

Report of the Board of Directors

Accounts for the nine months ended 30 September 2011

(Consolidated figures. Figures in parentheses refer to the same period of 2010 unless otherwise stated). A limited audit has been conducted of the income statement and balance sheet of SpareBank 1 SMN, both the Company and the Group, as of 30 September 2011.

- Profit before tax: NOK 946m (904m)
- Profit: NOK 745m (704m)
- Return on equity: 12.6% (13.9%)
- Lending growth 7.7% (12.4%), deposit growth 19.1% (2.8%) over past 12 months
- Loan losses: NOK 1m (108m)
- Tier 1 capital adequacy: 10.4% (10.6%)
- Earnings per equity capital certificate (ECC): NOK 4.81 (4.13)

Accounts for third quarter 2011 in isolation

- Profit before tax: NOK 306m (323m)
- Profit: NOK 240m (256m)
- Return on equity: 12.0% (13.9%)
- Loan losses: NOK 8m (12m)
- Earnings per ECC: NOK 1.55 (1.61)

Good profit performance in first nine months of 2011

Highlights:

- Strong underlying operations and positive profit trend
- Reduced loan losses
- Good return on financial investments
- Strong financial position and satisfactory funding
- High lending growth in the retail market

In the first nine months of 2011 SpareBank 1 SMN recorded a pre-tax profit of NOK 946m (904m). Net profit came to NOK 745m (704m) and return on equity was 12.6% (13.9%).

Pre-tax profit in the third quarter in isolation was NOK 306m, on a par with the figure for both the first and second quarters.

Return on equity in the quarter was 12.0%.

Overall operating income came to NOK 1,652m (1,549m) in the first nine months, an increase of NOK 103m over the same period of 2010. Both the parent bank and subsidiaries recorded increased operating income.

Return on financial investments was NOK 365m (292m), of which the overall share of affiliates' profit came to NOK 171m (167m) as of the third quarter.

Operating expenses totalled NOK 1,070m in the first nine months of 2011 (829m), NOK 241m higher than in 2010. NOK 117m of the increase refers to the write-back of the AFP (early retirement) provision in the first quarter of 2010.

Net losses on loans and guarantees totalled NOK 1m (108m). No basis was found for revising collectively assessed write-downs in the third quarter.

As of end-September 2011 12-month growth in lending was 7.7% (12.4%) and 12-month growth in deposits was 19.1% (2.8%).

At the same point in time tier 1 capital adequacy was 10.4% (10.6%) and total capital adequacy was 12.1% (12.8%).

The price of the Bank's ECC at this point was NOK 39.30 (49.00 at end-2010).

Earnings per ECC were NOK 4.81 (4.13) in the first nine months, and book value per ECC was NOK 52.49 (48.13).

Improved net interest income in third quarter

Net interest income in the third quarter in isolation came to NOK 320m, a slight improvement from the second quarter (318m).

Net interest income for the first nine months totalled NOK 965m (917m). The increase is mainly due to:

- Higher lending and deposit volumes
- Increased commission related to setting up of corporate loans
- For 2011 banks are exempt from payment of levy to the Norwegian Banks' Guarantee Fund. This amounts to NOK 48m on an annual basis

Relative net interest income shows a slight decline in the period. This is due to higher funding costs which have not been fully passed on to the Bank's borrowers through higher lending rates. The Bank has announced a general interest rate increase for both retail customers and corporates with effect from the second half of November.

Commission on home mortgage loans transferred to SpareBank 1 Boligkreditt is recorded as commission income, not interest income. It amounted to NOK 63m (82m) for the first nine months.

As of end-September 2011 home mortgage loans worth NOK 21.1bn (19.0bn) had been transferred to SpareBank 1 Boligkreditt.

Increased commission income

Commission income and other operating income rose by NOK 54m or 8.5% to NOK 687m (NOK 633m) in the first nine months of 2011. Income from estate agency showed the largest increase.

As of end-September 2011 commission income from SpareBank 1 Boligkreditt was down NOK 19m to NOK 63m compared with the same period of 2010. This is solely ascribable to higher funding costs for the residential mortgage company as a result of the uncertainty in the financial markets.

