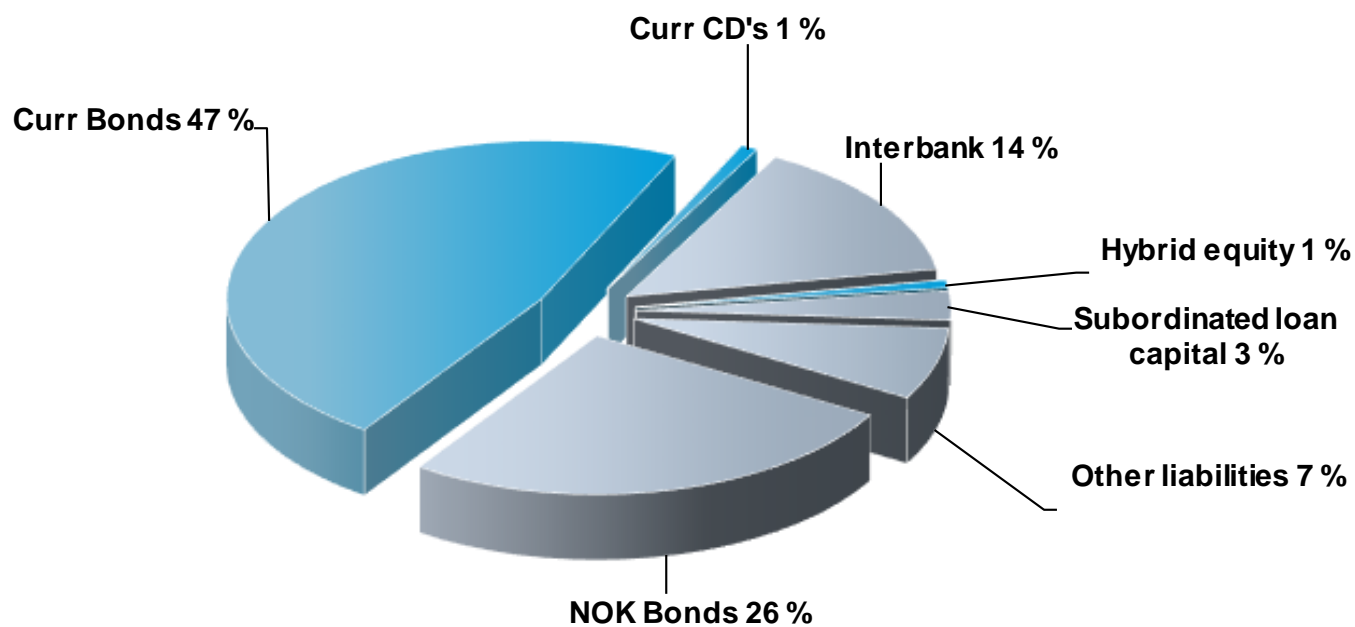
### *Funding maturity dates over the next eight quarters*

NOK bill.



## Capital markets funding

(in NOK million)	31 Dec. 2018	30 Sept. 2018	30 Jun. 2018	31 Mar. 2018	31 Dec. 2017	31 Dec. 2016
NOK Bonds	15.548	15.627	14.443	16.581	13.683	14.237
Curr Bonds	28.203	28.401	28.755	24.717	28.334	21.908
Curr CD's	518	85	36	112	177	172
Interbank	8.546	8.842	8.696	7.466	9.046	10.299
Hybrid equity	463	465	468	470	475	1.433
Subordinated loan capital	1.761	2.159	1.679	1.683	1.684	1.707
Other liabilities	4.377	4.754	4.603	4.833	3.997	4.487
<b>Total</b>	<b>59.416</b>	<b>60.334</b>	<b>58.680</b>	<b>55.862</b>	<b>57.396</b>	<b>54.242</b>



## 6. Financial results

### Financial results

	4Q	3Q	2Q	1Q	4Q	31 Dec.			
(in NOK million)	2018	2018	2018	2018	2017	2018	2017	2017	2016
Interest income	1.082	1.025	989	962	989	4.057	3.825	3.825	3.597
Interest expenses	438	414	408	394	400	1.655	1.600	1.600	1.668
<b>Net interest</b>	<b>644</b>	<b>610</b>	<b>581</b>	<b>568</b>	<b>589</b>	<b>2.403</b>	<b>2.225</b>	<b>2.225</b>	<b>1.929</b>
Commission income	343	344	361	339	372	1.387	1.390	1.390	1.251
Commission expenses	42	45	45	36	49	168	168	168	133
Other operating income	242	186	291	239	206	958	783	783	556
<b>Commission income and other income</b>	<b>543</b>	<b>486</b>	<b>607</b>	<b>542</b>	<b>529</b>	<b>2.177</b>	<b>2.005</b>	<b>2.005</b>	<b>1.674</b>
Dividends	2	0	4	2	0	8	6	6	88
Income from investment in related companies	130	105	102	79	147	416	437	437	423
Net return on financial investments	-37	77	195	99	108	334	317	317	434
<b>Net return on financial investments</b>	<b>95</b>	<b>182</b>	<b>300</b>	<b>180</b>	<b>256</b>	<b>757</b>	<b>760</b>	<b>760</b>	<b>944</b>
<b>Total income</b>	<b>1.282</b>	<b>1.277</b>	<b>1.488</b>	<b>1.290</b>	<b>1.374</b>	<b>5.337</b>	<b>4.989</b>	<b>4.989</b>	<b>4.547</b>
Staff costs	391	376	413	403	362	1.584	1.426	1.426	1.159
Other operating expenses	311	240	248	241	255	1.040	943	943	844
<b>Total operating expenses</b>	<b>701</b>	<b>616</b>	<b>661</b>	<b>645</b>	<b>618</b>	<b>2.624</b>	<b>2.369</b>	<b>2.369</b>	<b>2.003</b>
<b>Result before losses</b>	<b>580</b>	<b>661</b>	<b>827</b>	<b>645</b>	<b>756</b>	<b>2.713</b>	<b>2.621</b>	<b>2.621</b>	<b>2.544</b>
Loss on loans, guarantees etc.	67	69	78	48	78	263	341	341	516
<b>Result before tax</b>	<b>513</b>	<b>592</b>	<b>748</b>	<b>596</b>	<b>678</b>	<b>2.450</b>	<b>2.279</b>	<b>2.279</b>	<b>2.029</b>
Tax charge	104	119	156	131	122	509	450	450	352
Results investments held for sale, after tax	-8	6	150	1	-4	149	-1	-1	4
<b>Net profit</b>	<b>401</b>	<b>480</b>	<b>743</b>	<b>466</b>	<b>553</b>	<b>2.090</b>	<b>1.828</b>	<b>1.828</b>	<b>1.681</b>
Majority share	386	470	716	447	533	2.018	1.763	1.763	1.606
Minority interest	6	2	19	8	12	34	32	32	41

## Balance sheet

(in NOK million)	31 Dec. 2018	30 Sept. 2018	30 Jun. 2018	31 Mar. 2018	31 Dec. 2017	31 Dec. 2016
Cash and receivables from central banks	883	1.129	1.403	635	3.313	315
Deposits with and loans to credit institutions	5.074	6.828	5.078	6.113	4.214	3.892
Net loans to and receivables from customers	119.728	117.153	114.683	112.119	110.959	101.354
Fixed-income CDs and bonds at fair value	20.348	19.721	18.640	18.797	19.736	17.557
Derivatives	4.119	2.686	2.910	3.278	4.351	4.752
Shares, units and other equity interests	1.873	2.662	2.540	2.164	1.825	1.542
Investment in related companies	6.098	5.865	5.748	5.879	5.760	5.638
Investments held for sale	43	44	48	639	649	15
Intangible assets	851	849	842	819	793	639
Other assets	1.687	2.401	7.692	1.641	1.654	2.376
<b>Assets</b>	<b>160.704</b>	<b>159.337</b>	<b>159.584</b>	<b>152.083</b>	<b>153.254</b>	<b>138.080</b>
Deposits from credit institutions	9.214	10.106	9.889	8.374	9.607	10.509
Deposits from and debt to customers	80.615	77.529	80.343	75.937	76.476	67.168
Debt created by issue of securities	44.269	44.113	43.234	41.410	42.194	36.317
Derivatives	2.982	3.005	2.974	2.970	3.343	4.074
Other liabilities	2.670	3.264	2.962	3.832	1.923	1.531
Investments held for sale	1	0	8	0	1	0
Subordinated loan capital	2.268	2.668	2.189	2.195	2.201	2.228
<b>Total liabilities</b>	<b>142.018</b>	<b>140.687</b>	<b>141.600</b>	<b>134.718</b>	<b>135.744</b>	<b>121.827</b>
Equity capital certificate	2.597	2.597	2.597	2.597	2.597	2.597
Own holding of ECCs	-4	-5	-11	-10	-8	-4
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	5.594	5.075	5.075	5.066	5.072	4.487
Recommended dividends	661	0	0	0	571	389
Provision for gifts	373	0	0	0	322	220
Ownerless capital	5.126	4.831	4.831	4.831	4.831	4.499
Unrealised gains reserve	155	126	126	126	126	139
Other equity capital	1.608	1.509	1.503	1.515	1.547	1.656
Hybrid capital	1.043	1.310	1.136	1.306	993	950
Result of the period	0	1.689	1.209	466	0	0
Minority interests	637	623	621	572	565	425
<b>Total equity capital</b>	<b>18.686</b>	<b>18.650</b>	<b>17.984</b>	<b>17.365</b>	<b>17.510</b>	<b>16.253</b>
<b>Total liabilities and equity</b>	<b>160.704</b>	<b>159.337</b>	<b>159.584</b>	<b>152.083</b>	<b>153.254</b>	<b>138.080</b>

