First Quarter Report 2013

SpareBank 1 SMN

Contents

SpareBank 1 SMN

Main figures

From the profit and loss account	31 Mar 2013 NOKm	%	31 Mar 2012 NOKm	%	2012 NOKm	%
Net interest	343	1.25	351	1.40	1,477	5.61
Commission income and other income	317	1.16	235	0.94	1,139	4.32
Net return on financial investments including held for sale	162	0.59	153	0.61	451	1.71
Total income	**822**	**3.01**	**739**	**2.95**	**3,067**	**11.64**
Total operating expenses	**414**	**1.52**	**398**	**1.59**	**1,654**	**6.28**
Results	**407**	**1.49**	**342**	**1.36**	**1,414**	**5.37**
Loss on loans, guarantees etc	17	0.06	8	0.03	58	0.22
Results before tax	**390**	**1.43**	**333**	**1.33**	**1,355**	**5.14**
Tax charge	77	0.28	68	0.27	295	1.12
Result investment held for sale, after tax	7	0.03	7	0.03	16	0.06
Net profit	**321**	**1.17**	**272**	**1.09**	**1,077**	**4.09**

Key figures	31 Mar 2013	31 Mar 2012	2012
Profitability			
Return on equity [1)]	12.7 %	13.0 %	11.7 %
Cost-income ratio [2)]	50 %	54 %	54 %
Balance sheet			
Gross loans to customers	76,425	71,681	74,943
Gross loans to customers incl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	106,830	97,387	104,909
Deposits from customers	52,603	48,974	52,252
Deposit-to-loan ratio	69 %	68 %	70 %
Growth in loans incl.Boligkreditt and Næringskreditt	9.7 %	9.9 %	10.2 %
Growth in deposits	7.4 %	14.2 %	9.2 %
Average total assets	109,344	100,242	105,372
Total assets	110,769	98,996	107,975
Losses and defaults in % of gross loans incl. Boligkreditt and Næringskreditt			
Impairment losses ratio	0.06 %	0.04 %	0.06 %
Non-performing commitm. as a percentage of gross loans [3)]	0.36 %	0.33 %	0.36 %
Other doubtful commitm. as a percentage of gross loans	0.15 %	0.19 %	0.14 %
Solidity			
Capital adequacy ratio	13.3 %	11.8 %	13.3 %
Core capital ratio	11.7 %	10.3 %	11.3 %
Common equity tier 1	10.4 %	8.8 %	10.0 %
Core capital	9,686	7,902	9,357
Net equity and related capital	10,971	9,008	10,943
Branches and staff			
Number of branches	50	54	51
No. Of full-time positions	1,171	1,097	1,135

Key figures ECC [4)]	31 Mar 2013	31 Mar 2012	2012	2011	2010	2009
ECC ratio	64.6 %	61.3 %	64.6 %	60.6 %	61.3 %	54.8 %
Number of certificates issued, millions	129.83	124.21	129.83	102.76	102.74	82.78
ECC price	46.90	36.60	34.80	36.31	49.89	45.06
Stock value (NOKM)	6,089	4,546	4,518	3,731	5,124	3,749
Booked equity capital per ECC (including dividend)	51.90	46.82	50.09	48.91	46.17	42.11
Profit per ECC, majority	1.55	1.41	5.21	6.06	5.94	6.37
Dividend per ECC			1.50	1.85	2.77	2.10
Price-Earnings Ratio	7.55	6.49	6.68	5.99	8.40	7.07
Price-Book Value Ratio	0.90	0.78	0.69	0.74	1.08	1.07

1) Net profit as a percentage of average equity

2) Total operating expenses as a percentage of total operating income

[3)] Defaults and doubtful loans are reported on the basis of gross lending, including loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, and guarantees drawn
[4)] The key figures are corrected for issues

Report of the Board of Directors

First quarter 2013

(Consolidated figures. Figures in parentheses refer to the same period of 2012 unless otherwise stated)

- Profit before tax: NOK 390m (333m)
- Net profit first quarter: NOK 321m (272m)
- Return on equity: 12.7 per cent (13.0 per cent)
- 12-month growth in lending: 9.7 per cent (9.9 per cent)
- 12-month growth in deposits: 7.4 per cent (14.2 per cent)
- Common equity tier 1 ratio: 10.4 per cent (8.8 per cent)
- Earnings per EC: NOK 1.55 (1.41)

Good result for first quarter 2013

Highlights:

- Profit growth of NOK 49m compared with first quarter 2012
- Increased lending margins
- Strong income trend in core business, good return on financial investments and a positive trend at SpareBank 1 Gruppen
- Low loan losses
- Strengthened financial position in keeping with the Group's capital plan
- Dampened growth in lending to the corporate sector

In the first quarter of 2013 SpareBank 1 SMN achieved a post-tax profit of NOK 321m (272m) and a return on equity of 12.7 per cent (13.0 per cent). Pre-tax profit was NOK 390m (333m).

Operating income rose in the first quarter to NOK 660m (586m) largely as a result of higher commission income from SpareBank 1 Boligkreditt.

Return on financial assets was NOK 162m (153m), of which the profit share on owner interests was NOK 101m (92m).

Operating expenses came to NOK 414m in the first quarter of 2013 (398m).

Loan losses were NOK 17m (8m) in the first quarter.

On a 12-month basis lending growth was 9.7 per cent (9.9 per cent) and deposit growth was 7.4 per cent (14.2 per cent) in the first quarter of 2013.

The common equity tier 1 ratio at 31 March 2013 was 10.4 per cent (8.8 per cent). In December 2012 the Board of Directors decided to revise the Bank's capital plan. On 22 March 2013 the Ministry of Finance published parliamentary bill no. 96 proposing new capital requirements, a timetable for implementation as well as various alternatives for home mortgage loan weights. Different levels of common equity tier 1 capital are proposed depending on the economic situation and whether the bank in question is considered systemically critical. Today the Board takes as its basis a capital plan in which all capital buffer requirements apply. We are accordingly now planning to increase the common equity tier 1 ratio to 14.5 per cent by 1 July 2016. The revised capital plan is further described in the section on financial strength in this report.

In the first quarter earnings per EC were NOK 1.55 (1.41), and at quarter-end the book value was NOK 51.90. The market price at the same point was NOK 46.90.

Net interest income

Net interest income in the first quarter came to NOK 343m (351m). Lending margins rose through 2012, partly due to a low market interest rate (Nibor). Net interest income including commission from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt strengthened compared with the same period of 2012. Net interest income from home mortgage loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is recorded as commission income and amounted to NOK 85m (25m) in the first quarter.

An increase in lending rates has been signalled both for corporate and retail customers, effective as from the second quarter 2013. For home mortgage loans the increase is 30 basis points as from May, and for corporate loans the price increase is expected to have an overall effect of 40 basis points with effect partly from April and partly from May 2013.

From 2013 onwards banks are required to pay a levy to the Banks' Guarantee Fund. For SpareBank 1 SMN the levy for the first quarter comes to NOK 13m, and for the full year 2013 to NOK 54m.

Increased commission income

Commission income, NOKm	31 Mar 13	31 Mar 12	Change
Payment transfers	51	46	5
Savings	9	10	-1
Insurance	29	31	-2
SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	85	25	59
Guarantee commission	11	8	3
Real estate agency	73	72	0
Accountancy services	33	26	6
Active management	3	3	0
Income from new head office	11	9	2
Other commissions	13	6	7
Total	**317**	**235**	**82**

Net commission income and other income totalled NOK 317m in the first quarter 2013 (235m). Income from SpareBank 1 Boligkreditt showed the largest increase. Commission income from SpareBank 1 Boligkreditt rose as a result of increased margins on home mortgage loans transferred to SpareBank 1 Boligkreditt.

Good return on financial investments

Overall return on financial investments (excluding the Bank's share of the profit/loss of affiliates and joint ventures) was NOK 61m (60m). Overall return breaks down as follows:

- Return on the Group's share portfolios totalled NOK 25m (3m).
- Net gains on bonds and derivatives came to NOK 17m (34m)
- Gains on forex and fixed income trading at SpareBank 1 SMN Markets amounted to NOK 20m (23m).

Return on financial investments, NOKm	31 Mar 13	31 Mar 12
Capital gains/dividends, shares	25	3
Bonds and derivatives	17	34
SpareBank 1 SMN Markets	20	23
Net return on financial investments	**62**	**60**
SpareBank 1 Gruppen	61	47
SpareBank 1 Boligkreditt	12	14
SpareBank 1 Næringskreditt	2	3
BN Bank	26	15
Other jointly controlled companies	-1	13
Income from investment in related companies	**101**	**92**
Total	**162**	**153**

SpareBank 1 Gruppen

SpareBank 1 Gruppen's post-tax profit for the first quarter 2013 was NOK 315m (199m). The main contributors are SpareBank 1 Livsforsikring AS (life insurer) and SpareBank 1 Skadeforsikring AS (non-life insurer).

SpareBank 1 SMN's share of the profit was NOK 61m (47m).

SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt AS was established by the banks participating in the SpareBank 1 Alliance to take advantage of the market for covered bonds. The banks transfer their highest quality home mortgage loans to the company, thereby reducing their funding costs. As of 31 March 2013 the Bank had transferred NOK 30bn to SpareBank 1 Boligkreditt, equivalent to 47 per cent of overall lending to the retail market.