Commission income, NOKm	30 Sept 2011	30 Sept 2010	Change
Payment transfers	150	150	-1
Savings	41	45	-3
Insurance	77	70	7
SpareBank 1 Boligkreditt	63	82	-20
Guarantee commission	21	22	-1
Real estate agency	226	187	39
Accountancy services	54	40	14
Active management	9	7	2
Rental income	22	0	22
Other commissions	23	29	-6
Total	687	633	54

Financial investments

Overall return on financial investments (excluding the Bank's share of the profit/loss of affiliates and joint ventures) was NOK 193m (125m) in the first nine months of 2011. The overall return breaks down as follows:

- Return on the Group's share portfolios totalled NOK 66m (56m), of which NOK 51m comprised net gains at SpareBank 1 SMN Invest (loss of NOK 22m). This company manages parts of the Bank's share portfolio.
- Net gains on bonds and derivatives in the first nine months of 2011 came to NOK 71m (38m). SpareBank 1 SMN focuses on investing in solid issuers with low market volatility. The Bank adopts a conservative approach to bond portfolio management with little exposure to bank bonds; the bulk of investment is in government bonds, government guaranteed bonds, municipal bonds and well-rated covered bonds. A further aim is to keep interest rate risk low, with hedging of assets, issues and interest rate positions alike.
- Gains on forex and fixed income trading at SpareBank 1 SMN Markets totalled NOK 56m (31m).

Return on financial investments, NOKm	30 Sept 2011	30 Sept 2010
Capital gains/dividends, shares	66	56
Bonds and derivatives	71	38
SpareBank 1 SMN Markets	56	31
Net return on financial investments	193	125
SpareBank 1 Gruppen AS	50	103
SpareBank 1 Boligkreditt AS	15	10
SpareBank 1 Næringskreditt AS	6	2
Bank 1 Oslo AS	14	32
BN Bank ASA	73	34
Polaris ASA	21	-
Other jointly controlled companies	-8	-14
Income from investment in related companies	172	167

Total

365

292

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen's post-tax profit in the first nine months of 2011 was NOK 245m (508m). The decline is largely attributable to a weaker performance at SpareBank 1 SMN Skadeforsikring AS.

SpareBank 1 SMN's share of the profit was NOK 50m (103m).

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS was established by the banks participating in the SpareBank 1 Alliance to take advantage of the market for covered bonds. By transferring their highest quality home mortgage loans to the company, the SpareBank 1 banks benefit from reduced funding costs and increased competitive power.

The Bank's stake in SpareBank 1 Boligkreditt AS is 19.6%, and the Bank's share of the company's profit in the first nine months of 2011 was NOK 14.6m (9.6m).

SpareBank 1 Næringskreditt AS

The SpareBank 1 banks established SpareBank 1 Næringskreditt AS in the second quarter of 2009 - along the same lines, and with the same administration, as SpareBank 1 Boligkreditt AS.

SpareBank 1 SMN's stake in the company is 37%, and in the first nine months of 2011 the Bank's share of the company's profit was NOK 6.2m (2.1m).

As of end-September 2011 SpareBank 1 Næringskreditt AS had purchased loans worth NOK 8.3bn from BN Bank and issued covered bonds to a value of NOK 7.0bn.

Bank 1 Oslo Akershus AS

SpareBank 1 SMN has a 19.5% stake in Bank 1 Oslo AS. SpareBank 1 SMN's share of Bank 1 Oslo AS' profit was NOK 14.4m (32.1m) in the first nine months of 2011.

BN Bank ASA

SpareBank 1 SMN's stake in BN Bank ASA was 33% as of end-September 2011.

SpareBank 1 SMN's share of the profit of BN Bank for the first nine months of 2011 came to NOK 73.0m (34.0m), including amortisation effects.

Polaris Media ASA

After acquiring 18.81% of the shares of Polaris Media ASA on 28 March 2011, the SMN Group owns 23.45% of the shares of the company. The company is therefore classified as an affiliate of SpareBank 1 SMN.

The shares were taken over at a total value of NOK 248m distributed on NOK 9.2m shares. In addition, dividends worth NOK 13.8m were paid in the second quarter.

SpareBank 1 SMN's estimated share of the profit from the date of acquisition of the shares was taken to income in the second and third quarters in the amount of NOK 20.6m.

Ålesund

SpareBank 1 SMN took over BN Bank's operation in Ålesund in 2009. The loan portfolio will for a period be guaranteed by BN Bank against a guarantee commission. At the end of the third quarter of 2011 customers representing loans totalling NOK 3.1bn were covered by the guarantee.