## Key figures

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018	2017	2017	2016
Return on equity	9,0 %	11,1 %	17,9 %	11,2 %	13,4 %	12,2 %	11,5 %	11,5 %	11,3 %
Cost/income ratio group	55 %	48 %	44 %	50 %	45 %	49 %	47 %	47 %	44 %
Cost/income ratio group, ex. financial inv.	59 %	56 %	56 %	58 %	55 %	57 %	56 %	56 %	56 %
12-month cost growth	13,6 %	-0,2 %	10,7 %	12,9 %	28,1 %	10,8 %	15,0 %	18,3 %	3,7 %
Gross loans to customers*	160.317	157.825	154.790	151.065	148.784	160.317	148.784	148.784	137.535
Growth in loans last 12 months*	7,8 %	7,3 %	7,6 %	7,9 %	8,2 %	7,8 %	8,2 %	8,2 %	8,0 %
Growth in loans this period*	1,6 %	2,0 %	2,5 %	1,5 %	1,1 %	7,8 %	8,2 %	8,2 %	8,0 %
Deposits from customers	80.615	77.529	80.343	75.937	76.476	80.615	76.476	76.476	67.168
Growth in deposits last 12 months	5,4 %	6,1 %	6,3 %	8,2 %	13,9 %	5,4 %	13,9 %	13,9 %	4,8 %
Growth in deposits this period	4,0 %	-3,5 %	5,8 %	-0,7 %	4,6 %	5,4 %	13,9 %	13,9 %	4,8 %
Deposit-to-loan ratio*	50 %	49 %	52 %	50 %	51 %	50 %	51 %	51 %	49 %
Total assets	160.704	159.337	159.584	152.083	153.254	160.704	153.254	153.254	138.080
Average total assets (quarterly)	160.021	159.460	155.833	152.668	150.083	156.992	145.948	145.948	137.060
Employees in employment group	1.493	1.467	1.439	1.393	1.403	1.493	1.403	1.403	1.254
Employees in employment parent bank	575	589	588	581	595	575	595	595	630
Employees in employment subsidiaries	918	878	851	812	808	918	808	808	624
Number of branches	48	48	48	48	48	48	48	48	49
Lending margin	1,88	1,89	1,90	2,03	2,14	1,92	2,13	2,13	1,97
Deposit margin	0,19	0,12	0,12	0,04	-0,05	0,12	0,00	0,00	0,09
Net other operating income of total income	42 %	38 %	41 %	42 %	39 %	41 %	40 %	40 %	37 %
Common Equity Tier 1 ratio	14,6 %	14,9 %	15,0 %	14,6 %	14,6 %	14,6 %	14,6 %	14,6 %	14,8 %
Core capital ratio	16,3 %	16,7 %	17,0 %	16,3 %	16,6 %	16,3 %	16,6 %	16,6 %	16,8 %
Capital adequacy ratio	18,5 %	19,2 %	19,0 %	18,2 %	18,6 %	18,5 %	18,6 %	18,6 %	19,2 %
Total core capital	16.472	16.542	16.488	15.697	15.707	16.472	15.707	15.707	14.956
Net subordinated capital	18.743	18.969	18.418	17.518	17.629	18.743	17.629	17.629	17.072
Liquidity Coverage Ratio (LCR) (%)	183 %	150 %	150 %	162 %	164 %	183 %	164 %	164 %	129 %
Leverage ratio	7,4 %	7,5 %	7,4 %	7,3 %	7,2 %	7,4 %	7,2 %	7,2 %	7,4 %
Impairment losses ratio	0,17 %	0,18 %	0,20 %	0,13 %	0,22 %	0,17 %	0,24 %	0,24 %	0,39 %
Non-performing commitm. as % of gross loans	0,19 %	0,18 %	0,18 %	0,19 %	0,19 %	0,19 %	0,19 %	0,19 %	0,16 %
Other doubtful commitm. as % of gross loans	0,86 %	0,86 %	0,95 %	0,90 %	0,80 %	0,86 %	0,80 %	0,80 %	1,07 %
ECC price	84,20	90,90	84,50	80,90	82,25	84,20	82,25	82,25	64,75
Number of certificates issued, millions	129,62	129,44	129,31	129,38	129,38	129,62	129,38	129,38	129,64
Booked equity capital per ECC (incl. dividend)	83,87	82,57	80,21	76,53	78,81	83,87	78,81	78,81	73,35
Adjusted profit per ECC	1,90	2,32	3,54	2,21	2,63	9,97	8,71	8,71	7,93
P/E per ECC	11,05	9,77	5,97	9,16	7,81	8,44	9,44	9,44	8,17
P/B equity capital	1,00	1,10	1,05	1,06	1,04	1,00	1,04	1,04	0,88

## 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.

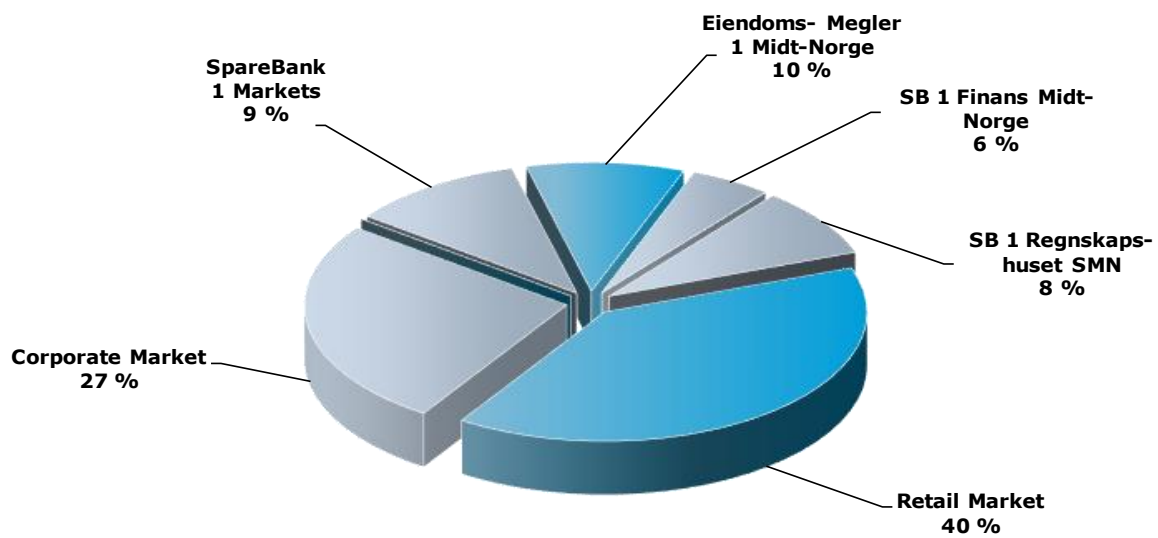
### 7.1. Extract from income statement

Group (in NOK million) 31 Dec.2018	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	1.056	981	-14	-1	275	0	0	0	105	2.403
Allocated	177	129	0	0	0	0	0	0	-306	0
<b>Total interest income</b>	<b>1.234</b>	<b>1.110</b>	<b>-14</b>	<b>-1</b>	<b>275</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-201</b>	<b>2.403</b>
Commission income and other income	793	202	460	497	-19	444	0	0	-200	2.177
Net profit on financial investments	0	17	105	0	0	0	289	92	255	757
<b>Total income</b>	<b>2.027</b>	<b>1.329</b>	<b>551</b>	<b>496</b>	<b>256</b>	<b>444</b>	<b>289</b>	<b>92</b>	<b>-147</b>	<b>5.337</b>
<b>Total operating expenses</b>	<b>804</b>	<b>373</b>	<b>536</b>	<b>519</b>	<b>73</b>	<b>373</b>			<b>-55</b>	<b>2.624</b>
<b>Ordinary operating profit</b>	<b>1.223</b>	<b>956</b>	<b>15</b>	<b>-23</b>	<b>182</b>	<b>71</b>	<b>289</b>	<b>92</b>	<b>-92</b>	<b>2.713</b>
Loss on loans, guarantees etc.	17	212	0	0	34	0	0	0	0	263
<b>Result before tax incl investments held for sale</b>	<b>1.206</b>	<b>744</b>	<b>15</b>	<b>-23</b>	<b>149</b>	<b>71</b>	<b>289</b>	<b>92</b>	<b>-92</b>	<b>2.450</b>
<b>Post-tax return on equity**</b>	<b>13,2 %</b>	<b>11,3 %</b>								<b>12,2 %</b>
<b>Balance sheet</b>										
Loans and advances to customers	112.723	40.548	-	-	7.760	-	-	-	-714	160.317
adv. of this to Boligkreditt and Næringskreditt	-38.189	-1.656	-	-	-	-	-	-	0	-39.844
Loss on loans	-103	-594	-	-	-45	-	-	-	-2	-744
Other assets	121	4.261	2.258	1.114	9	394	1.569	1.238	30.012	40.975
<b>Total assets</b>	<b>74.552</b>	<b>42.560</b>	<b>2.258</b>	<b>1.114</b>	<b>7.723</b>	<b>394</b>	<b>1.569</b>	<b>1.238</b>	<b>29.296</b>	<b>160.704</b>
Deposits to customers	40.046	39.236	-	-	-	-	-	-	1.333	80.615
Other liabilities and equity	34.506	3.324	2.258	1.114	7.723	394	1.569	1.238	27.963	80.089
<b>Total liabilities</b>	<b>74.552</b>	<b>42.560</b>	<b>2.258</b>	<b>1.114</b>	<b>7.723</b>	<b>394</b>	<b>1.569</b>	<b>1.238</b>	<b>29.296</b>	<b>160.704</b>

\* Uncollated consist of among other things return on financial investments in parent bank, net profit on the bank's funding activities and gain on sale of the head office building

\*\* Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 15.0 (14.5) percent to be in line with the capital plan.

*Income specified by segment, excluding financial investments*



### Interest income, Retail Market and Corporate Market

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
(in NOK million)									
Retail	288	270	244	254	266	1.056	993	993	906
Corporate	251	253	245	232	247	981	977	977	960
<b>Net interest income</b>	<b>540</b>	<b>523</b>	<b>489</b>	<b>486</b>	<b>512</b>	<b>2.038</b>	<b>1.971</b>	<b>1.971</b>	<b>1.866</b>

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

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
<b>Lending</b> (in percentage)									
Retail	1,63	1,64	1,65	1,79	1,96	1,69	1,93	1,93	1,75
Corporate	2,73	2,75	2,73	2,71	2,75	2,73	2,79	2,79	2,62
<b>Total</b>	<b>1,88</b>	<b>1,89</b>	<b>1,90</b>	<b>2,03</b>	<b>2,14</b>	<b>1,92</b>	<b>2,13</b>	<b>2,13</b>	<b>1,97</b>

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
<b>Deposits</b> (in percentage)									
Retail	0,39	0,27	0,28	0,14	0,03	0,27	0,11	0,11	0,25
Corporate	-0,02	-0,05	-0,04	-0,05	-0,13	-0,04	-0,11	-0,11	-0,08
<b>Total</b>	<b>0,19</b>	<b>0,12</b>	<b>0,12</b>	<b>0,04</b>	<b>-0,05</b>	<b>0,12</b>	<b>0,00</b>	<b>0,00</b>	<b>0,09</b>

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

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

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
<b>Lending*</b> (in NOK million)									
Retail	112.723	111.207	108.702	104.999	103.131	112.723	103.131	103.131	93.757
Corporate	40.548	39.716	39.452	39.821	39.482	40.548	39.482	39.482	38.938
<b>Total</b>	<b>153.271</b>	<b>150.923</b>	<b>148.154</b>	<b>144.821</b>	<b>142.613</b>	<b>153.271</b>	<b>142.613</b>	<b>142.613</b>	<b>132.695</b>

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

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
<b>Deposits</b> (in NOK million)									
Retail	40.046	39.879	40.372	37.811	37.182	40.046	37.182	37.182	34.856
Corporate	39.236	37.201	38.390	37.358	38.719	39.236	38.719	38.719	32.401
<b>Total</b>	<b>79.282</b>	<b>77.079</b>	<b>78.762</b>	<b>75.169</b>	<b>75.902</b>	<b>79.282</b>	<b>75.902</b>	<b>75.902</b>	<b>67.257</b>

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

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
(in NOK million)									
Retail	203	193	193	204	213	793	789	789	680
Corporate	54	63	51	51	47	219	207	207	205
<b>Total</b>	<b>257</b>	<b>256</b>	<b>244</b>	<b>255</b>	<b>260</b>	<b>1.012</b>	<b>997</b>	<b>997</b>	<b>885</b>