The Bank's ownership interest in SpareBank 1 Boligkreditt is 18.4 per cent, and the Bank's share of that company's profit in the first quarter 2013 was NOK 12m (14m).

SpareBank 1 Næringskreditt

The SpareBank 1 banks established SpareBank 1 Næringskreditt in 2009 along the same lines, and with the same administration, as SpareBank 1 Boligkreditt AS. As of the first quarter 2013 loans worth NOK 0.6bn had been transferred to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's stake in the company is 33.8 per cent, and the Bank's share of the company's profit in the first quarter 2013 was NOK 2m (3m). The Bank's ownership interest mainly reflects SpareBank 1 SMN's stake in BN Bank.

BN Bank

SpareBank 1 SMN has a 33 per cent stake in BN Bank as of 31 March 2013.

SpareBank 1 SMN's share of the profit of BN Bank in the first quarter 2013 came to NOK 26m (15m), including amortisation effects. The amortisation effect in 2013 increased the profit by NOK 4m (3m). BN Bank is repricing its loan portfolios in 2013 while reducing the rate of growth in lending to commercial property.

Shares held for sale

Bank 1 Oslo Akershus

In 2013 SpareBank 1 SMN signed an agreement to sell 475,594 shares to Sparebanken Hedmark. The sale, which is expected to be formally completed in the second quarter 2013, will reduce SpareBank 1 SMN's holding to 4.78 per cent. The sold holding in Bank 1 Oslo is classified as held for sale at the end of the first quarter. For this reason no profit share has been included in the books from the bank's stake in Bank 1 Oslo Akershus in the first quarter. Further, an option has been taken on a further reduction of the Bank's holding in Bank 1 Oslo Akershus. The option must be exercised by 31 December 2015.

Divestment from Bank 1 Oslo Akershus is included in the Bank's capital plan.

Polaris Media

On 25 January 2013 SpareBank 1 SMN sold 5.88m shares of Polaris Media ASA at NOK 27.00 per share to NWT Media (Nya Wermlands-Tidningens AB), for a total of NOK 158.8m. This transaction reduced SpareBank 1 SMN's stake in Polaris Media from 23.4 per cent to 11.4 per cent. The sale is provided for in the Bank's capital plan. The gain made on the transaction was taken to income in the first quarter in an amount of NOK 5.9m. The remaining holding is booked at a value of NOK 27 per share.

At the turn of the year the holding of Polaris Media shares was reclassified to shares held for sale. The investment is therefore not consolidated in the Bank's accounts, but is measured at fair value. Goodwill in Polaris Media's balance sheet has enabled a reduction in SpareBank 1 SMN's capital ratio. By the end of the first quarter 2013 the transaction has strengthened the Bank's tier 1 capital adequacy by NOK 175m.

Reduced cost growth

Overall costs came to NOK 414m (398m) in the first quarter 2013. The increase of NOK 16m corresponds to 4 per cent.

Parent bank cost growth has been zero. Cost growth among the bank's subsidiaries was 15.9 per cent, the main contributors being SpareBank 1 SMN Regnskap and Eiendomsmegler 1. The growth at Eiendomsmegler 1 is related to an increased resource input at the company. At SpareBank 1 SMN Regnskap the growth in costs is largely a result of acquisitions carried out in 2012 where the full effect of both incomes and costs is seen in 2013.

Operating expenses measured 1.52 per cent (1.59 per cent) of average total assets. The Group's cost-income ratio was 50 per cent (54 per cent).

The Bank has initiated a wide-ranging improvement programme designed to improve the customer's experience, increase productivity and reduce relative operating expenses.

The Board of Directors has a tight focus on cost-reducing measures whose goal for 2013 is to bring down cost growth across the Group to below 3 per cent. The Board of Directors has decided on a reduction of at least 75 FTEs at the parent bank within 2015.

The Bank's organisational structure was changed with effect from 1 January 2013. The overarching aim is to manifestly reinforce the focus on the customer facing side of the business.

Low losses and defaults

Loan losses came to NOK 17m (8m) in the first quarter of 2013.

Losses of NOK 14m (9m) were recorded on the Group's corporate customers in the first quarter 2013, including losses at SpareBank 1 SMN Finans of NOK 2m (2m). There were few new individually assessed write-downs in 2013. On the retail portfolio a net loss of NOK 3m (net gain of 1m) was recorded in the first quarter 2013.

Total individually assessed loan impairment write-downs in the first quarter 2013 came to NOK 143m (164m), a decline of NOK 21m over the last 12 months.

Total problem loans (defaulted and doubtful) came to NOK 548m (501m), or 0.51 per cent (0.51 per cent) of gross outstanding loans as of 31 March 2013.

Defaults in excess of 90 days totalled NOK 388m (318m), up NOK 70m. Defaults measure 0.36 per cent (0.33 per cent) of gross lending (including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt). Of total defaults, NOK 71m (94m) are loss provisioned, corresponding to 18 per cent (30 per cent). Other doubtful exposures totalled NOK 160m (183m), i.e. 0.15 per cent (0.19 per cent) of gross outstanding loans. NOK 72m (70m) or 45 per cent (38 per cent) are loss provisioned.

Collectively assessed impairment write-downs

Collective assessment of impairment 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 quarter no basis was found for any further change in collectively assessed impairment write-downs. The aggregate volume of such write-downs is NOK 295m (290m).

Total assets of NOK 111bn

The Bank's assets totalled NOK 111bn in the first quarter 2013 compared with NOK 99bn as of the first quarter 2012. The increase is ascribable to increased lending and higher liquidity reserves.

As of the first quarter 2013 home mortgage loans worth 30.4bn (25.7bn) had been transferred from SpareBank 1 SMN to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. These loans do not figure as lending in the Bank's balance sheet. The comments covering lending growth do however include loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

Reduced growth in lending to the corporate market

In the last 12 months, total outstanding loans rose by NOK 9.4bn (8.9bn) or 9.7 per cent (9.9 per cent) to reach NOK 106.8bn (including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) as of the first quarter 2013.

Growth in 12-month lending to corporates in 2012 was NOK 2.4bn (2.5bn) or 5.8 per cent (6.7 per cent). Overall loans to corporates came to NOK 42.9bn as of the first quarter 2013. Growth in lending to corporates in 2013 is NOK 0.6bn or 1.4 per cent.

Lending to retail customers rose by NOK 7.1bn (6.2bn) or 12.5 per cent (12.4 per cent) to reach NOK 63.9bn in the last 12 months. Growth in lending to retail customers in the first quarter 2013 was NOK 1.3bn or 2.1 per cent.

SpareBank 1 SMN

Lending to retail customers accounted for 60 per cent (58 per cent) of gross loans (including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt) to customers as of the first quarter 2013.

Customer deposits rose by NOK 3.6bn (6.1bn) in the last 12 months to NOK 52.6bn as of the first quarter 2013. This corresponds to a growth of 7.4 per cent (14.2 per cent).

Retail customer deposits rose by NOK 1.8bn (1.8bn) or 8.6 per cent (9.1 per cent) to reach NOK 22.8bn, while deposits from corporates rose by NOK 1.8bn (4.3bn) or 6.5 per cent (18.3 per cent) to NOK 29.8bn.

Investment products

The customer portfolio of off-balance sheet investment products totalled NOK 4.6bn as of the first quarter 2013, up 9 per cent since the first quarter 2012. Equity funds show the highest growth.

Saving products, customer portfolio, NOKm	31 Mar 13	31 Mar 12	Change
Equity funds	2,817	2,402	415
Pension products	648	695	-47
Active management	1,043	939	104
Energy fund management	127	203	-76
Total	**4,635**	**4,239**	**396**

Insurance products

The Bank’s insurance portfolio grew by 9 per cent in the last 12 months. Non-life insurance showed 10 per cent growth, personal insurance 4 per cent and the occupational pensions segment 34 per cent growth. Total incomes on the Bank’s insurance portfolio passed NOK 120m in 2012 and are expected to show stable growth also in 2013.

Insurance, premium volume, NOKm	31 Mar 13	31 Mar 12	Change
Non-life insurance	685	639	46
Personal insurance	189	181	8
Occupational pensions	173	139	34
Total	**1,047**	**959**	**88**

Retail market and SMEs

The retail market business and the SME segment now comprise a unit in its own right. SMEs were previously a part of the corporate business. The retail market and SMEs are each commented on separately. The SME segment consists of corporate customers with an exposure size of +/- NOK 8m and agricultural customers. Historical data for the SME segment are incomplete and no comparison is made with last year’s figures. Return on equity in the first quarter for the retail business and SME segment in total was 27.5 per cent with 25.2 per cent (16.4 per cent) posted by the retail business and 33.8 per cent by the SME segment.

Retail market

Operating income has risen substantially due to increased margins on home mortgage loans both on the Bank’s own books and on mortgages transferred to SpareBank 1 Boligkreditt, and totalled NOK 274m (215m) in the first quarter 2013. Net interest income came to NOK 137m (125m) and commission income to NOK 137m (89m).

The lending margin in the first quarter 2013 was 2.20 per cent (1.45 per cent), while the deposit margin was -0.34 per cent (0.41 per cent) (measured against three-month Nibor).