SpareBank 1 SMN also assumed responsibility for 36 employees, leases and other commitments in Ålesund. The Bank receives compensation from BN Bank ASA for its outlays in the initial years based on a phase-out model. The BN Bank portfolio forms the basis for SpareBank 1 SMN's venture in Sunnmøre.

Operating expenses

Overall costs came to NOK 1,070m (829m) in the first nine months of 2011.

The very low costs in the first nine months of 2010 were largely a result of the write-back of pension liabilities accumulated under the AFP (early retirement) scheme. For the SpareBank 1 SMN group this had an overall one-time effect of NOK 117m.

Comparable costs in the first nine months of 2011 are NOK 946m. The real increase in Group operating expenses was NOK 124m, corresponding to 13%. NOK 74m of the increase, corresponding to 10%, arose at the parent bank. The increase is essentially ascribable to costs related to the new head office and higher IT costs.

Costs at the Bank's subsidiaries rose overall by NOK 50m, corresponding to 22%, essentially due to an increased resource input at Eiendomsmegler 1 and strong growth at SpareBank 1 SMN Regnskap through the acquisition of local accountancy firms in 2011. Incomes rose by NOK 40m at Eiendomsmegler 1 and NOK 14m at SpareBank 1 SMN Regnskap in the same period.

By the end of the first nine months of 2011 the cumulative effect of measures implemented so far under the cost-reduction programme "170 million in 2012" was NOK 160m.

These are the most important measures in 2011:

- Simplified and improved credit process in the Retail and Corporate market Divisions
- Effectivising the branch network
- Streamlining support functions

Operating expenses were 1.46% of average total assets (1.23%). The Group's cost-income ratio was 53% (51% excluding the write-back of early retirement (AFP) liabilities).

Reduced losses and lower rate of defaults

In the first nine months of 2011 net loan losses came to NOK 1m (108m). No basis was found for revising collectively assessed loss write-downs in 2011. Net loan losses in the third quarter in isolation were NOK 8m.

In the first nine months net incomings on individually assessed impairment write-downs totalled NOK 5m (104m), including losses of NOK 11m (20m) at SpareBank 1 SMN Finans. There was no basis for new, individually assessed impairment write-downs of significance in 2011, and there were incomings on individual exposures.

A net loss of NOK 6m (4m) was recorded on the retail portfolio in the first nine months of 2011.

Overall individual loan impairment write-downs recorded in the balance sheet in the first nine months came to NOK 159m (283m).

Total problem loans (defaulted and doubtful) came to NOK 555m (1,052m), or 0.60% (1.22%) of gross outstanding loans, including loans transferred to SpareBank 1 Boligkreditt.

Defaults in excess of 90 days came to NOK 332m (326m), measuring 0.36% (0.38%) of gross lending. Of total defaults, NOK 79m (76m) are loss provisioned, corresponding to 24% (23%).

Defaults break down to NOK 220m on corporates and NOK 112m on retail customers.

Other doubtful exposures totalled NOK 223m (726m), measuring 0.24% (0.84%) of gross lending. Individually assessed write-downs on these exposures were NOK 81m (207m) or 36% (29%).

Other doubtful exposures break down to NOK 208m on the corporate market and NOK 15m on the retail market.

No basis for revising collectively assessed loss write-downs

Collective assessment of loss write-downs is based on two factors:

- events that have affected the Bank's portfolio (causing migration between risk categories)
- events that have not yet affected the portfolio since the Bank's credit risk models do not capture the effects rapidly enough (e.g. macroeconomic factors).

In the first nine months no basis was found for revising collectively assessed write-downs. The aggregate volume of such write-downs is accordingly NOK 290m (289m).

Total assets of NOK 100bn

The Bank's assets totalled NOK 100.0bn as of end-September 2011 (95.3bn), having risen by NOK 4.7bn or 5.1% over the last 12 months.

As of the first nine months of 2011, NOK home mortgage loans worth 21.1bn (19.0bn) had been transferred by SpareBank 1 SMN to SpareBank 1 Boligkreditt. These loans do not figure as lending in the Bank's balance sheet, and earnings they generate appear in the accounts as commission income. The comments covering lending growth include loans transferred to SpareBank 1 Boligkreditt.