## 7.2. Retail Market

### Business description

	31 Dec. 2018
<i>Facts about the business area</i>	
Lending volume	112.723
Deposits volume	40.046
No. of active customers	222.846
FTEs	316

### Financial performance

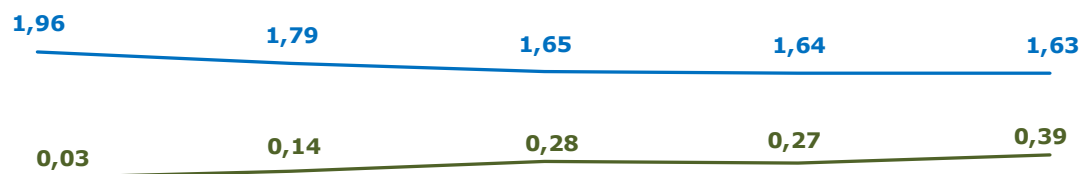
(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
Net interest income lending	169	155	135	165	164	624	572	572	457
Net interest income deposits	113	111	107	89	96	419	411	411	438
Net interest income allocated capital	52	50	46	43	58	190	154	154	57
<b>Total interest income</b>	<b>334</b>	<b>316</b>	<b>288</b>	<b>296</b>	<b>318</b>	<b>1.234</b>	<b>1.137</b>	<b>1.137</b>	<b>953</b>
Net guarantee commission, incl. BK, NK	99	89	98	108	109	394	392	392	306
Net commission of savings products	22	21	17	15	21	75	70	70	63
Net commission insurance services	38	37	38	38	39	151	151	151	139
Net commission payment trans. services	45	45	39	43	44	172	175	175	171
Other commission income	0	0	1	-	1	1	1	1	1
<b>Net fee and commission income</b>	<b>203</b>	<b>193</b>	<b>193</b>	<b>204</b>	<b>214</b>	<b>793</b>	<b>789</b>	<b>789</b>	<b>679</b>
Net profit on financial investments	0	0	0	0	0	0	0	0	-1
<b>Total income</b>	<b>537</b>	<b>509</b>	<b>481</b>	<b>501</b>	<b>531</b>	<b>2.027</b>	<b>1.926</b>	<b>1.926</b>	<b>1.631</b>
<b>Total operating expenses*</b>	<b>207</b>	<b>199</b>	<b>200</b>	<b>199</b>	<b>197</b>	<b>804</b>	<b>794</b>	<b>794</b>	<b>770</b>
<b>Results</b>	<b>330</b>	<b>310</b>	<b>281</b>	<b>302</b>	<b>335</b>	<b>1.223</b>	<b>1.132</b>	<b>1.132</b>	<b>861</b>
Loss on loans, guarantees etc.	-1	8	13	-3	2	17	5	5	13
<b>Results before tax</b>	<b>332</b>	<b>301</b>	<b>268</b>	<b>305</b>	<b>332</b>	<b>1.206</b>	<b>1.127</b>	<b>1.127</b>	<b>849</b>
<b>Post-tax return on equity (annualized)**</b>						<b>13,2 %</b>	<b>16,6 %</b>	<b>16,6 %</b>	<b>13,8 %</b>

\*) Includes both direct and distributed expenses

\*\*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 15.0 (14.5) percent to be in line with the capital plan.

## Development in margin

Definition margin: Average customer interest minus 3 months nibor

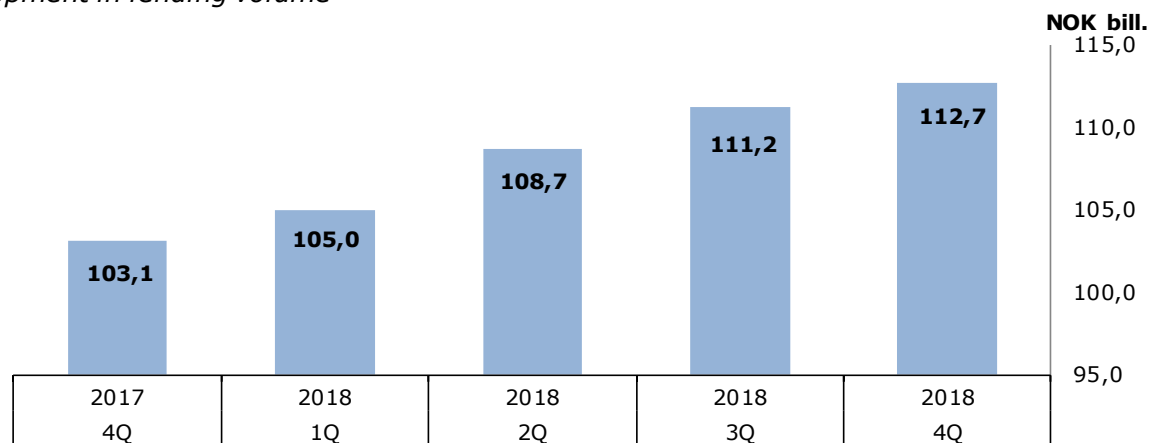


2017 4Q	2018 1Q	2018 2Q	2018 3Q	2018 4Q
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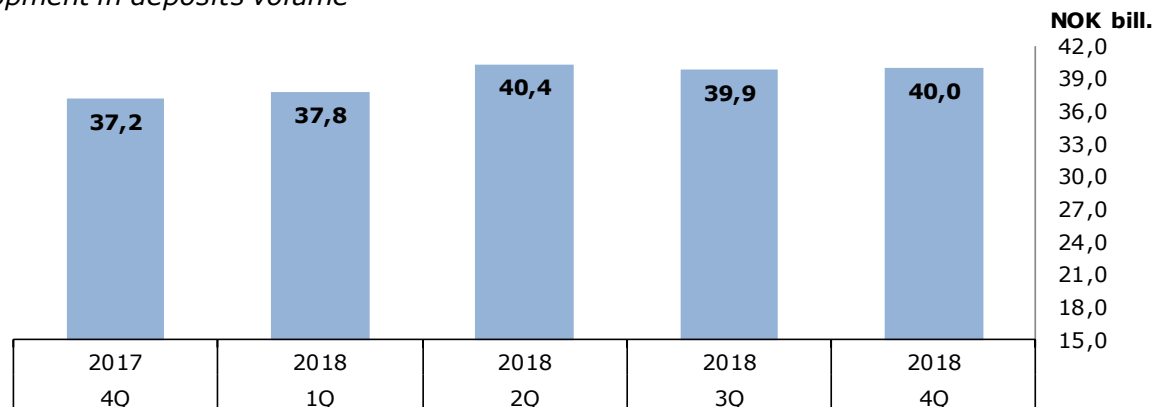
— Lending margin Retail

— Deposits margin Retail

## Development in lending volume



## Development in deposits volume



## 7.3. Corporate

### Business description

	31 Dec. 2018
<i>Facts about the business area</i>	
Lending volume	40.548
Deposits volume	39.236
No. of active customers	15.124
FTEs	148

<i>Financial performance</i> (in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
Net interest income lending	186	182	175	169	172	712	677	677	649
Net interest income deposits	56	63	64	58	68	241	274	274	272
Net interest income allocated capital	41	41	39	36	54	157	157	157	78
<b>Total interest income</b>	<b>283</b>	<b>286</b>	<b>278</b>	<b>263</b>	<b>294</b>	<b>1.110</b>	<b>1.108</b>	<b>1.108</b>	<b>1.000</b>
Net guarantee commission, incl. BK, NK	19	22	19	20	20	81	86	86	89
Net commission of savings products	0	1	1	1	1	2	2	2	2
Net commission insurance services	6	6	6	6	5	23	21	21	20
Net commission payment trans. services	25	23	22	22	21	92	86	86	84
Other commission income	1	2	0	1	1	4	3	3	2
<b>Net fee and commission income</b>	<b>51</b>	<b>53</b>	<b>48</b>	<b>50</b>	<b>48</b>	<b>202</b>	<b>199</b>	<b>199</b>	<b>196</b>
Net profit on financial investments	2	11	3	1	-1	17	9	9	9
<b>Total income</b>	<b>336</b>	<b>350</b>	<b>329</b>	<b>314</b>	<b>341</b>	<b>1.329</b>	<b>1.315</b>	<b>1.315</b>	<b>1.205</b>
<b>Total operating expenses*</b>	<b>94</b>	<b>91</b>	<b>92</b>	<b>95</b>	<b>89</b>	<b>373</b>	<b>365</b>	<b>365</b>	<b>332</b>
<b>Results</b>	<b>242</b>	<b>258</b>	<b>237</b>	<b>219</b>	<b>252</b>	<b>956</b>	<b>950</b>	<b>950</b>	<b>873</b>
Loss on loans, guarantees etc.	59	50	54	48	70	212	318	318	490
<b>Results before tax</b>	<b>183</b>	<b>208</b>	<b>183</b>	<b>171</b>	<b>182</b>	<b>744</b>	<b>632</b>	<b>632</b>	<b>384</b>
<b>Post-tax return on equity (annualized)**</b>						<b>11,3 %</b>	<b>10,5 %</b>	<b>10,5 %</b>	<b>6,9 %</b>

\*) Includes both direct and distributed expenses

\*\*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 15.0 (14.5) percent to be in line with the capital plan.

## Development in margin

Definition margin: Average customer interest minus 3 months nibor.

2,75      2,71      2,73      2,75      2,73

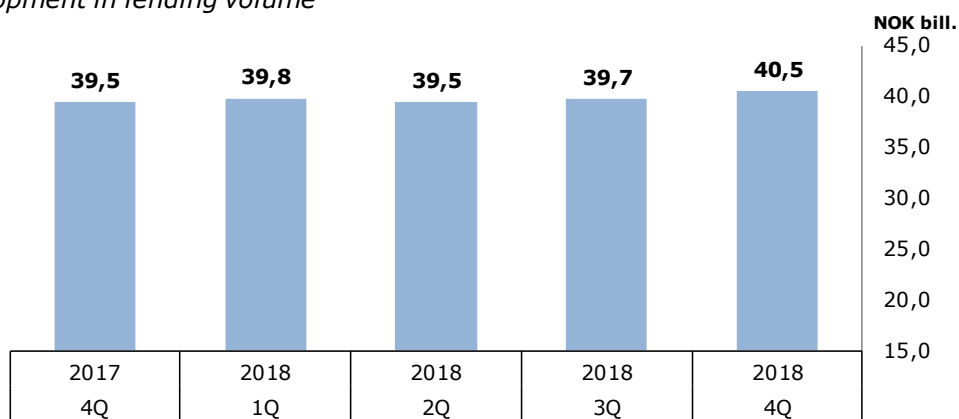
-0,13      -0,05      -0,04      -0,05      -0,02

2017 4Q	2018 1Q	2018 2Q	2018 3Q	2018 4Q
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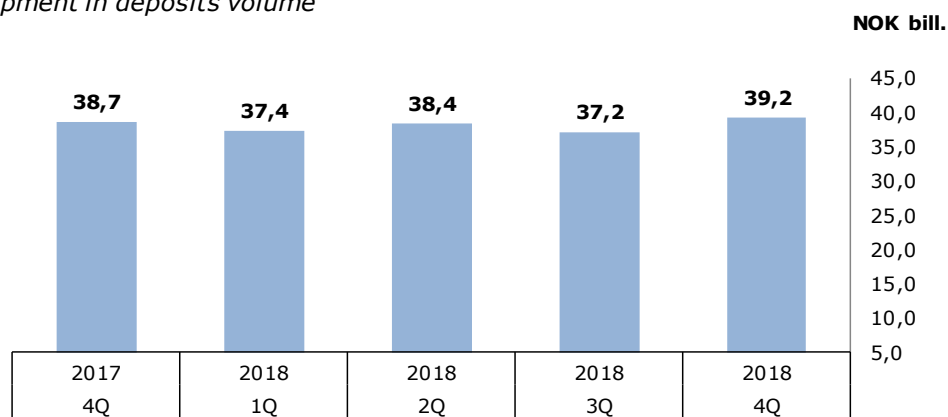
— Lending margin Corporates

— Deposit margin Corporates

## Development in lending volume



## Development in deposits volume



## 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. In addition, the company, in cooperation with BN Bank, has established BN Bolig in which EiendomsMegler 1 Midt-Norge and BN Bank each hold a 50 per cent stake. As of 1Q 2017 EiendomsMegler 1 Midt-Norge fully consolidates BN Bolig's results as a subsidiary.