In the last 12 months, lending to retail customers rose by 12.3 per cent (11.7 per cent) and deposits from the same segment by 8.6 per cent (10.8 per cent).

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 on residential properties, and the trend in house prices has been satisfactory throughout the market area.

SME segment

Operating income totalled NOK 88m with net interest income of NOK 70m and commission income of NOK 18m.

The lending margin measured against three-month Nibor in the quarter was 3.20 per cent and the deposit margin was -0.17 per cent. An increase of about 40 points is calculated over the first quarter.

SME customers have loan capital totalling NOK 8.6bn and deposit capital totalling NOK 8.8bn. Growth in loans and deposits respectively in the first quarter 2013 was 1.1 per cent and 2.5 per cent.

Large corporates

In connection with the reorganisation of the Bank as from 2013, SME customers are now part of the same business area as the retail market business. Large corporates are mainly customers with exposure sizes in excess of NOK 8m. Given the organisational change, historical data on Large corporates are incomplete.

Return on equity for Large corporates was 10.1 per cent in the first quarter. For the entire corporate market business (SMEs and Large corporates), return on equity in the first quarter 2012 was 11.6 per cent.

Total operating income for Group customers was NOK 180m in the first quarter 2013. Net interest income was NOK 156m, while total commission income was NOK 24m including NOK 4m in income on forex and fixed-income business.

Lending and deposit margins for Large corporates were, respectively, 2.50 per cent and -0.59 per cent. Lending growth for Large corporates in the first quarter 2013 was 1.3 per cent and deposit growth was 2.0 per cent. For corporates overall (SMEs and Large corporates) the lending margin was 2.65 per cent (2.27 per cent) and the deposit margin was -0.40 per cent (0.18 per cent).

12-month growth for corporates overall (SMEs and Large corporates) was 5.6 per cent (7.7 per cent) and deposit growth was 9.0 per cent (16.8 per cent).

SpareBank 1 SMN Markets

SpareBank 1 Markets delivers a complete range of capital market products and services and is an integral part of SpareBank 1 SMN's parent bank operation.

SpareBank 1 SMN Markets reported total income of NOK 29.3m (27.2m) in the first quarter 2013.

SpareBank 1 SMN has established an active asset management agreement with SpareBank 1 Markets (owned by SpareBank 1 Gruppen). The agreement puts SpareBank 1 Markets in a stronger position to deliver forex and fixed income products in the primary and secondary market. The business volume is regulated through clear-cut limits on exposure in relation to products and counterparties and brings a insignificant change in the Bank's risk exposure. Incomes and expenses are distributed between the parties based on an established distribution formula. The agreement was operationalised in April 2012, and SpareBank 1 SMN's net share of the incomes earned in the first quarter 2013 was NOK -3m.

Markets (NOKm)	31 Mar 13	31 Mar 12	Change
Currency trading and fixed income products	19.3	22.6	-3.3
Corporate	4.5	0.8	3.7
Securities, brokerage commission	8.5	6.6	1.9
SpareBank 1 Markets	-3.0	0.0	-3.0
Investments	0.0	-2.8	2.8
Total income	**29.3**	**27.2**	**2.1**

Subsidiaries

The subsidiaries posted an aggregate pre-tax profit of NOK 42.8m (33.4m) in the first quarter 2013.

Pre-tax profit, NOKm	31 Mar 13	31 Mar 12	Change
EiendomsMegler 1 Midt-Norge	10.7	14.1	-3.4
SpareBank 1 SMN Finans	15.2	14.1	1.1
SpareBank 1 SMN Regnskap	3.7	5.5	-1.8
SpareBank 1 SMN Invest	13.4	4.7	8.7
Other	-0.2	-5.0	4.8
Total	**42.8**	**33.4**	**9.4**

Eiendomsmegler 1 Midt-Norge leads the field in its catchment area with a market share of 40 per cent. The company's first quarter profit of NOK 10.7m (14.1m) is satisfactory. The number of units sold rose by 1.4 per cent and overall turnover value by 2 per cent to NOK 3.5bn compared with the first quarter 2012.

SpareBank 1 SMN Finans posted a first quarter profit of NOK 15.2m (14.1m). At quarter-end the company managed leases and car loan agreements worth a total of NOK 3.1bn of which leases account for NOK 1.8bn.

SpareBank 1 Nordvest and SpareBank 1 Søre Sunnmøre took over by agreement 9.9 per cent of the shares of SpareBank 1 SMN Finans in the fourth quarter 2012.

SpareBank 1 SMN Regnskap posted a pre-tax profit of NOK 3.7m (5.5m).

SpareBank 1 SMN Regnskap took over five accounting firms over the course of 2012 and aspires to continued strong growth. With a growth rate three times higher than the industry average, the company is market leader in Mid-Norway and among the leading accounting operations in Norway. It has in addition acquired a strategic owner position of 40 per cent in the accounting chain Consis. The company's alliance partner Sparebanken Hedmark owns the other 60 per cent.

SpareBank 1 SMN Invest's mission is to invest in shares, mainly in regional businesses. The company posted a first quarter net profit of NOK 13.4m (profit of 4.7m). The result is entirely related to gains on the company's equity portfolio.

Satisfactory funding and good liquidity

The Bank has a conservative liquidity strategy. The strategy attaches importance to maintaining liquidity reserves that ensure the Bank's ability to survive for 12 months carrying on ordinary operations without need of fresh external funding.

The Bank has liquidity reserves of NOK 22bn 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 year-end the proportion of money market funding in excess of 1 year was 72 per cent (73 per cent).

SpareBank 1 Boligkreditt is the Bank's chief source of funding. As of 31 March 2013 loans totalling NOK 29.8bn had been transferred to SpareBank 1 Boligkreditt.

In the first quarter of 2013 SpareBank 1 SMN raised a five-year loan of EUR 500m. The loan is spread across about 180 investors in Europe and Asia. The loan was raised in order for the bank to broaden its geographical spread of funding sources and thereby reduce its funding risk.

Rating

SpareBank 1 SMN has a rating of A2 (stable) with Moody's and a rating of A- (stable outlook) with Fitch Ratings. The bank was downgraded by Moody's from A1 to A2 (under review) in December. In the first quarter of 2013 this was changed to A2 (stable).

Financial strength

As of 31 March 2013 the common equity tier 1 capital ratio was 10.4 per cent (8.8 per cent). Common equity tier 1 capital is tier 1 capital excluding hybrid capital.

Figures in NOKm	31 Mar 13	31 Mar 12
Common equity Tier one	8,568	6,759
Hybrid capital, core capital	1,118	1,143
Supplementary capital	1,285	1,107
Subordinated capital	**10,971**	**9,008**
Minimum requirements subordinated capital	**6,606**	**6,127**
Risk weigheted assets (RWA)	**82,578**	**76,590**
Common equity Tier one ratio	**10.4 %**	**8.8 %**
Core capital ratio	**11.7 %**	**10.3 %**
Capital adequacy ratio	**13.3 %**	**11.8 %**

On 22 March 2013 the Ministry of Finance published a proposal for new capital requirements, a timetable for implementation as well as various alternatives for home mortgage loan weights. All in all these proposals entail a tighter regime than was expected. Although there is uncertainty regarding several of the buffers, the Board of Directors of SpareBank 1 SMN have determined that planning must be on the assumption that all buffers must be in place by 1 July 2016. The Board of Directors plans to achieve a common equity tier 1 capital ratio of 14.5 per cent by 1 July 2016.

The following improvements will be implemented:

- Improved banking operation through improved efficiency and higher margins. Increased capital requirements for all banks provides a market basis for increased margins on lending
- A payout policy as for 2012 with an effective payout of 25 – 35 per cent
- Moderate growth in the Bank's asset-intensive activities, including lending to the retail and corporate segments by the Parent bank and BN Bank
- Sale of asset items not included in the core business
- Introduction of advanced IRB approach at SpareBank 1 SMN and BN Bank

SpareBank 1 SMN currently has no plans with regard to equity capital issues.

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 initiated a process to apply for permission to use the advanced IRB approach. The application is expected to be submitted in the course of the first half of 2013.

The Bank's equity certificate (MING)

The book value of the Bank's EC was NOK 51.90 at the end of March 2013, and earnings per EC were NOK 1.55.

The Price / Income ratio was 7.55, and the Price / Book ratio was 0.90.

As of 31 March 2013 the price was NOK 46.90, and dividend of NOK 1.50 per EC was paid in 2013 for the year 2012.

Risk factors

The credit quality of the Bank's loan portfolio is satisfactory, and loss and default levels are low.

The Bank expects the cyclical upturn to continue but to be somewhat weaker than previously assumed. This is on the expectation of moderate activity growth resulting from very weak international growth impulses. We expect continued low Norwegian unemployment which, combined with continued good income growth and low interest rates, suggests that the loss risk in the Bank's retail market portfolio will remain low. Credit demand from Norwegian households still outstrips wage growth and will in large measure be influenced by house price developments. The Bank also expects moderate growth in mid-Norway's business sector ahead.

Future capital requirements look likely to be even higher than previously expected. Along with uncertainty with regard to how Norwegian authorities will handle in particular the countercyclical buffer, Norwegian banks have signalized an intention to implement a more conservative credit policy towards business and industry.