Strong growth in lending to retail market, subdued growth in lending to corporates

In the 12 months to end-September 2011, total outstanding loans rose by NOK 6.6bn (NOK 9.5bn) or 7.7% (12.4%) to reach NOK 92.7bn. Growth in the first nine months of 2011 came to 5.7% (11.1%)

Lending to retail customers rose by NOK 5.0bn (4.1bn) to NOK 53.7bn in the 12 months to end-September 2011, corresponding to growth of 10.2% (9.1%). Growth in lending to retail customers in the first nine months was 8.1% (7.8%).

12-month growth in lending to corporates was NOK 1.6bn (5.4bn) or 4.4% (17.0%). Overall outstanding loans to corporates came to NOK 39.0bn as of end-September 2011. Growth in lending to corporates in the first nine months of 2011 in isolation was 2.6% (15.8%). The Group's venture in Sunnmøre through the takeover of BN Bank's operation in Ålesund accounts for a significant share of the growth in the past 12 months.

Lending to retail customers measured 58% (57%) of ordinary loans to customers as of end-September 2011.

High growth in deposits

In the 12 months to end-September, customer deposits rose by NOK 7.4bn (1.1bn) or 19.1% (2.8%) to reach NOK 46.0bn.

Retail customer deposits rose by NOK 1.5bn (1.0bn) or 8.1% (5.4%) to NOK 20.5bn, while deposits from corporates rose by NOK 5.8bn (NOK 0.1bn) or 29.7% (0.5%) to 25.5bn. The deposit growth in the corporate market is ascribable to general underlying growth and to individual deposits from a number of large customers in both the public and private sectors.

No growth in the volume of investment products

The customer portfolio of off-balance sheet investment products totalled NOK 4.8bn at end-September 2011 (4.8bn). Compared with 2010, equity funds have risen in value and pension products and energy funds have fallen in value. There are no new sales in the energy fund portfolio.

Saving products, customer portfolio, NOKm	30 Sept 2011	30 Sept 2010	Change
Equity funds	2,416	2,098	318
Pension products	732	912	-180
Active management	951	953	-2
Energy fund management	235	374	-139
Property funds	447	447	0
Total	4,781	4,784	-3

Sound growth in the Bank's insurance portfolio

The Bank's insurance portfolio grew by 9% in the 12 months to end-September. Non-life insurance rose by 11% and personal insurance by 10%. In the occupational pensions segment the portfolio remained at the same level.

Insurance, premium volume, NOKm	30 Sept 2011	30 Sept 2010	Change
Non-life insurance	614	553	61
Personal insurance	169	153	16
Occupational pensions	125	127	-2
Total	908	833	75

Strong profitability and good growth in the retail market

The retail market business achieved a return on equity of 23.2% (28.1%) in the first nine months of 2011.

Operating income totalled NOK 675m in the first nine months of 2011 (682m). Net interest income totalled NOK 408m (404m) and commission income NOK 267m (277m).

The lending margin in the first nine months of 2011 was 1.27% (1.46%), while the deposit margin was 0.70% (0.49%). This margin is defined as the average customer interest rate less the 3-month moving average of 3-month NIBOR. The lapse in income represented by lower lending margins is compensated for by a higher deposit margin and good growth.

In the 12 months to end-September lending to retail customers rose by 10.2% (8.4%) and deposits from the same segment by 6.1% (4.7%).

Lending to retail borrowers generally carries low risk, as reflected in continued very low losses. Losses and defaults are expected to remain low. The loan portfolio is secured by residential property, and the trend in house prices has been satisfactory throughout the market area.

Retail market (NOKm)	30 Sept 2011	30 Sept 2010	Change
Net interest income	408	404	3
Commission and other income	267	277	-10
Total income	675	682	-7
Operating expenses	452	414	37
Pre-loss profit	223	267	-44
Losses	7	4	2
Profit before tax	217	263	-46
ROE after tax	23.2 %	28.1 %	
Allocated capital (NOK mill)	890	1,031	
Loans (NOKbn)	50.7	46.0	4.7
Deposits (NOKbn)	20.5	19.3	1.2

The Retail market Division is part of the Parent Bank, and therefore does not include figures for the Bank's subsidiaries.

Strong income growth in the Corporate market Division

Return on equity at the Corporate market Division was 14.8% (9.7%). The improvement is due both to increased income and reduced loan losses.

Total operating income came to NOK 800m in the first nine months of 2011 (675m), which was NOK 125m higher than for the same period of 2010.