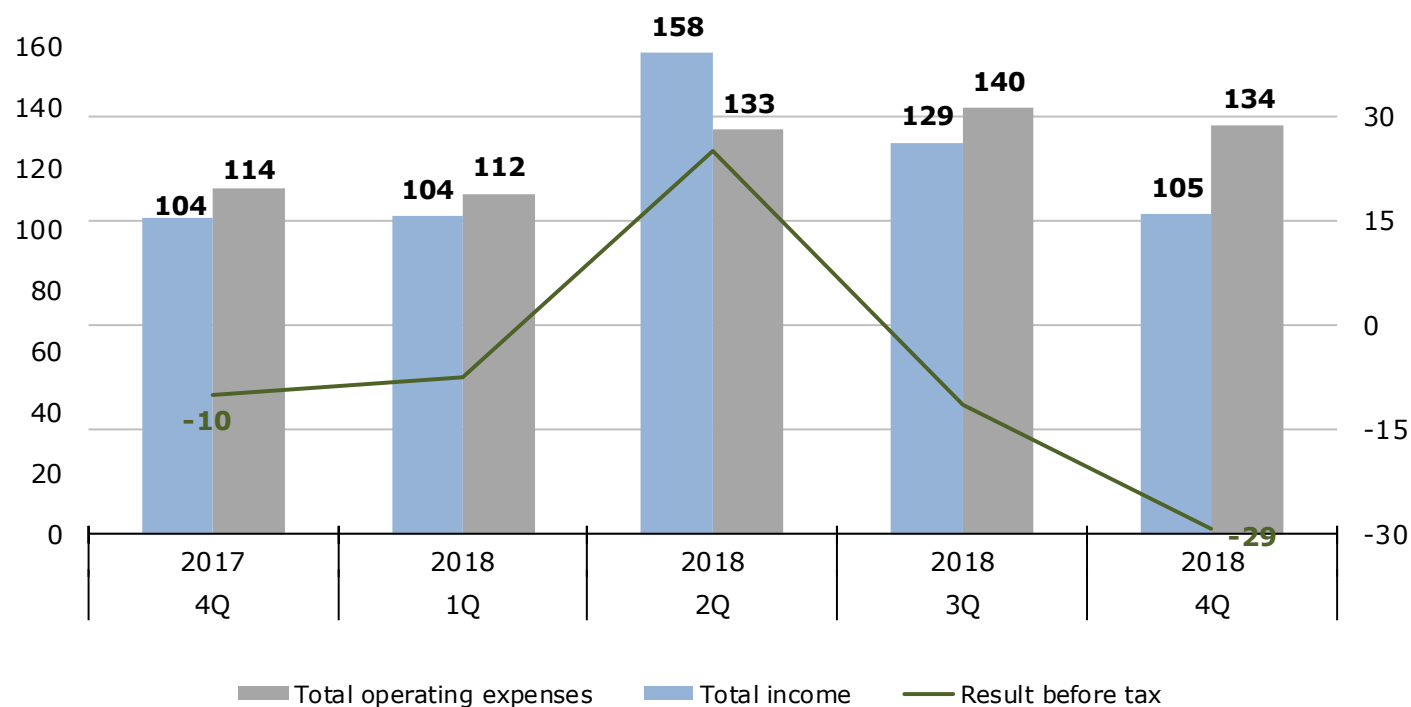
The company is owned by SpareBank 1 SMN (87 per cent), SpareBank 1 Nordvest (7.6 per cent) and SpareBank 1 Søre Sunnmøre (5.4 per cent).

### Financial performance

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018	2017	2016
Net interest	-3	1	1	1	2	-1	3	4
Commission income and other income	108	128	157	104	102	497	473	426
<b>Total income</b>	<b>105</b>	<b>129</b>	<b>158</b>	<b>104</b>	<b>104</b>	<b>496</b>	<b>477</b>	<b>430</b>
<b>Total operating expenses</b>	<b>134</b>	<b>140</b>	<b>133</b>	<b>112</b>	<b>114</b>	<b>519</b>	<b>474</b>	<b>363</b>
<b>Result before tax</b>	<b>-29</b>	<b>-11</b>	<b>25</b>	<b>-8</b>	<b>-10</b>	<b>-23</b>	<b>3</b>	<b>68</b>

Cost and income  
(NOK mill.)

Result before tax  
(NOK mill.)



## SpareBank 1 Finans Midt-Norge AS

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.

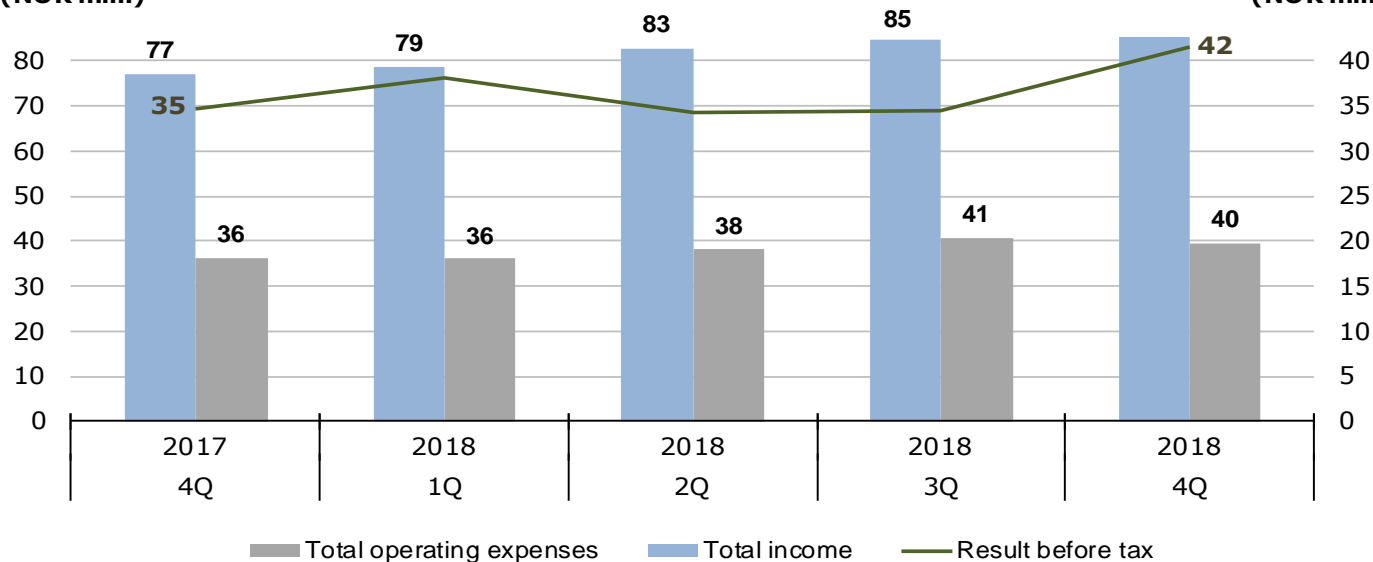
The company is owned by SpareBank 1 SMN (64.6 per cent), Samarbeidende Sparebanker (27.9 per cent) and SpareBanken Sogn og Fjordane (7.5 per cent). With Samarbeidende Sparebanker as a co-owner, the company has a presence in ten different counties dispersed across Mid- and South Norway.

### Financial performance

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec.		2017	2016
						2018	2017		
<b>Total interest income</b>	<b>75</b>	<b>69</b>	<b>66</b>	<b>65</b>	<b>63</b>	<b>275</b>	<b>228</b>	<b>228</b>	<b>183</b>
Commission income and other income	16	16	17	14	14	62	55	55	-11
<b>Total income</b>	<b>91</b>	<b>85</b>	<b>83</b>	<b>79</b>	<b>77</b>	<b>337</b>	<b>283</b>	<b>283</b>	<b>172</b>
<b>Total operating expenses</b>	<b>40</b>	<b>41</b>	<b>38</b>	<b>36</b>	<b>36</b>	<b>155</b>	<b>137</b>	<b>137</b>	<b>55</b>
<b>Ordinary operating profit</b>	<b>51</b>	<b>44</b>	<b>45</b>	<b>42</b>	<b>41</b>	<b>182</b>	<b>146</b>	<b>146</b>	<b>117</b>
Loss on loans, guarantees etc.	10	9	11	4	6	34	18	18	13
<b>Result before tax</b>	<b>42</b>	<b>35</b>	<b>34</b>	<b>38</b>	<b>35</b>	<b>149</b>	<b>128</b>	<b>128</b>	<b>104</b>

Cost and income  
(NOK mill.)

Result before tax  
(NOK mill.)



## SpareBank 1 Regnskapshuset SMN AS

SpareBank 1 Regnskapshuset SMN is an accountancy business within the SMB segment. 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.