The Bank's results are affected directly and indirectly by the fluctuations in the securities markets. The indirect effect relates above all to the Bank's stake in SpareBank 1 Gruppen, where both the insurance business and asset 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 the above section on funding and liquidity).

Outlook ahead

SpareBank 1 SMN has strengthened its market position and achieved sound profit growth in 2012. The profit performance in the first quarter 2013 is also satisfactory. The Group's funding is robust. This is in keeping with the Directors' ambitions.

The Board of Directors will focus strongly ahead on measures designed to strengthen the Bank's financial position to ensure that it attains a common equity tier 1 ratio of at least 14.5 per cent by 1 July 2016.

It is essential to strengthen earnings through increased margins in order to meet the market's return requirement at the same time as achieving the financial solidity targets. Cost efficiency will also have the Board's full and complete attention in 2013 and the years ahead.

Continuing turbulence in international financial markets heightens uncertainty in the national and regional economies. Again in 2012 there were no clear indications of the region's business sector being affected by the crisis in the euro area. Business life in the Bank's market area shows continued growth and profitability, and the outlook for 2013 remains good. Unemployment is low, and there are few signs in the region's macroeconomy in isolation to suggest a change in the risk picture for 2013.

SpareBank 1 SMN has a conservative liquidity strategy and intends to be able to maintain normal operations for at least 12 months without further access to external funding. The Board of Directors considers pressures in the funding market to be lighter at the start of 2013 than at the same point last year.

The Board of Directors is satisfied with the Group's profit performance for the first quarter 2013 and expects further profit growth in forthcoming quarters.

Trondheim, 24. april
Styret i SpareBank 1 SMN

Kjell Bordal (chair)	Bård Benum (deputy chair)	Paul E. Hjelm-Hansen	Aud Skrudland
Morten Loktu	Bente Karin Trana	Arnhild Holstad	Venche Johnsen (employee rep.)
			Finn Haugan (Group CEO)

Income statement

Parent bank					Group		
2012	31 Mar 2012	31 Mar 2013	(NOK million)	Note	31 Mar 2013	31 Mar 2012	2012
3,904	984	948	Interest income		954	1,009	3,928
2,532	657	636	Interest expenses		611	659	2,451
1,373	**327**	**312**	**Net interest**	1	**343**	**351**	**1,477**
707	141	206	Commission income		262	196	968
86	19	18	Commission expenses		20	21	96
51	8	13	Other operating income		75	60	267
672	**130**	**201**	**Commission income and other income**		**317**	**235**	**1,139**
290	25	47	Dividends		1	0	12
-	-	-	Income from investment in related companies		101	92	244
205	53	44	Net return on financial investments	1	61	60	195
495	**79**	**91**	**Net return on financial investments**		**162**	**153**	**451**
2,540	**535**	**605**	**Total income**		**822**	**739**	**3,067**
618	164	154	Staff costs	2	236	232	924
342	77	80	Administration costs		99	97	419
245	54	61	Other operating expenses		79	69	311
1,206	**295**	**295**	**Total operating expenses**	4	**414**	**398**	**1,654**
1,334	**240**	**310**	**Result before losses**		**407**	**342**	**1,414**
51	7	15	Loss on loans, guarantees etc.	2,6,7	17	8	58
1,283	**234**	**296**	**Result before tax**	3	**390**	**333**	**1,355**
262	61	70	Tax charge		77	68	295
4	-	6	Result investment held for sale, after tax		7	7	16
1,025	**173**	**231**	**Net profit**		**321**	**272**	**1,077**
			Majority share		319	271	1,068
			Minority interest		2	1	9
			Profit per ECC		1.56	1.42	5.25
			Diluted profit per ECC		1.55	1.41	5.21

Other comprehensive income

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013	(NOK million)	31 Mar 2013	31 Mar 2012	2012
1,025	173	231	Net profit	321	272	1,077
			Items that will not be reclassified to profit/loss			
115	-	-	Actuarial gains and losses pensions	-	-	121
-	-	-	Share of other comprehensive income of associates and joint venture	7	-	-
-	-	-	Tax	-	-	-
115	**-**	**-**	**Total**	**7**	**-**	**121**
			Items that will be reclassified to profit/loss			
-	-	-	Available-for-sale financial assets	-	7	12
-	-	-	Share of other comprehensive income of associates and joint venture	-	1	10
-	-	-	Tax	-	-	-
-	**-**	**-**	**Total**	**-**	**8**	**22**
1,140	**173**	**231**	**Total other comprehensive income**	**328**	**280**	**1,221**
			Majority share of comprehensive income	326	278	1,213
			Minority interest of comprehensive income	2	1	8

Key figures

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013	**Result as per cent of average total assets:**	31 Mar 2013	31 Mar 2012	2012
1.32	1.33	1.15	Net interest	1.25	1.40	1.40
0.65	0.53	0.74	Commission income and other income	1.16	0.94	1.08
0.48	0.32	0.34	Net return on financial investments	0.59	0.61	0.43
1.16	1.20	1.09	Total operating expenses	1.52	1.59	1.57
1.28	0.98	1.15	Result before losses	1.49	1.36	1.34
0.05	0.03	0.05	Loss on loans, guarantees etc.	0.06	0.03	0.06
1.23	0.95	1.09	Result before tax	1.43	1.33	1.29
0.47	0.55	0.49	Cost -income ratio	0.50	0.54	0.54
73 %	71 %	72 %	Loan-to-deposit ratio	69 %	68 %	70 %
13.2 %	12.3 %	10.7 %	Return on equity	12.7 %	13.0 %	11.7 %

SpareBank 1 SMN

Balance sheet

Parent bank					Group		
2012	31 Mar 2012	31 Mar 2013	(NOK million)	Note	31 Mar 2013	31 Mar 2012	2012
1,079	650	311	Cash and receivables from central banks		311	650	1,079
5,619	4,078	4,470	Deposits with and loans to credit institutions		1,854	1,576	3,012
72,464	69,350	73,874	Gross loans to customers before write-down	5,8	76,425	71,681	74,943
-129	-142	-128	- Specified write-downs	6,7,8	-143	-164	-144
-278	-273	-278	- Write-downs by loan category	6	-295	-290	-295
72,057	68,935	73,468	Net loans to and receivables from customers		75,988	71,227	74,504
17,164	13,278	20,318	Fixed-income CDs and bonds		20,318	13,278	17,164
3,101	3,647	3,117	Derivatives	14,15	3,113	3,645	3,100
354	328	354	Shares, units and other equity interests	2,5	761	624	777
3,115	2,884	2,899	Investment in related companies		4,518	4,582	4,573
2,181	1,457	2,169	Investment in group companies		-	-	-
340	373	426	Investment held for sale		474	621	486
447	447	447	Goodwill		490	471	482
1,538	1,145	1,785	Other assets	9	2,942	2,320	2,798
106,995	**97,222**	**109,763**	**Total assets**		**110,769**	**98,996**	**107,975**
5,137	5,189	4,916	Deposits from credit institutions		4,915	5,189	5,137
2,273	2,553	2,273	Funding, "swap" arrangement with the government		2,273	2,553	2,273
53,187	49,222	53,506	Deposits from and debt to customers	10	52,603	48,974	52,252
30,259	25,569	32,347	Debt created by issue of securities	11	32,347	25,569	30,259
2,790	3,120	2,714	Derivatives	15	2,714	3,120	2,790
1,615	2,202	2,456	Other liabilities	12	2,865	2,572	2,070
-	-	-	Investment held for sale		31	131	72
3,040	2,576	2,850	Subordinated loan capital	11	2,850	2,576	3,040
98,302	**90,431**	**101,063**	**Total liabilities**		**100,599**	**90,685**	**97,892**
2,597	2,373	2,597	Equity capital certificates		2,597	2,373	2,597
-0	-0	-0	Own holding of ECCs		-0	-0	-0
895	183	895	Premium fund		895	183	895
1,889	1,457	1,889	Dividend equalisation fund		1,889	1,457	1,889
195	-	-	Recommended dividends		-	-	195
30	-	-	Provision for gifts		-	-	30
2,944	2,611	2,944	Savings bank's reserve		2,944	2,611	2,944
106	70	106	Unrealised gains reserve		123	92	123
38	-77	38	Other equity capital		1,340	1,187	1,343
-	173	231	Profit for the periode		321	272	-
-	-	-	Minority interests		62	136	67
8,694	**6,790**	**8,700**	**Total equity capital**	13	**10,170**	**8,312**	**10,082**
106,995	**97,222**	**109,763**	**Total liabilities and equity**		**110,769**	**98,996**	**107,975**