Lending and deposit margins in the division were, respectively, 2.13% (2.17%) and 0.20% (0.22%). The margins are measured based on 3-month NIBOR. Lending grew by 5.3% (18.7%) and deposits by 26.5% (1.2%).

Net interest income totalled NOK 675m (566m), while commission income came to NOK 126m (110m). The increase in net interest income is essentially ascribable to growth, higher loan arrangement charges and discontinuation of the levy to the Norwegian Banks' Guarantee Fund.

Corporate market (NOKm)	30 Sept 2011	30 Sept 2010	Change
Net interest income	675	566	109
Commission and other income	126	110	16
Total income	800	675	125
Operating expenses	259	232	26
Pre-loss profit	541	443	98
Losses	-17	84	-101
Profit before tax	559	359	199
ROE after tax	14.8 %	9.7 %	
Allocated capital (NOK mill)	2,873	2,869	

Loans (NOKbn)	37.5	35.6	1.9
Deposits (NOKbn)	23.9	18.9	5.0

The Corporate market Division is part of the Parent Bank, and therefore does not include figures for the Bank's subsidiaries.

Rising income at SpareBank 1 SMN Markets

SpareBank 1 Markets delivers a complete range of capital market products and services.

SpareBank 1 Markets reports total income of NOK 98m (68m) for the first nine months of 2011. Income is increasing in most business areas.

Markets (NOKm)	30 Sept 2011	30 Sept 2010	Change
Currency trading	38.2	33.5	4.7
Fixed income products	32.3	15.7	16.6
Corporate	8.0	12.8	-4.8
Securities, brokerage commission	19.4	6.0	13.4
Total income	97.9	68.0	29.9

Subsidiaries

The subsidiaries posted an aggregate pre-tax profit of NOK 111.7m (55.7m), exc. minority shares, in the first nine months of 2011. SpareBank 1 SMN Invest AS is dealt with under the section "Financial investments" earlier in this report.

Pre-tax profit, NOKm	30 Sept 2011	30 Sept 2010
EiendomsMegler 1 Midt-Norge	55.1	45.0
SpareBank 1 SMN Finans	22.5	27.4
SpareBank 1 SMN Regnskap	5.4	11.4
Allegro Finans	-3.3	-4.6
SpareBank 1 SMN Invest	50.0	-21.8
SpareBank 1 Kvartalet	-18.0	-1.7
Total	111.7	55.7

Eiendomsmegler 1 Midt-Norge AS leads the field in its catchment area with a market share of about 40%. As in 2010, the company's profit performance in 2011 is excellent, and the company achieved a pre-tax profit of NOK 55.1m (45.0m) in the first nine months of 2011.

SpareBank 1 SMN Finans AS posted a profit of NOK 22.5m (27.4m) in the first nine months. The company is on a strong income trend, but is experiencing squeezed margins. At quarter-end the company managed leases and car loan agreements worth a total of NOK 3.0bn of which leases account for NOK 2.0bn.

SpareBank 1 SMN Regnskap AS posted a pre-tax profit of NOK 5.4m (11.4m). SpareBank 1 SMN Regnskap wrote back early retirement (AFP) liabilities in an amount of NOK 5.9m in 2010.

Sparebanken SMN Invest AS' mission is to invest in shares, mainly in regional listed companies. The company posted a profit of NOK 50.0m in the first nine months of 2011 (loss of NOK 21.8m) after gains on its share portfolios.

Allegro Finans – which engages in active asset management – reported a loss of NOK 3.3m (loss of NOK 4.6m) before tax in the first nine months.

The company has a portfolio of about NOK 2bn under active management.

Rating

In March 2011 Fitch Ratings revised its long-term rating from 'A' with a negative outlook to 'A-' with a stable outlook. In September 2010 Moody's Investor Service upgraded its outlook for the Bank's long-term debt (A1) from a negative outlook to a stable outlook (see issued stock exchange notices for further information).

Satisfactory funding and good liquidity

The Bank has a conservative liquidity strategy. This strategy stresses the importance of maintaining liquidity reserves that ensure the Bank's ability to conduct ordinary operations for a period of 12 months without recourse to new external funding.

The Bank has liquidity reserves of NOK 17bn and thus has the funding needed for 18 months of ordinary operations without fresh external finance.

The Bank's funding sources and products are amply diversified. At quarter-end the proportion of money market funding in excess of 1 year was 75% (78%).