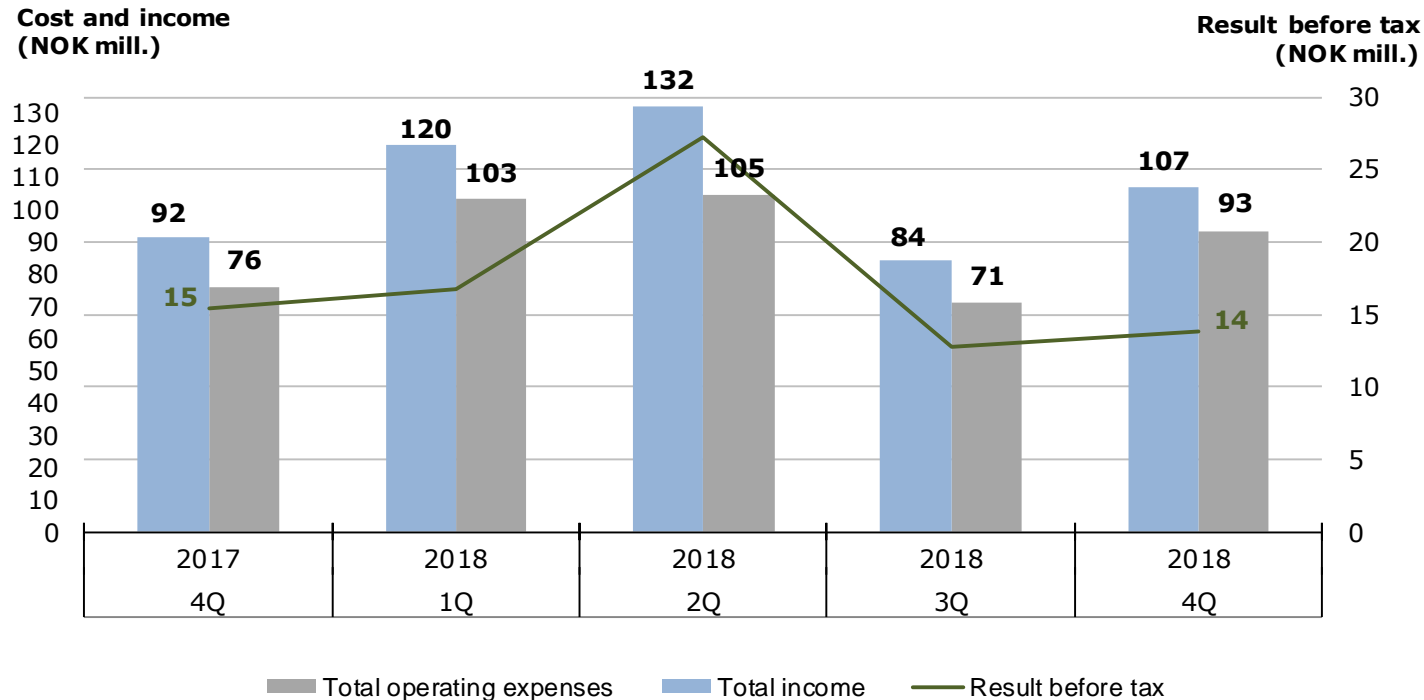
The strategy of growth through acquisitions represents a consolidation of a fragmented accounting industry. SpareBank 1 Regnskapshuset SMN acquired all shares of one large accounting firm with effect from 1 January 2017, leading to a substantial increase in both income and costs.

The company is owned by SpareBank 1 SMN (95.4 per cent) and SpareBank 1 Søre Sunnmøre (4.6 per cent).

### Financial performance

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018 2017		2017	2016
Total interest income	-0	-0	-0	-0	0	-0	-1	-1	0
Commission income and other income	107	84	132	121	91	444	377	377	234
<b>Total income</b>	<b>107</b>	<b>84</b>	<b>132</b>	<b>120</b>	<b>92</b>	<b>444</b>	<b>376</b>	<b>376</b>	<b>235</b>
<b>Total operating expenses</b>	<b>93</b>	<b>71</b>	<b>105</b>	<b>103</b>	<b>76</b>	<b>373</b>	<b>315</b>	<b>315</b>	<b>191</b>
<b>Result before tax</b>	<b>14</b>	<b>13</b>	<b>27</b>	<b>17</b>	<b>15</b>	<b>71</b>	<b>61</b>	<b>61</b>	<b>44</b>

### Cost and income (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 is headquartered in Oslo and has offices in Trondheim and Ålesund.

SpareBank 1 Markets acquired Allegro Kapitalforvaltning in Trondheim and SpareBank 1 Nord-Norge Forvaltning in Tromsø from SpareBank 1 SMN and SpareBank 1 Nord-Norge respectively in 2<sup>nd</sup> quarter 2017. The acquired companies are merged and will spearhead SpareBank 1 Markets' asset management business. The new business unit has combined AUM of 10 NOK billion.

In the fourth quarter the company acquired the trading desk at SpareBank 1 SR-Bank Markets. SpareBank 1 SR-Bank became co-owner of the company as a result of the transaction.

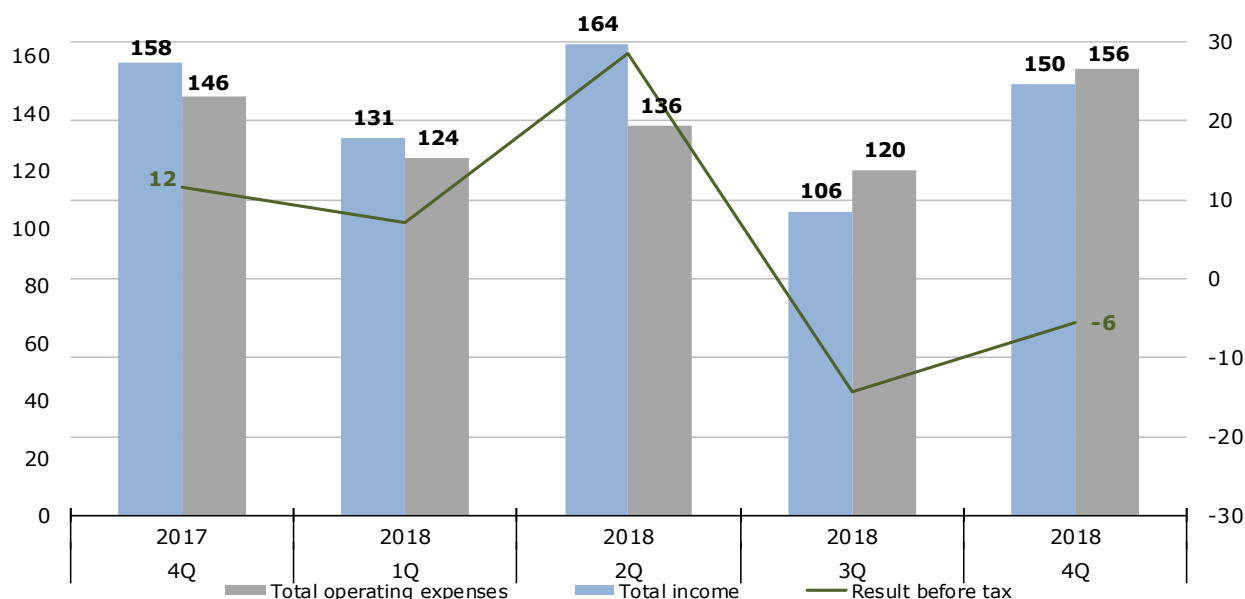
SpareBank 1 Markets is owned by SpareBank 1 SMN (66.7 per cent), SpareBank 1 Nord-Norge (12.2 per cent), SamSpar (9.4 per cent), SpareBank 1 Østlandet (5.8 per cent), SpareBank 1 SR-Bank (5.6 per cent) and others (0.3 per cent).

### Financial performance

(in NOK million)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	31 Dec. 2018	31 Dec. 2017	2017	2016
Net interest	-3	-4	-4	-3	-4	-14	-15	-15	-8
Equities / High Yield	39	40	60	56	47	195	152	152	97
Fixed Income	10	6	13	11	6	40	41	41	20
Corporate	74	32	57	21	41	183	112	112	87
Foreign exchange/ interest rate derivatives	30	17	24	34	32	105	82	82	88
Asset Management	-	11	11	10	33	32	53	53	-
Other commission income	0	4	2	3	3	10	11	11	8
<b>Total income</b>	<b>150</b>	<b>106</b>	<b>164</b>	<b>131</b>	<b>158</b>	<b>551</b>	<b>437</b>	<b>437</b>	<b>292</b>
<b>Total operating expenses</b>	<b>156</b>	<b>120</b>	<b>136</b>	<b>124</b>	<b>146</b>	<b>536</b>	<b>435</b>	<b>435</b>	<b>282</b>
<b>Result</b>	<b>-6</b>	<b>-14</b>	<b>29</b>	<b>7</b>	<b>12</b>	<b>15</b>	<b>2</b>	<b>2</b>	<b>10</b>
Loss on loans, guarantees etc.	-	-	-	-	-	-	-	-	-
<b>Result before tax</b>	<b>-6</b>	<b>-14</b>	<b>29</b>	<b>7</b>	<b>12</b>	<b>15</b>	<b>2</b>	<b>2</b>	<b>10</b>

### Cost and income (NOK mill.)

### Result before tax (NOK mill.)



### Other subsidiaries

**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)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net interest	1.350	1.325	1.317	1.392	1.477	1.635	1.841	1.920	1.929	2.225
Commission income and other income	610	756	855	919	1.139	1.463	1.512	1.545	1.674	2.005
Net return on financial investments	207	596	410	434	451	502	720	459	944	760
<b>Total income</b>	<b>2.167</b>	<b>2.677</b>	<b>2.582</b>	<b>2.746</b>	<b>3.067</b>	<b>3.599</b>	<b>4.073</b>	<b>3.924</b>	<b>4.547</b>	<b>4.989</b>
Staff costs	623	725	583	810	942	923	1.002	1.093	1.159	1.426
Other operating expenses	571	528	557	672	712	799	787	838	844	943
<b>Total operating expenses</b>	<b>1.194</b>	<b>1.253</b>	<b>1.140</b>	<b>1.482</b>	<b>1.654</b>	<b>1.722</b>	<b>1.789</b>	<b>1.931</b>	<b>2.003</b>	<b>2.369</b>
<b>Result before losses</b>	<b>975</b>	<b>1.424</b>	<b>1.441</b>	<b>1.264</b>	<b>1.414</b>	<b>1.877</b>	<b>2.284</b>	<b>1.993</b>	<b>2.544</b>	<b>2.621</b>
Loss on loans, guarantees etc.	202	277	132	27	58	101	89	169	516	341
<b>Result before tax</b>	<b>773</b>	<b>1.147</b>	<b>1.309</b>	<b>1.236</b>	<b>1.355</b>	<b>1.776</b>	<b>2.195</b>	<b>1.824</b>	<b>2.029</b>	<b>2.279</b>
Tax charge	156	210	260	255	295	393	376	383	352	450
Results investments held for sale, after tax			-27	43	16	30	0	-1	4	-1
<b>Net profit</b>	<b>617</b>	<b>937</b>	<b>1.022</b>	<b>1.024</b>	<b>1.077</b>	<b>1.414</b>	<b>1.819</b>	<b>1.441</b>	<b>1.681</b>	<b>1.828</b>