Cash flow statement

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013	(NOK million)	31 Mar 2013	31 Mar 2012	2012
1,025	173	231	Profit	321	272	1,077
43	10	13	Depreciations and write-downs on fixed assets	30	23	102
51	7	15	Losses on loans and guarantees	17	8	58
1,119	189	259	Net cash increase from ordinary opertions	367	304	1,237
284	17	-323	Decrease/(increase) other receivables	-248	-74	316
-293	585	782	Increase/(decrease) short term debt	735	497	-365
-1,738	1,427	-1,426	Decrease/(increase) loans to customers	-1,501	1,408	-1,919
-586	955	1,150	Decrease/(increase) loans credit institutions	1,158	980	-456
5,073	1,108	319	Increase/(decrease) deposits and debt to customers	351	1,103	4,381
-1,708	-1,375	-221	Increase/(decrease) debt to credit institutions	-222	-1,376	-1,708
-4,246	-360	-3,154	Increase/(decrease) in short term investments	-3,154	-360	-4,246
-2,096	**2,546**	**-2,614**	**A) NET CASH FLOW FROM OPERATIONS**	**-2,513**	**2,482**	**-2,760**
-92	-21	-7	Increase in tangible fixed assets	-3	-93	-279
-	-	-	Reductions in tangible fixed assets	-	-	-
-1,611	-473	142	Paid-up capital, associated companies	27	-323	-314
192	2	0	Net investments in long-term shares and partnerships	16	-14	-166
-1,512	**-491**	**135**	**B) NET CASH FLOW FROM INVESTMENTS**	**40**	**-429**	**-759**
350	-115	-190	Increase/(decrease) in subordinated loan capital	-190	-115	350
936	-	-	Increase/(decrease) in equity	-	-	936
-190	-190	-195	Dividend cleared	-195	-190	-190
-40	-40	-30	To be disbursed from gift fund	-30	-40	-40
-	-	38	Correction of equity capital	32	2	-89
2,112	-2,579	2,088	Increase/(decrease) in other long term loans	2,088	-2,579	2,112
3,168	**-2,923**	**1,711**	**C) NET CASH FLOW FROM FINANCAL ACTIVITIES**	**1,705**	**-2,921**	**3,079**
-440	**-869**	**-768**	**A) + B) + C) NET CHANGES IN CASH AND CASH EQUIVALENTS**	**-768**	**-869**	**-440**
1,519	1,519	1,079	Cash and cash equivalents at 01.01	1,079	1,519	1,519
1,079	650	311	Cash and cash equivalents at end of quarter	311	650	1,079
440	**869**	**768**	**Net changes in cash and cash equivalents**	**768**	**869**	**440**

Change in equity

Parent Bank	Issued equity		Earned equity						
(NOK million)	EC capital	Premium fund	Ownerless capital	Equalisation fund	Dividend	Gifts	Unrealised gains reserve	Other equity	Total equity
Equity capital at 1 January 2012	**2,373**	**183**	**2,611**	**1,457**	**190**	**40**	**70**	**-**	**6,924**
Reset of estimate deviation, pensions	-	-	-	-	-	-	-	-77	-77
Net Profit	-	-	333	432	195	30	36	-	1,025
Estimate deviation, pensions	-	-	-	-	-	-	-	115	115
Other comprehensive income	-	-	-	-	-	-	-	115	115
Total other comprehensive income	-	-	333	432	195	30	36	115	1,140
Transactions with owners									
Dividend declared for 2011	-	-	-	-	-190	-	-	-	-190
To be disbursed from gift fund	-	-	-	-	-	-40	-	-	-40
Rights issue	570	150	-	-	-	-	-	-	720
Employee placing	16	-	-	-	-	-	-	-	16
Private placements	112	88	-	-	-	-	-	-	200
Reduction of nominal value per equity certificate	-475	475	-	-	-	-	-	-	-
Total transactions with owners	224	713	-	-	-190	-40	-	-	706
Equity capital at 31 december 2012	**2,597**	**895**	**2,944**	**1,889**	**195**	**30**	**106**	**38**	**8,694**
Equity capital at 1 January 2013	**2,597**	**895**	**2,944**	**1,889**	**195**	**30**	**106**	**38**	**8,694**
Net Profit	-	-	-	-	-	-	-	231	231
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	231	231
Transactions with owners									
Dividend declared for 2012	-	-	-	-	-195	-	-	-	-195
To be disbursed from gift fund	-	-	-	-	-	-30	-	-	-30
Sale of own ECCs	0	-	-	0	-	-	-	-	0
Total transactions with owners	0	-	-	0	-195	-30	-	-	-225
Equity capital at 31 March 2013	**2,597**	**895**	**2,944**	**1,889**	**0**	**0**	**106**	**269**	**8,700**

Group	Majority share									
	Issued equity		Earned equity							
(NOK million)	EC capital	Premium fund	Ownerless capital	Equalisation fund	Dividend	Gifts	Unrealised gains reserve	Other equity	Minotity interest	Total equity
Equity capital at 1 January 2012	**2,373**	**183**	**2,611**	**1,457**	**190**	**40**	**85**	**1,274**	**135**	**8,348**
Reset of estimate deviation, pensions	-	-	-	-	-	-	-	-81	-	-81
Net Profit	-	-	333	432	195	30	36	43	9	1,077
Other comprehensive income										
Estimate deviation, pensions	-	-	-	-	-	-	-	121	-	121
Available-for-sale financial assets	-	-	-	-	-	-	1	12	-	13
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	10	-	10
Other comprehensive income	-	-	-	-	-	-	1	143	-	145

Total other comprehensive income	-	-	333	432	195	30	37	186	9	1,221
Transactions with owners										
Dividend declared for 2011	-	-	-	-	-190	-	-	-	-	-190
To be disbursed from gift fund	-	-	-	-	-	-40	-	-	-	-40
Rights issue	570	150	-	-	-	-	-	-	-	720
Employee placing	16	-	-	-	-	-	-	-	-	16
Private placements	112	88	-	-	-	-	-	-	-	200
Reduction of nominal value per equity certificate	-475	475	-	-	-	-	-	-	-	-
Direct recognitions in equity	-	-	-	-	-	-	-	-36	-	-36
Change in minority share	-	-	-	-	-	-	-	-	-77	-77
Total transactions with owners	224	713	-	-	-190	-40	-	-36	-77	594
Equity capital at 31 december 2012	**2,597**	**895**	**2,944**	**1,889**	**195**	**30**	**123**	**1,343**	**67**	**10,082**

Group	**Issued equity**		**Majority share**							
			Earned equity							
(NOK million)	**EC capital**	**Premium fund**	**Ownerless capital**	**Equalisation fund**	**Dividend**	**Gifts**	**Unrealised gains reserve**	**Other equity**	**Minotity interest**	**Total equity**
Equity capital at 1 January 2013	**2,597**	**895**	**2,944**	**1,889**	**195**	**30**	**123**	**1,343**	**67**	**10,082**
Net profit	-	-	-	-	-	-	-	319	2	321
Other comprehensive income										
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	7	-	7
Other comprehensive income	-	-	-	-	-	-	-	7	-	7
Total other comprehensive income	-	-	-	-	-	-	-	326	2	328
Transactions with owners										
Dividend declared for 2012	-	-	-	-	-195	-	-	-	-	-195
To be disbursed from gift fund	-	-	-	-	-	-30	-	-	-	-30
Sale of own ECCs	0	-	-	-0	-	-	-	-	-	0
Direct recognitions in equity	-	-	-	-	-	-	-	0	-	0
Pension correction 1 January	-	-	-	-	-	-	-	1	-	1
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	-10	-	-10
Change in minority share	-	-	-	-	-	-	-	-	-7	-7
Total transactions with owners	0	-	-	-0	-195	-30	-	-8	-7	-240
Equity capital at 31 March 2013	**2,597**	**895**	**2,944**	**1,889**	**0**	**0**	**123**	**1,661**	**62**	**10,170**

Equity capital certificate ratio

	31 March 2013	31 Dec 2012
ECC capital	2,597	2,597
Dividend equalisation reserve	1,889	1,889
Premium reserve	895	895
Unrealised gains reserve	69	69
A. The equity capital certificate owners' capital	**5,449**	**5,449**
Ownerless capital	2,944	2,944
Unrealised gains reserve	38	38
B. The saving bank reserve	**2,982**	**2,982**
To be disbursed from gift fund	-	30
Dividend declared	-	195
Equity ex. profit	**8,431**	**8,656**
Equity capital certificate ratio A/(A+B)	**64.64 %**	**64.64 %**
Equity capital certificate ratio for distribution		**63.33 %**

Results from quarterly accounts

Group in NOKm	Q1 2013	4Q 2012	3Q 2012	2Q 2012	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2011
Interest income	954	941	989	989	1,009	1,029	1,011	936	915
Interest expenses	611	543	630	619	659	691	657	592	559
Net interest	**343**	**399**	**358**	**369**	**351**	**338**	**354**	**344**	**356**
Commission income	262	280	252	240	196	188	200	199	192
Commission expenses	20	28	25	22	21	25	21	19	18
Other operating income	75	69	68	71	60	69	56	52	47
Commission income and other income	**317**	**321**	**294**	**288**	**235**	**232**	**234**	**232**	**221**
Dividends	1	2	0	9	0	2	0	31	3
Income from investment in related companies	101	3	91	59	92	71	53	69	56
Net return on financial investments	61	32	86	17	60	81	39	-3	33
Net return on financial investments	**162**	**37**	**177**	**85**	**153**	**153**	**92**	**98**	**92**
Total income	**822**	**756**	**829**	**742**	**739**	**723**	**680**	**675**	**669**
Staff costs	236	234	235	223	232	196	209	208	198
Administration costs	99	113	112	98	97	114	86	96	86
Other operating expenses	79	90	75	76	69	103	66	57	65
Total operating expenses	**414**	**437**	**421**	**398**	**398**	**412**	**361**	**361**	**348**
Result before losses	**407**	**319**	**408**	**345**	**342**	**311**	**318**	**314**	**321**
Loss on loans, guarantees etc.	17	17	16	17	8	26	8	-1	-6
Result before tax	**390**	**302**	**392**	**328**	**333**	**285**	**310**	**314**	**327**
Tax charge	77	69	77	81	68	54	66	65	70
Result investment held for sale, after tax	7	27	-9	-9	7	49	-4	1	-3
Net profit	**321**	**260**	**306**	**238**	**272**	**279**	**240**	**250**	**255**