SpareBank 1 Boligkreditt is the Bank's chief source of funding, and in the first nine months of 2011 loans totalling NOK 3.3bn were transferred to this residential mortgage company. As of end-September 2011 loans totalling NOK 21.1 billion had been transferred to SpareBank 1 Boligkreditt.

Strong financial position

As of end-September 2011 the tier 1 capital adequacy ratio was 10.4% (10.6%) and the total capital adequacy ratio was 12.1% (12.8%).

The Group aims for a tier 1 capital ratio of 9% and a total capital ratio of 12%.

The Bank is IRB approved and uses the IRB foundation approach to compute capital charges for credit risk.

In cooperation with the other IRB banks in the SpareBank 1 alliance, the Bank has started a process to apply for permission to use the advanced IRB approach in its calculations. The application is expected to be submitted in the course of 2012.

Figures in NOKm	30 Sept 2011	30 Sept 2010
Tier 1 capital	7,504	7,033
Subordinated loan	1,171	1,461
Capital base	8,675	8,493
Required subordinated debt	5,748	5,296
Tier 1 capital ratio	10.4 %	10.6 %
Total capital ratio	12.1 %	12.8 %

The Bank's equity capital certificate (MING)

The book value of the Bank's ECC was NOK 52.49 (NOK 48.13) at end-September 2011, and earnings per ECC were NOK 4.81 (NOK 4.13). As of end-September 2011 the price was NOK 39.30 (NOK 49.00).

The Price / Income ratio was 6.10 (8.29), and the Price / Book ratio was 0.75 (1.02).

The price at year-end was NOK 54.00 and a dividend of NOK 3.00 per ECC has been paid in 2011 for the year 2010.

Establishment of Sparebankstiftelsen SpareBank 1 SMN

The Supervisory Board has voted to set up a savings bank foundation, Sparebankstiftelsen SpareBank 1 SMN. The foundation will be allocated portions of the donations made to non-profit causes, and, based on the accounts for 2010, has received NOK 96m. The foundation has been established primarily to participate in issues of equity capital certificates placed with the foundation.

Risk factors

The international financial crisis affected the economy of Norway as that of other countries. Unemployment subsided through 2010 and into 2011, but has shown signs of levelling off in summer 2011. Forecasts indicate continued low unemployment ahead.

The Bank's results are affected directly and indirectly by the fluctuations in securities markets. The indirect effect relates above all to the Bank's equity stake in SpareBank 1 Gruppen AS where both the insurance business and assets management activities are affected by the fluctuations.

The Bank is also exposed to risk related to access to external funding. This is reflected in the Bank's conservative liquidity strategy (see also the preceding section on funding and liquidity).

The credit quality of the Bank's loan portfolio is satisfactory, and loss and default levels are low. The cooling of the Norwegian economy as from 2008 brought increased loss levels at Norwegian financial institutions, but the last two years have again shown falling loss levels among the banks.

The continuing turbulence in global financial markets increases the uncertainty in the economic framework conditions, including the situation in the national and regional economy, and although Norwegian banks are negligibly exposed to the PIIGS, the turbulence related to the risk of losses at European banks may cause the lack of confidence to infect Norwegian banks and further reduce the bank's access to foreign finance.

Outlook ahead

SpareBank 1 SMN is well capitalised and has robust funding. Developments in 2011 confirm the Bank's market position, growth capacity and portfolio quality.

The Board of Directors is concerned to strengthen the Group's market position.

Continued turbulence in international financial markets also increases uncertainty in the national and regional economy. Business and industry in the Bank's market area report good growth and a sound profit trend overall, although parts of the export-oriented sector are seeing a reduction in demand. Unemployment is low and there are few signs in the region's macroeconomy of any change in the risk picture for the remainder of 2011.

With its strong financial position and conservative liquidity strategy, SpareBank 1 SMN can maintain ordinary operations for 18 months without further access to external funding. SpareBank 1 SMN has negligible exposure in its ordinary business and limited direct exposure to the securities markets.

The Board of Directors is satisfied with the Group's profit for the first nine months of 2011 and gives particular emphasis to its sound underlying operations and high-quality risk management. The Board expects a good profit performance for the full year 2011.

Trondheim, 26 October 2011

The Board of Directors at SpareBank 1 SMN

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Eli Arnstad
Deputy Chair

Paul E. Hjelm-Hansen

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Bård Benum

Kjell Bjordal

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