### Balance sheet

(in NOK million)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash and loans to and claims on credit institutions	4.548	1.260	2.532	4.075	4.091	5.984	5.965	5.677	4.207	7.527
CDs, bonds and other interest-bearing securities	12.036	19.302	22.948	21.485	25.614	26.358	27.891	30.282	29.489	31.672
Gross loans to customers before write-downs	64.016	61.782	69.847	73.105	74.943	80.548	90.578	93.974	102.325	112.071
- Specified write-downs	-215	-219	-222	-172	-144	-173	-172	-183	-632	-765
- Write-downs by loan category	-245	-289	-290	-290	-295	-295	-295	-376	-339	-347
Other assets	4.540	2.704	3.182	3.252	3.766	2.938	2.080	2.540	3.030	3.096
<b>Assets</b>	<b>84.679</b>	<b>84.541</b>	<b>97.997</b>	<b>101.455</b>	<b>107.975</b>	<b>115.360</b>	<b>126.047</b>	<b>131.914</b>	<b>138.080</b>	<b>153.254</b>
Deposits from credit institutions	9.000	11.310	13.062	9.118	7.410	6.581	9.123	8.155	10.509	9.607
Deposits from and debt to customers	35.280	37.227	42.786	47.871	52.252	55.927	60.680	64.090	67.168	76.476
Debt created by issue of securities	29.680	24.070	29.625	31.306	33.121	36.806	39.254	40.569	40.390	45.537
Other liabilities	2.045	1.876	1.922	2.122	2.070	1.485	1.095	1.734	1.532	1.923
Subordinated loan capital	3.156	3.875	2.758	2.690	3.040	2.365	2.416	2.509	2.228	2.202
Total equity capital	5.518	6.183	7.846	8.348	10.082	12.197	13.478	14.857	16.253	17.510
<b>Total liabilities and equity</b>	<b>84.679</b>	<b>84.541</b>	<b>97.997</b>	<b>101.455</b>	<b>107.975</b>	<b>115.360</b>	<b>126.047</b>	<b>131.914</b>	<b>138.080</b>	<b>153.254</b>

Historical numbers are not adjusted for the reclassification of hybrid capital

## Key figures

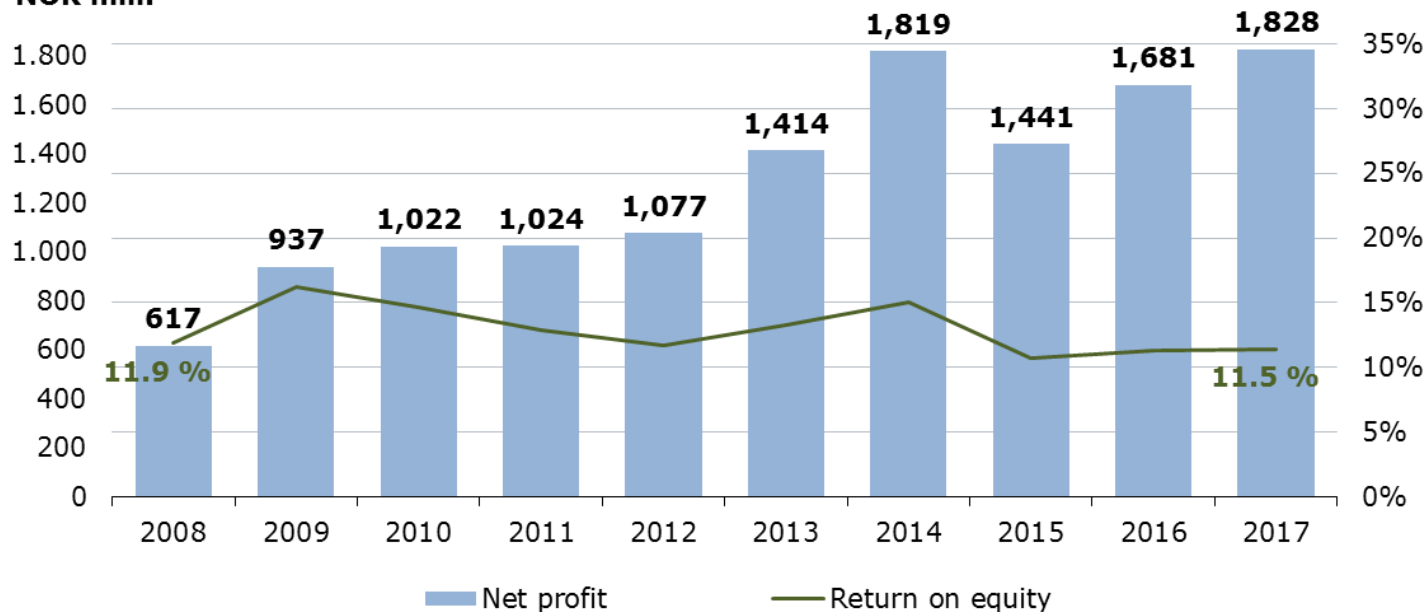
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Return on equity	11,9 %	16,2 %	14,6 %	12,8 %	11,7 %	13,3 %	15,1 %	10,7 %	11,3 %	11,5 %
Cost/income ratio group	55,0 %	46,8 %	44,2 %	54,0 %	53,9 %	48,1 %	44,5 %	49,8 %	44,5 %	47,5 %
Cost/income ratio group, ex. financial inv.	60,2 %	52,5 %	52,5 %	64,1 %	63,2 %	55,9 %	54,2 %	56,5 %	56,3 %	56,0 %
Cost/income ratio parent bank	55,3 %	47,2 %	40,2 %	50,5 %	47,5 %	40,2 %	40,5 %	38,0 %	31,9 %	31,9 %
12-month cost growth	7,9 %	4,9 %	-9,0 %	30,0 %	11,6 %	4,1 %	3,9 %	7,9 %	3,7 %	18,3 %
Gross loans to customers*	71.317	77.429	87.665	95.232	104.925	112.283	120.435	127.378	137.535	148.784
Gross loans in retail market	42.679	45.157	49.619	55.034	62.587	68.591	74.087	80.725	89.402	98.697
Gross loans in corporate market	28.638	32.272	38.046	40.198	42.322	43.692	46.348	46.653	48.133	50.087
Growth in loans last 12 months*	15,2 %	8,6 %	13,2 %	8,6 %	10,2 %	6,8 %	7,3 %	5,8 %	8,0 %	8,2 %
Deposits from customers	35.280	37.227	42.786	47.871	52.252	55.927	60.680	64.090	67.168	76.476
Deposits from retail market	17.566	17.898	19.052	20.860	22.279	23.891	26.496	28.336	29.769	31.797
Deposits from corporate market	17.715	19.330	23.734	27.011	29.973	32.036	34.184	35.754	37.398	44.678
Growth in deposits last 12 months	8,8 %	5,5 %	14,9 %	11,9 %	9,2 %	7,3 %	8,5 %	5,6 %	4,8 %	13,9 %
Deposit-to-loan ratio*	49,5 %	48,1 %	48,8 %	50,3 %	49,8 %	49,8 %	50,4 %	50,3 %	48,8 %	51,4 %
Total assets	84.679	84.541	97.997	102.479	107.975	115.360	126.047	131.914	138.080	153.254
Average total assets	75.820	86.679	91.317	98.465	105.372	111.843	117.794	128.355	137.060	145.948
Employees in employment group	982	1.016	1.035	1.098	1.135	1.159	1.192	1.208	1.254	1.403
Employees in employment parent bank	750	767	764	786	793	757	753	645	630	595
Employees in employment subsidiaries	232	250	271	312	342	402	439	563	624	808
Net other operating income of total income	28,2 %	28,2 %	33,1 %	33,5 %	37,1 %	40,8 %	38,0 %	40 %	37 %	40,2 %
Common Equity Tier 1 ratio	7,1 %	7,7 %	9,3 %	8,9 %	10,0 %	11,1 %	11,2 %	13,3 %	14,8 %	14,6 %
Capital adequacy ratio	11,9 %	13,6 %	13,0 %	12,0 %	13,3 %	14,7 %	15,7 %	18,0 %	19,2 %	18,6 %
Core capital ratio	8,1 %	10,4 %	10,9 %	10,4 %	11,3 %	13,0 %	13,0 %	15,3 %	16,8 %	16,6 %
Total core capital	4.967	6.730	7.283	7.856	9.357	10.989	12.382	13.727	14.956	15.707
Net subordinated capital	7.312	8.730	8.646	9.055	10.943	12.417	14.937	16.117	17.072	17.629
Impairment losses ratio	0,21 %	0,31 %	0,16 %	0,03 %	0,06 %	0,09 %	0,08 %	0,14 %	0,39 %	0,23 %
Non-perf. commitm. as % of gross loans	0,46 %	0,49 %	0,57 %	0,36 %	0,36 %	0,34 %	0,22 %	0,16 %	0,16 %	0,19 %
Other doubtful commitm. as % of gross loans	1,33 %	0,57 %	0,24 %	0,21 %	0,14 %	0,14 %	0,18 %	0,31 %	1,07 %	0,80 %

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

Historical numbers are adjusted for the reclassification of hybrid capital

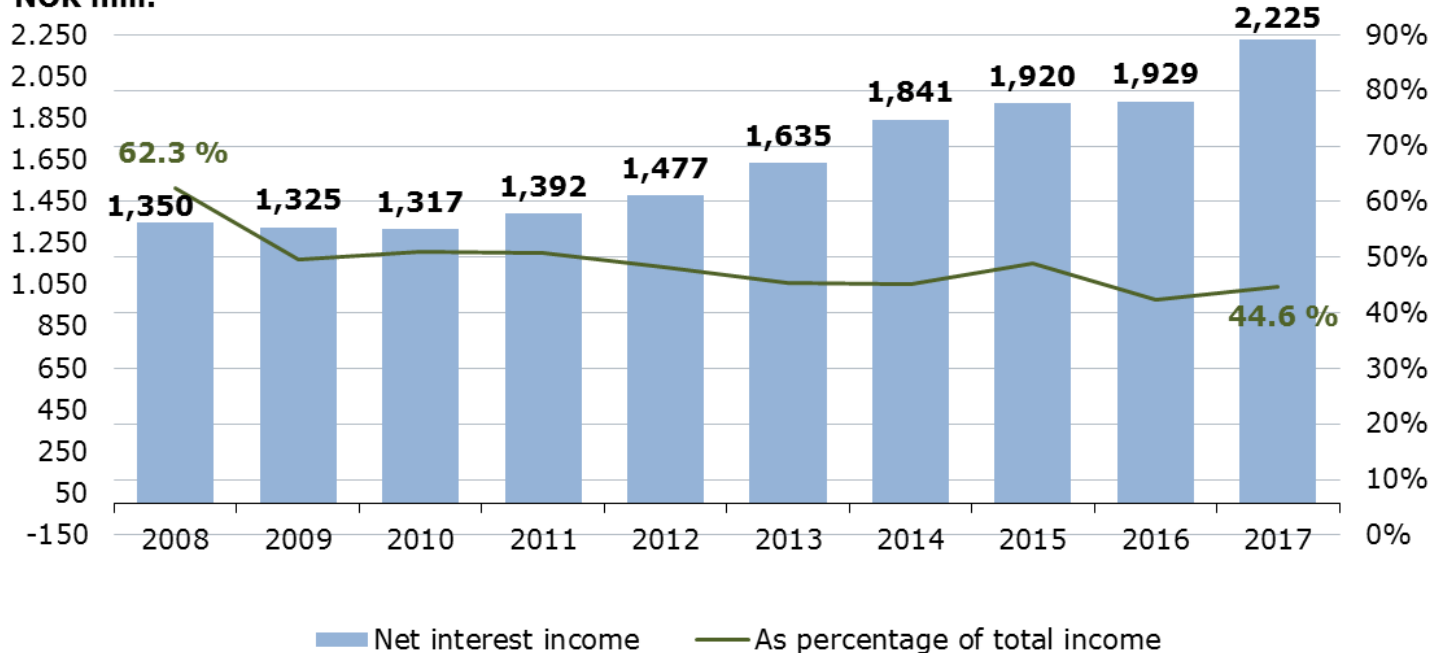
## Net profit and return on equity

NOK mill.