Key figures from quarterly accounts

Group in NOKm	Q1 2013	4Q 2012	3Q 2012	2Q 2012	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2011
Profitability									
Return on equity per quarter	12.7 %	10.5 %	12.8 %	10.7 %	13.0 %	13.6 %	12.0 %	12.9 %	13.2 %
Cost-income ratio	50 %	58 %	58 %	51 %	54 %	54 %	57 %	53 %	53 %
Balance sheet									
Gross loans to customers	76,425	74,943	75,357	73,595	71,681	73,105	71,570	68,559	68,553
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	106,830	104,909	103,274	100,552	97,387	95,232	92,671	90,939	88,606
Deposits from customers	52,603	52,252	50,836	51,504	48,974	47,871	46,023	45,990	42,900
Total assets	110,769	107,975	110,640	107,815	98,996	101,455	100,007	98,503	94,486
Average total assets	109,344	109,279	109,227	103,422	100,242	100,732	99,212	96,435	96,224
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskredtt last 12 months	9.7 %	10.2 %	11.4 %	10.6 %	9.9 %	8.6 %	7.7 %	8.6 %	11.4 %
Growth in deposits last 12 months	7.4 %	9.2 %	10.5 %	12.0 %	14.2 %	11.9 %	19.1 %	11.4 %	14.1 %
Losses and defaults in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio	0.06 %	0.06 %	0.06 %	0.07 %	0.04 %	0.11 %	0.03 %	-0.01 %	-0.03 %
Non-performing commitm. as a percentage of gross loans	0.36 %	0.36 %	0.39 %	0.34 %	0.33 %	0.36 %	0.36 %	0.40 %	0.54 %
Other doubtful commitm. as a percentage of gross loans	0.15 %	0.14 %	0.16 %	0.20 %	0.19 %	0.21 %	0.24 %	0.20 %	0.23 %
Solidity									
Capital adequacy ratio	13.3 %	13.3 %	11.9 %	12.4 %	11.8 %	12.0 %	12.1 %	12.3 %	12.5 %
Core capital ratio	11.7 %	11.3 %	10.6 %	11.0 %	10.3 %	10.4 %	10.4 %	10.7 %	10.6 %
Core capital	9,686	9,357	8,826	8,722	7,902	7,856	7,504	7,394	7,330
Net equity and related capital	10,971	10,943	9,891	9,900	9,008	9,055	8,675	8,496	8,638
Key figures ECC *)									
ECC price	46.90	34.80	37.00	32.10	36.60	36.31	36.31	45.18	46.19
Number of certificates issued, millions	129.83	129.83	129.83	124.21	124.21	102.76	102.76	102.74	102.74
Booked equity capital per ECC (including dividend)	51.90	50.09	49.00	47.97	46.82	48.91	47.65	46.36	44.96
Profit per ECC, majority	1.55	1.29	1.54	1.22	1.41	1.65	1.42	1.51	1.48
Price-Earnings Ratio	7.55	6.74	6.09	6.58	6.49	5.50	6.39	7.48	7.80
Price-Book Value Ratio	0.90	0.69	0.76	0.67	0.78	0.74	0.76	0.97	1.03

*) The key figures are corrected for issues

SpareBank 1 SMN

Notes

Contents

Note 1 - Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS), including IAS 34, Interim Financial Reporting. As from 2007 the company accounts are also prepared and presented under IFRS. This entails that investments in associates and subsidiaries are recognised using the cost method. For this reason results recorded by associates and subsidiaries are not included in the parent bank's accounts. As from the first quarter of 2012, return on treasury bills is to be presented as net interest income instead of, as previously, capital gains or losses. Historical data have been correspondingly restated.

The quarterly accounts do not include all the information required in a complete set of annual financial statements and should be read in conjunction with the annual accounts for 2012. Further, the Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts, except:

IAS 1 Presentation of Financial Statements
As from the first quarter the statement of other income and expenses displays items that are reclassified to profit/loss and items not reclassified to profit/loss separately from each other.

IAS 19R Benefits to employees
As from 1 January 2013 the Group has applied IAS 19R Benefits to Employees and changed the basis for calculation of pension liabilities and pension costs. The Group has previously utilised the corridor approach to account for unamortised estimate deviations. The corridor approach is no longer permitted, and all estimate deviations shall according to IAS 19R be entered in the statement on other income and expenses. Previously return on pension assets was calculated by applying long-term expected return on pension assets. As a result of the application of IAS 19R the period’s net interest expense is calculated by applying the discount rate for the liability at the start of the period to the net liability. Net interest cost consists therefore of interest on the liability and return on the assets, both calculated using the discount rate. Changes in the net pension liability as a result of premium payments and disbursement of pensions are taken into account. The difference between actual return on pension assets and the booked return is accounted for continuously against other income and expenses.

The corridor as of 1 January 2012 is calculated anew in accordance with the principles set out in IAS 19R by, in part, setting the return on assets for 2012 equal to the discount rate.

Implementation has had the following balance sheet effects (Group):

(NOKm)	**Original balance sheet value**	**Change on implementation**	**New balance sheet value**
First quarter 2012 (1.1.2012)			
Overfunded defined benefit pension plan (other assets)	35	-35	0
Underfunded defined benefit pension plan (other liabilities)	0	77	77
Deferred tax	10	-31	-21
Other equity capital	1,268	-81	1,187
31 December 2012			
Overfunded defined benefit pension plan (other assets)	15	57	72
Underfunded defined benefit pension plan (other liabilities)	0	0	0
Deferred tax	4	16	20
Other equity capital	1,303	41	1,343
First quarter 2013 (impl. 1.1.13)			
Overfunded defined benefit pension plan (other assets)	15	57	72
Underfunded defined benefit pension plan (other liabilities)	0	0	0
Deferred tax	4	16	20
Other equity capital *)	1,303	41	1,343

*) Entered in the accounts as a strengthening of the Group’s equity capital as of first quarter 2013, NOK 57m minus deferred tax NOK 16m.

The balance sheet has been reworked as shown above.

Under the previous principle, the pension cost in 2012 amounted to NOK 32m. Due to the change in the principle for dealing with unamortised estimate deviations and calculating net interest expense, the booked pension cost increased to NOK 37m. Comparatives for profits/loss have not been reworked since the change is considered to be insignificant. Capital adequacy, EC-holder ratio (EC-holders' share of total equity) and other key figures and ratios have not been reworked for previous periods.

IFRS 7 Offsetting of financial instruments

The Group has implemented the change in IFRS 7 entailing an extended note disclosure requirement relating to, respectively, netting of financial instruments and set-off arrangements related to financial instruments. See note 14.

IFRS 13 Fair value measurement

The Group has implemented IFRS 13 on the fair value measurement of financial instruments. The note disclosures build largely on corresponding notes in the last annual accounts. See note 15.

Note 2 - Critical estimates and assessment concerning the use of accounting principles

When it prepares the consolidated accounts the management team makes estimates, discretionary assessments and assumptions which influence the application of accounting principles. This accordingly affects recognised amounts for assets, liabilities, revenues and expenses. Last year's annual accounts give a closer explanation of significant estimates and assumptions in Note 4 Critical estimates and assessments concerning the use of accounting principles.

Pensions

The banking and financial industry has established an agreement on contractual early retirement (AFP) for employees reaching the age of 62. The Bank's contribution comprises the National Insurance Scheme's accumulation of disbursed pension for employees availing themselves of AFP. From age 62 to 64 the Bank's liability is 100 percent and 60 percent of the pension paid from age 65 to age 67. Admission of new retirees ceased with effect from 31 December 2010.

The Act relating to state subsidies in respect of employees who take out contractual pension in the private sector (AFP Subsidies Act) entered into force on 19 February 2010. Employees who take out AFP with effect in 2011 or later will receive benefits under the new scheme. The new AFP scheme represents a lifelong add-on to National Insurance and can be taken out from age 62. Employees accumulate AFP entitlement at an annual rate of 0.314 percent of pensionable income capped at 7.1 G up to age 62. Accumulation under the new scheme is calculated with reference to the employee's lifetime income, such that all previous working years are included in the qualifying basis.

For accounting purposes the new AFP scheme is regarded as a defined benefit multi-employer scheme. This entails that each employer accounts for its pro rata share of the scheme's pension obligation, pension assets and pension cost. If no calculations of the individual components of the scheme and a consistent and reliable basis for allocation are available, the new AFP scheme will be accounted for as a defined-contribution scheme. At the present time no such basis exists, and the new AFP scheme is accordingly accounted for as a defined-contribution scheme. The new AFP scheme will only be accounted for as a defined-benefit scheme once reliable measurement and allocation can be undertaken. Under the new scheme, one-third of the pension expenses will be funded by the State, two-thirds by the employers. The employers' premium will be fixed as a percentage of salary payments between 1 G and 7.1 G.

At year end no provision was made for the Group's de facto AFP (early retirment scheme) liability. The reason is that the Joint Office for the LO/NHO Schemes has not done the required calculations. Similarly, the year's AFP cost of the new scheme has not been booked. This is in keeping with the recommendation of the Norwegian Accounting Standards Board.

The Group has in the first quarter implemented IAS 19R on benefits to employees. See note 1 on accounting principles.

Note 3 - Account by business line

The Bank was reorganised as from 1 January 2013. It was therefore natural to revise the segment structure.

As from 1 January 2013 the corporate market segment is split up and reports as two separate segments: Large corporates and SME. Historical data have not been reworked since these are difficult to reconstruct at a sufficiently precise level. Thus, for comparison purposes, Large corporates and SMBs must be viewed collectively in relation to 2012. This will apply to each quarter of 2013. In organisation terms, SMBs are a part of Offices which also handles Retail Customers.

Since Allegro accounts for a minimal part of the Group's profits, it is no longer reported as a separate segment. It is now added in the column for "others".

Group 31 March 2013

Profit and loss account (NOK million)	RM	SME	Large Corporates	Markets	EM 1	SMN Finans	SMN Regnskap	Uncollated	Total
Net interest	134	69	148	-5	1	30	0	-33	343
Interest from allocated capital	3	-	8	-	-	-	-	-11	-
Total interest income	**137**	**69**	**156**	**-5**	**1**	**30**	**0**	**-44**	**343**
Commission income and other income	137	19	20	7	73	-3	33	31	317
Net return on financial investments **)	0	1	4	21	-	-	-	143	169
Total income *)	**274**	**88**	**180**	**23**	**74**	**26**	**33**	**130**	**829**
Total operating expenses	**164**	**34**	**61**	**21**	**63**	**10**	**29**	**31**	**414**
Ordinary operating profit	**110**	**54**	**119**	**2**	**11**	**16**	**3**	**100**	**414**
Loss on loans, guarantees etc.	3	2	10	0	-	2	-	1	17
Result before tax	**107**	**53**	**109**	**2**	**11**	**14**	**3**	**99**	**398**
Post-tax return on equity	**25.2 %**	**33.8 %**	**10.1 %**	**3.0 %**					**12.7 %**
Balance (NOK million)									
Loans and advances to customers	59,155	8,602	32,569	-	-	3,170	-	-27,071	76,425
Adv. of this to SpareBank 1 Boligkreditt	-29,441	-386	-578	-	-	-	-	-	-30,405
Individual allowance for impairment on loan	-25	-18	-85	-	-	-15	-	0	-143
Group allowance for impairment on loan	-73	-30	-175	-	-	-16	-	-0	-295
Other assets	89	318	46	-	89	-2,921	37	67,528	65,187
Total assets	**29,705**	**8,486**	**31,777**	**-**	**89**	**218**	**37**	**40,456**	**110,769**
Deposits to customers	22,799	8,768	18,990	-	-	-	0	2,045	52,603
Other liabilities and equity	6,906	-282	12,788	-	89	218	37	38,411	58,166
Total liabilites	**29,705**	**8,486**	**31,777**	**-**	**89**	**218**	**37**	**40,456**	**110,769**

Group 31 March 2012

Profit and loss account (NOK million)	RM	CM	Markets	EM 1	SMN Finans	Allegro	SMN Regnskap	Uncollated	Total
Net interest	125	214	1	1	30	0	-0	-19	351
Interest from allocated capital	1	4	0	-	-	-	-	-5	-
Total interest income	**126**	**218**	**1**	**1**	**30**	**0**	**-0**	**-24**	**351**
Commission income and other income	89	32	2	72	-1	3	26	13	235
Net return on financial investments **)	0	7	18	-	0	-	1	142	160
Total income *)	**215**	**257**	**21**	**73**	**30**	**3**	**27**	**130**	**746**
Total operating expenses	**163**	**100**	**21**	**59**	**13**	**4**	**22**	**17**	**398**
Ordinary operating profit	**52**	**157**	**0**	**14**	**16**	**-1**	**6**	**114**	**349**
Loss on loans, guarantees etc.	-1	-8	-	0	2	0	-	0	-8

Result before tax	**53**	**149**	**0**	**14**	**14**	**-1**	**6**	**106**	**340**
Post-tax return on equity	**16.4 %**	**11.6 %**	**0.0 %**						**13.0 %**
Balance (NOK million)									
Loans and advances to customers	53,538	39,295	-	-	2,968	-	-	1,587	97,387
Adv. of this to SpareBank 1 Boligkreditt	-24,215	-617	-	-	-	-	-	-874	-25,706
Individual allowance for impairment on loan	-30	-112	-	-	-22	-	-	-0	-164
Group allowance for impairment on loan	-73	-200	-	-	-16	-	-	-	-290
Other assets	247	565	-	98	-2,463	6	38	29,278	27,769
Total assets	**29,467**	**38,931**	**-**	**98**	**466**	**6**	**38**	**29,991**	**98,996**
Deposits to customers	21,386	25,458	-	-	-	-	-	1,027	47,871
Other liabilities and equity	8,154	13,673	-	98	466	6	38	28,690	51,125
Total liabilites	**29,540**	**39,131**	**-**	**98**	**466**	**6**	**38**	**29,717**	**98,996**

*) A portion of capital market income (Markets) is distributed on RM and CM

**) Specification of net return on financial investments (NOKm)	31 Mar 2013	31 Mar 2012
Income from investment in related companies	108	99
adv. of this from SpareBank1 Gruppen	61	47
adv. of this from BN Bank ASA	26	15
adv. of this from Bank 1 Oslo Akershus AS	-	11
adv. of this SpareBank 1 Boligkreditt	12	14
adv. of this SpareBank 1 Næringskreditt	2	3
adv. of this Polaris Media	-	2
Net gain and dividends on securities	25	3
adv. of this from SpareBank 1 SMN Invest	16	4
Net gain on bonds	20	34
Net gain on trading and derivatives SMN Markets	17	23
Net return on financial investments	169	160

Note 4 - Operating expenses

Parent bank				Group		
2012	**31.3.12**	**31.3.13**		**31.3.13**	**31.3.12**	**2012**
618	164	154	Personnel expenses	236	232	924
166	41	44	IT costs	50	46	187
23	6	6	Postage and transport of valuables	7	7	28
39	9	9	Marketing	11	12	49
43	10	13	Ordinary depreciation	30	23	102
128	28	31	Operating expenses, real properties	24	21	101
55	8	9	Purchased services	11	10	66
132	28	29	Other operating expense	46	46	199
1,206	**295**	**295**	**Total other operating expenses**	**414**	**398**	**1,654**

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Note 5 - Distribution of loans by sector/industry

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013		31 Mar 2013	31 Mar 2012	2012
5,964	5,390	5,870	Agriculture/forestry/fisheries/hunting	6,031	5,568	6,129
2,325	1,516	2,075	Sea farming industries	2,226	1,654	2,447
2,123	2,334	2,180	Manufacturing	2,396	2,574	2,349
2,967	3,392	2,922	Construction, power and water supply	3,446	3,856	3,504
2,625	2,021	2,536	Retail trade, hotels and restaurants	2,715	2,206	2,804
5,734	5,737	5,768	Maritime sector	5,774	5,744	5,739
12,232	11,774	12,580	Property management	12,056	11,272	11,710
3,063	3,355	3,533	Business services	3,776	3,584	3,258
2,037	2,283	2,201	Transport and other services provision	2,519	2,620	2,364
189	35	203	Public administration	230	64	215
1,795	1,411	1,757	Other sectors	1,763	1,428	1,801
41,052	**39,248**	**41,624**	**Gross loans in retail market**	**42,930**	**40,571**	**42,322**
61,377	55,808	62,655	Wage earners	63,900	56,816	62,587
102,430	**95,056**	**104,279**	**Gross loans incl. Boligkreditt / Næringskreditt**	**106,830**	**97,387**	**104,909**
29,348	25,433	29,789	Boligkreditt	29,789	25,433	29,348
618	273	616	Næringskreditt	616	273	618
72,464	**69,350**	**73,874**	**Gross loans in balance sheet**	**76,425**	**71,681**	**74,943**

Note 6 - Losses on loans and guarantees

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013		31 Mar 2013	31 Mar 2012	2012
-22	-9	-1	Change in individual impairment losses provisions for the period	-2	-8	-28
5	-	-	Change in collective impairment losses provisions for the period	-	-	5
51	35	18	Actual loan losses on comm. for which provisions have been made	21	35	63
54	6	0	Actual loan losses on commitments for which no provision has been made	1	8	57
-37	-26	-3	Recoveries on commitments previously written-off	-3	-27	-38
51	**7**	**15**	**Losses of the year on loans and guarantees**	**17**	**8**	**58**

Note 7 - Losses

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013		31 Mar 2013	31 Mar 2012	2012
151	151	129	Individual write-downs to cover loss on loans at 01.01	144	172	173
4	24	3	+ Increased write-downs on provisions previously written down	3	24	4
13	4	3	- Reversal of provisions from previous periods	4	4	13
37	6	18	+ Write-downs on provisions not previously written down	19	7	43
51	35	18	- Actual losses during the period for which provisions for individual impairment losses have been made previously	21	35	63
129	**142**	**128**	**Specification of loss provisions at end of period**	**143**	**164**	**144**
104	41	18	Actual losses	21	43	119

Note 8 - Defaults

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013		31 Mar 2013	31 Mar 2012	2012
			Total defaults			
298	265	316	Loans in default for more than 90 days *)	388	318	374
72	87	61	- individual write-downs	71	94	83
226	178	255	Net defaults	317	224	291
24 %	33 %	19 %	Provision rate	18 %	30 %	22 %
			Problem Loans			
119	154	138	Problem loans (not in default)	160	183	143
57	55	67	- individual write-downs	72	70	62
63	99	71	Net problem loans	87	113	81
48 %	36 %	49 %	Provision rate	45 %	38 %	43 %

*) The defaults that relates to loans in the guarantee portfolio taken over from BN Bank ASA accounts for a total of NOK 0.1m per Q1 2013.
Any default in this portfolio will not entail loss for SpareBank 1 SMN.