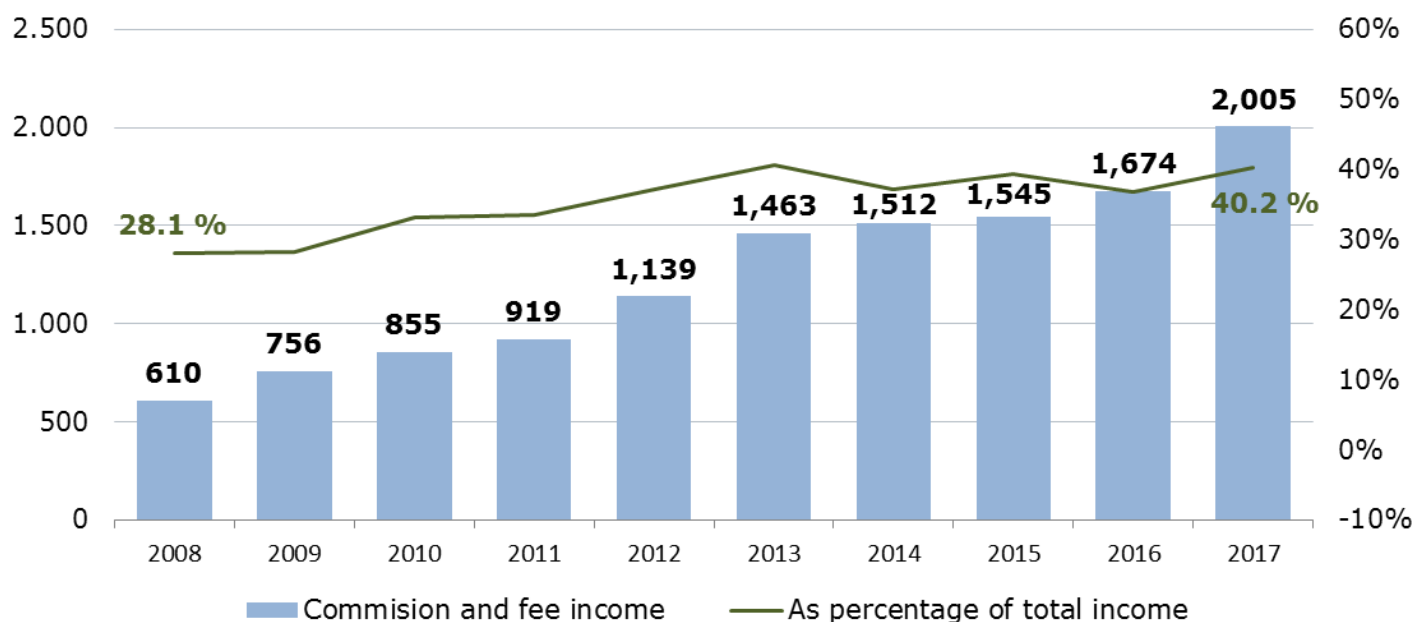
## Development in net interest income

NOK mill.

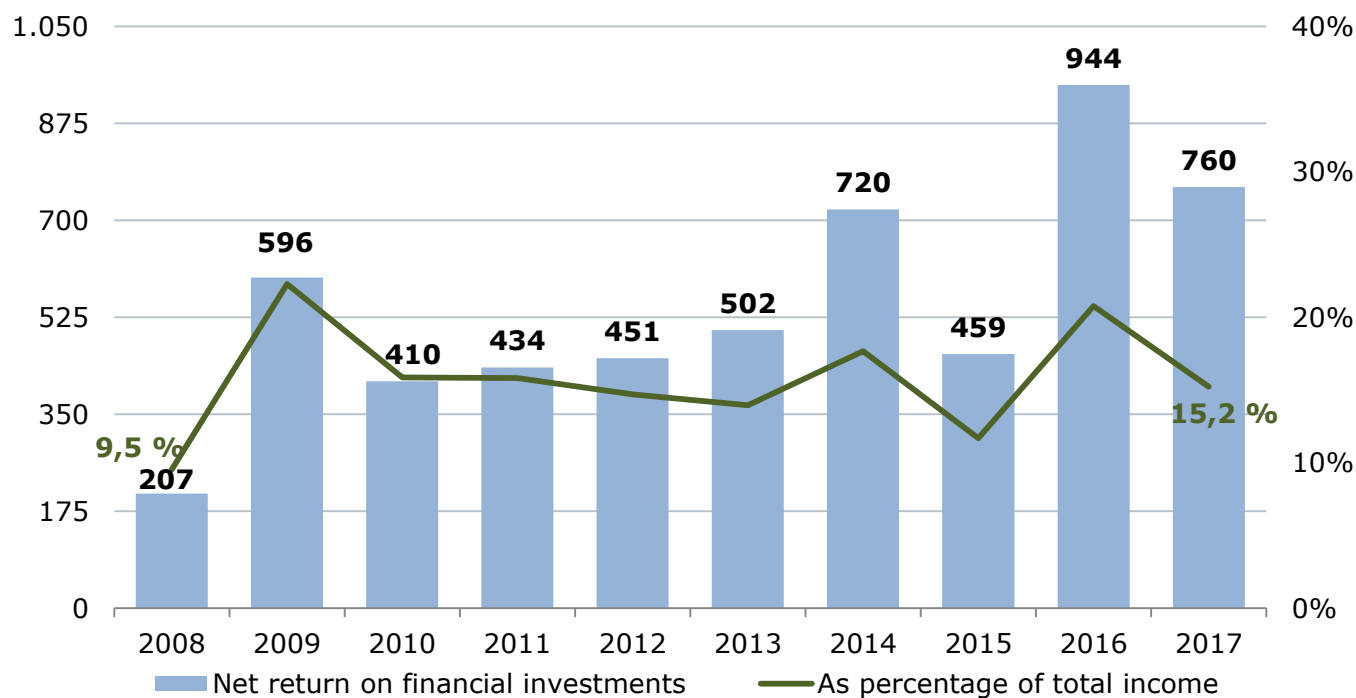


Historical numbers are adjusted for the reclassification of hybrid capital

### Development in commission income and other income



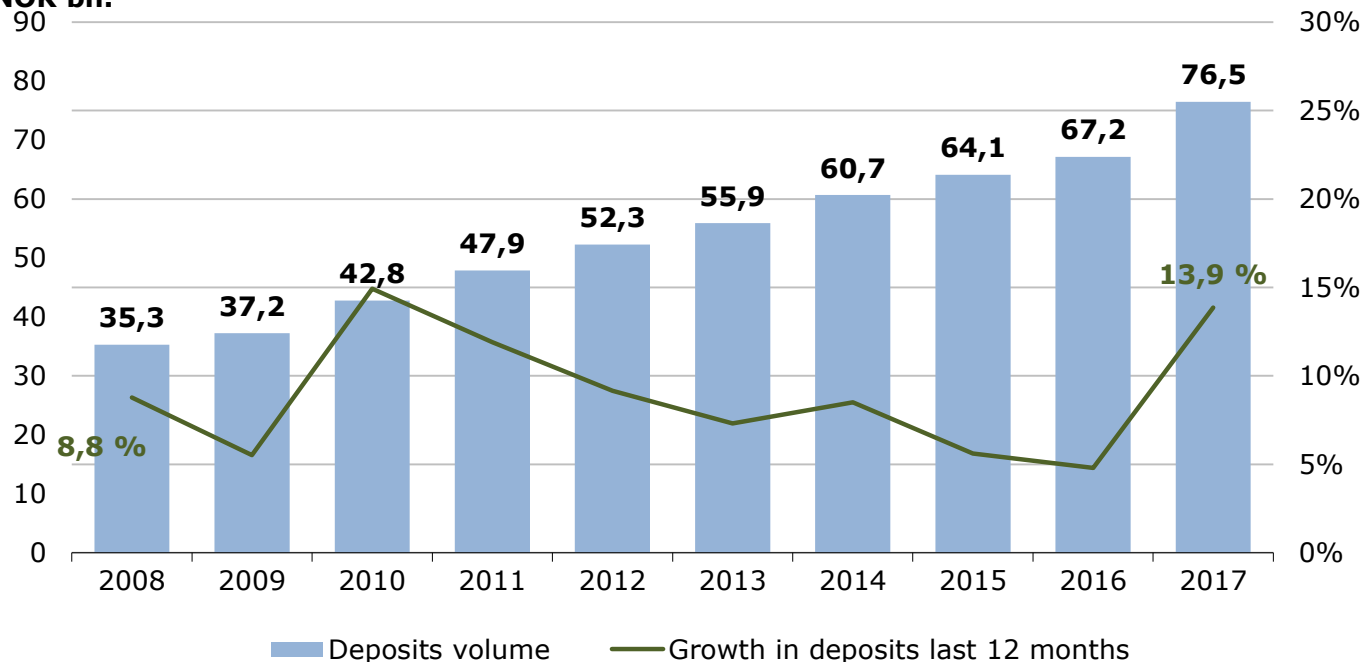
### Development in net return on financial investments



Historical numbers are adjusted for the reclassification of hybrid capital

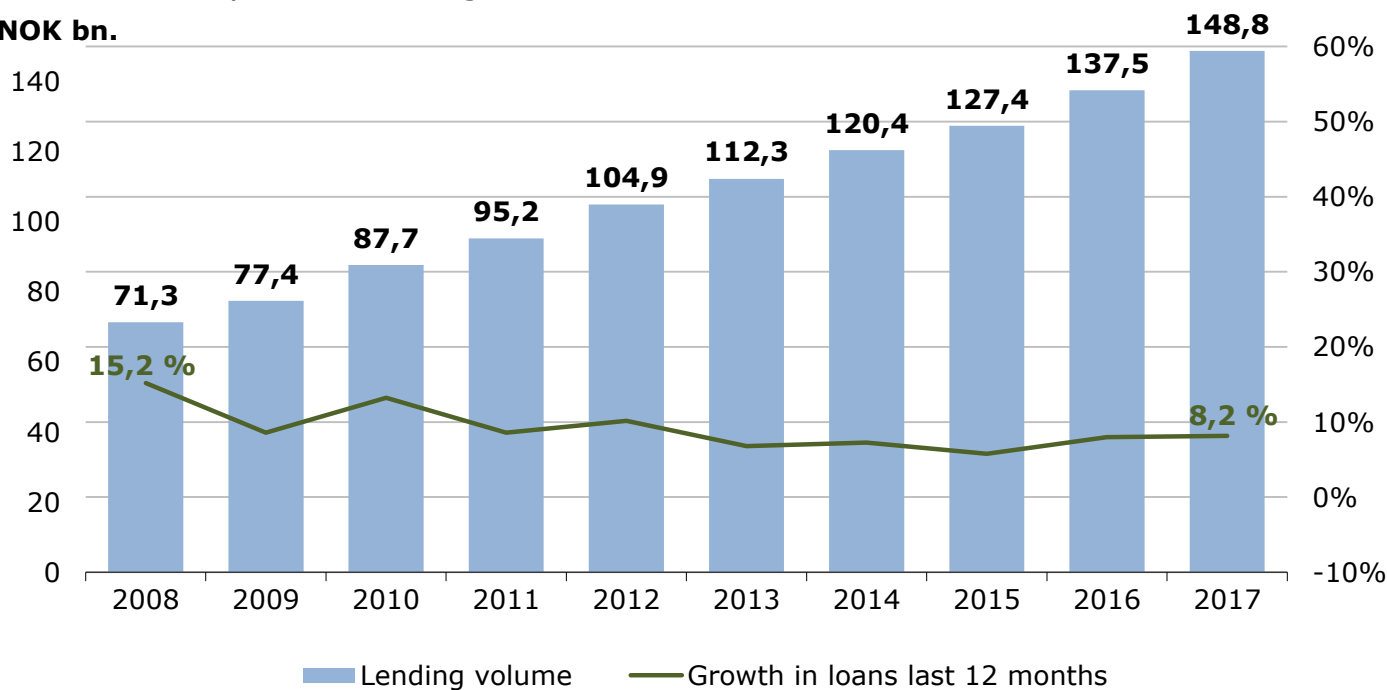
## Volume development, Deposits

NOK bn.



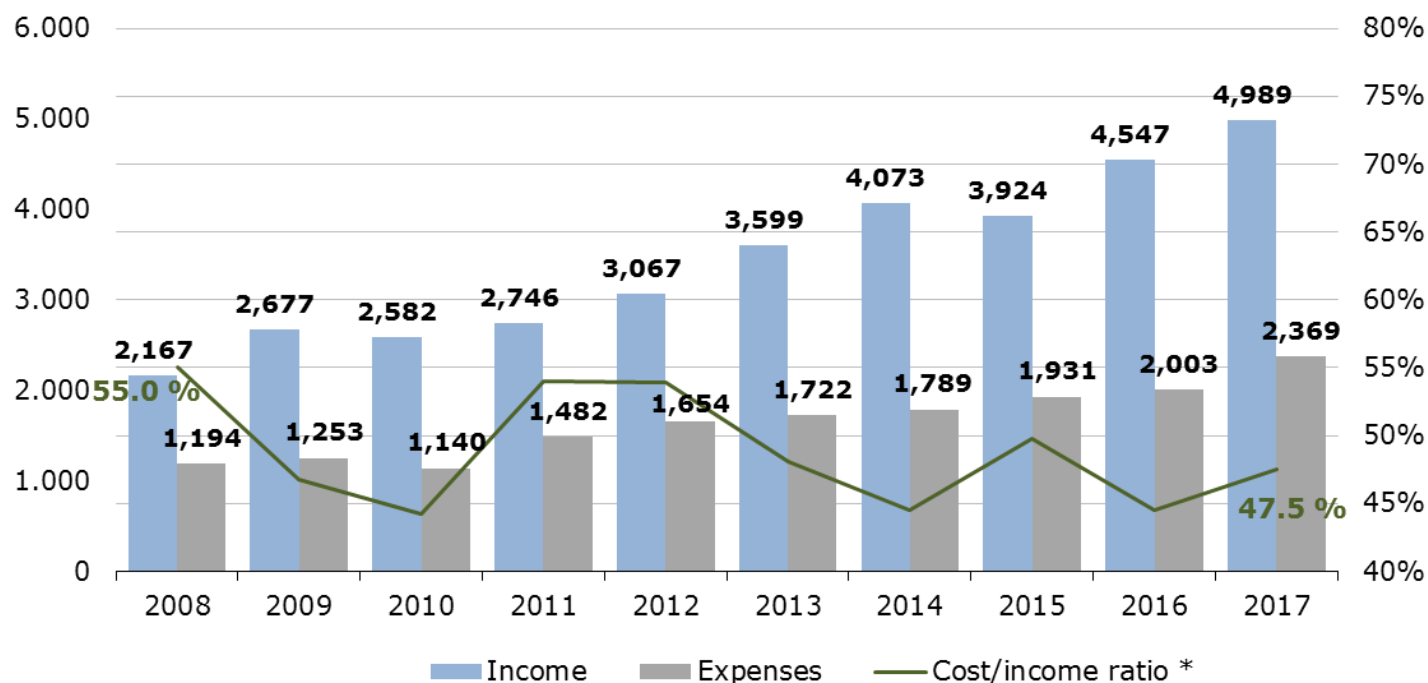
## Volume development, Lending

NOK bn.



## Cost/income ratio

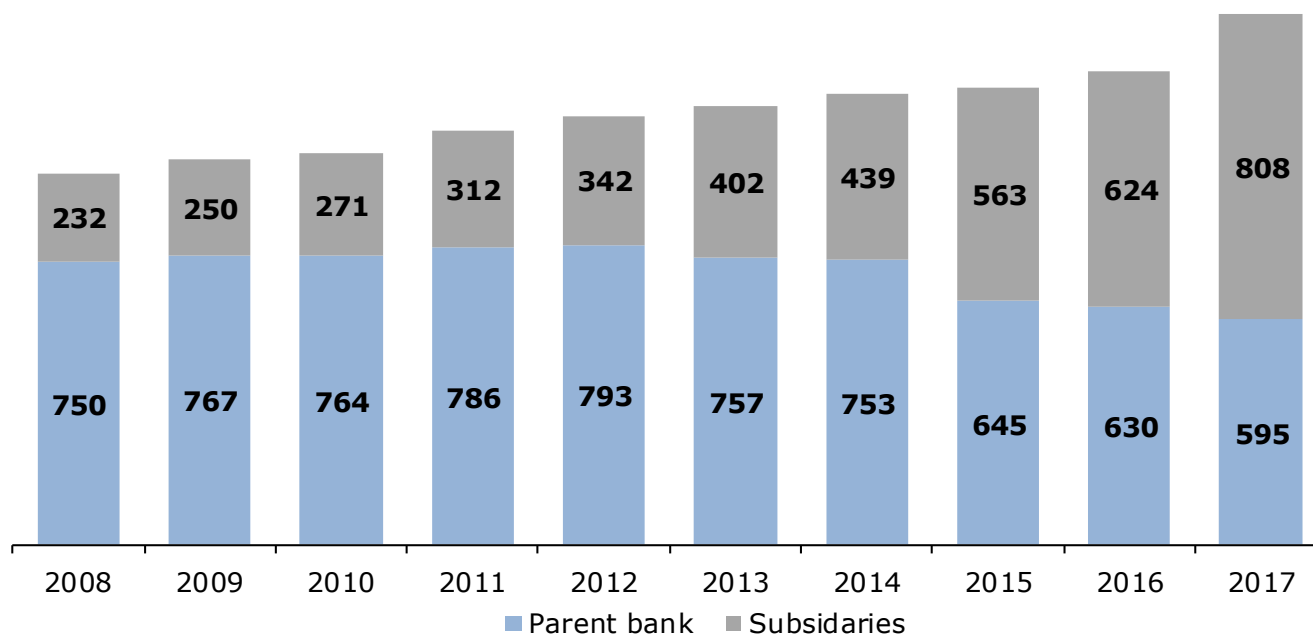
NOK mill.



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

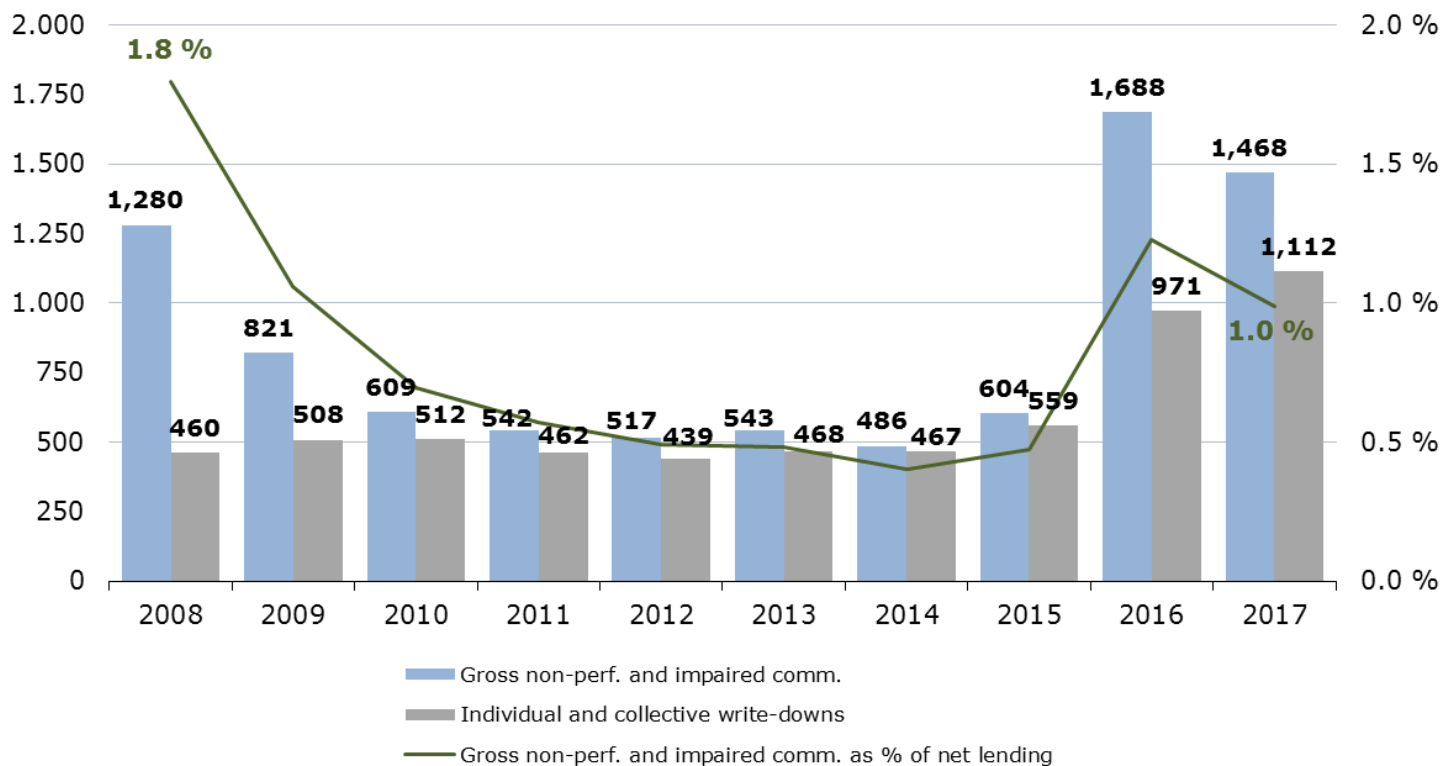
Historical numbers are adjusted for the reclassification of hybrid capital

## Employees in employment



# Net non-performing and impaired commitments

NOK million



### Capital Adequacy