Note 9 - Other assets

Parent bank				Group		
31.12.12	31.3.12	31.3.13		31.3.13	31.3.12	31.12.12
-	-	-	Deferred tax benefit	13	7	13
201	162	195	Fixed assets	1,242	1,179	1,277
1,009	881	1,174	Earned income not yet received	1,182	875	1,026
46	101	17	Accounts receivable, securities	17	101	46
283	0	399	Other assets	489	158	437
1,538	**1,145**	**1,785**	**Total other assets**	**2,942**	**2,320**	**2,798**

Note 10 - Distribution of customer deposits by sector/industry

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013		31 Mar 2013	31 Mar 2012	2012
2,002	2,055	2,159	Agriculture/forestry/fisheries/hunting	2,159	2,055	2,002
138	511	157	Sea farming industries	157	511	138
891	960	1,376	Manufacturing	1,376	960	891
1,715	1,530	1,705	Construction, power and water supply	1,705	1,530	1,715
3,923	2,878	3,566	Retail trade, hotels and restaurants	3,566	2,878	3,923
1,166	943	1,101	Maritime sector	1,101	943	1,166
4,865	3,278	4,768	Property management	4,143	3,201	4,256
4,802	5,263	4,783	Business services	4,783	5,263	4,802
3,575	3,592	3,840	Transport and other services provision	3,670	3,432	3,360
4,354	3,689	4,288	Public administration	4,288	3,689	4,354
3,477	3,493	2,929	Other sectors	2,821	3,482	3,366
30,908	**28,193**	**30,672**	**Total**	**29,769**	**27,945**	**29,973**
22,279	21,029	22,833	Wage earners	22,833	21,029	22,279
53,187	**49,222**	**53,506**	**Total deposits**	**52,603**	**48,974**	**52,252**

Note 11 - Debt created by issue of securities

Parent bank				Group		
2012	**31 Mar 2012**	**31 Mar 2013**		**31 Mar 2013**	**31 Mar 2012**	**2012**
706	228	653	Short-term debt instruments, nominal value	653	228	706
29,190	25,126	31,317	Bond debt, nominal value	31,317	25,126	29,190
364	215	377	Value adjustments	377	215	364
30,259	**25,569**	**32,347**	**Total**	**32,347**	**25,569**	**30,259**

Change in securities debt, subordinated debt and hybrid equity

	31 Mar 2013	Issued	Fallen due / Redeemed	Other changes	31 Dec 2012
Short-term debt instruments, nominal value	653	13	66	0	706
Bond debt, nominal value	31,317	3,858	1,965	235	29,190
Value adjustments	377	-	-	14	364
Total	32,347	3,871	2,031	248	30,259

	31 Mar 2013	Issued	Fallen due / Redeemed	Other changes	31 Dec 2012
Ordinary subordinated loan capital, nominal value	1,554	-	169	-30	1,753
Perpetual subordinated loan capital, nominal value	300	-	-	-	300
Hybrid equity, nominal value	887	-	-	18	869
Value adjustments	110	-	-	-8	118
Total	2,850	-	169	-21	3,040

Note 12 - Other liabilities

Parent bank				Group		
2012	31 Mar 2012	31 Mar 2013		31 Mar 2013	31 Mar 2012	2012
83	40	98	Deferred tax	107	55	93
248	20	256	Payable tax	295	40	290
800	741	1,066	Accrued expenses and received, non-accrued income	1,349	1,036	1,124
74	127	80	Provision for accrued expenses and commitments	80	127	74
87	104	173	Drawing debt	173	104	87
9	97	1	Creditors	38	149	40
73	781	526	Debt from securities	526	781	73
241	291	256	Other liabilities	297	280	290
1,615	**2,202**	**2,456**	**Total other liabilites**	**2,865**	**2,572**	**2,070**

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Note 13 - Capital adequacy

New capital adequacy rules were introduced in Norway as from 1 January 2007 (Basel II - the EU's new directive on capital adequacy). SpareBank1 SMN applied to and received permission from Finanstilsynet (Financial Supervisory Authority of Norway) to use internal rating methods (Internal Rating Based Approach - Foundation) to calculate charges for credit risk from 1 January 2007 onwards. This will make the statutory minimum capital adequacy requirement more risk-sensitive, so that it better reflects the risk in the underlying portfolios. Using IRB demands high standards of the Bank's organisation, competence, risk models and risk management systems. Under interim regulations issued by Finanstilsynet, IRB banks are not yet seeing the full effect of the reduced capital requirements. As from 2009, a 20% reduction of the risk-weighted basis of calculation was allowed.

Subordinated debt and hybrid capital

Subordinated debt ranks behind all other liabilities. Dated subordinated loans cannot constitute more than 50 per cent of tier 1 capital for capital adequacy purposes, while perpetual subordinated loans cannot constitute more than 100 per cent of tier 1 capital. Subordinated loans are classified as a liability in the balance sheet and are measured at amortised cost in the same way as other long-term loans.

Hybrid capital denotes bonds with a nominal interest rate, but the bank is not obliged to pay interest in a period where dividends are not paid, and neither is the investor subsequently entitled to interest that has not been paid, i.e. interest does not accumulate.

Hybrid capital is approved as an element of tier 1 capital up to limit of 15 per cent of aggregate tier 1 capital. Finanstilsynet (Norway's FSA) can require hybrid capital to be written down in proportion with equity capital should the bank's tier 1 capital adequacy fall below 5 per cent or total capital adequacy falls below 6 per cent. Written-down amounts on hybrid capital must be written up before dividends can be paid to shareholders or before equity capital is written up. Hybrid capital is shown as other long-term debt at amortised cost.

For detailed information regarding subordinated debt and hybrid capital, see note 5 in the Bank's annual report.

Parent bank				Group		
2012	**31 Mar 2012**	**31 Mar 2013**		**31 Mar 2013**	**31 Mar 2012**	**2012**
2,597	2,373	2,597	Equity capital certificates	2,597	2,373	2,597
-0	-0	-0	- Own holding of ECCs	-0	-0	-0
895	183	895	Premium fund	895	183	895
1,889	1,457	1,889	Dividend equalisation fund	1,889	1,457	1,889
2,944	2,611	2,944	Savings bank's reserve	2,944	2,611	2,944
195	-	-	Recommended dividends	-	-	195
30	-	-	Provision for gifts	-	-	30
106	70	106	Unrealised gains reserve	123	92	123
0	0	38	Other equity and minority interest	1,402	1,404	1,370
-	173	231	Net profit	321	272	-
8,656	**6,867**	**8,700**	**Total book equity**	**10,170**	**8,393**	**10,042**
-447	-447	-447	Deferred taxes, goodwill and other intangible assets	-531	-678	-674
-	-	-	Part of reserve for unrealised gains, associated companies	57	64	57
-225	-0	-	Deduction for allocated dividends and gifts	-6	-	-238
-448	-403	-448	50 % deduction for subordinated capital in other financial institutions	-2	-	-2
-165	-146	-178	50 % deduction for expected losses on IRB, net of write-downs	-193	-158	-179
-	-	-	50 % capital adequacy reserve	-734	-651	-703
-55	-82	-109	Surplus financing of pension obligations	-107	-74	-49
-	-173	-231	Net profit	-321	-272	-
-	87	169	Year-to-date profit included in core capital (as from. 2013 73 % pre tax - previous 50 % pre tax)	234	136	-
7,316	**5,703**	**7,455**	**Total common equity Tier one**	**8,568**	**6,759**	**8,254**
918	927	932	Hybrid capital, core capital	1,118	1,143	1,103
8,234	**6,630**	**8,387**	**Total core capital**	**9,686**	**7,902**	**9,357**
			Supplementary capital in excess of core capital			
-	-	-	State Finance Fund, supplementary capital	31	-	31
312	316	308	Perpetual subordinated capital	308	318	312
1,810	1,333	1,610	Non-perpetual subordinated capital	1,875	1,598	2,127
-448	-403	-448	50 % deduction for subordinated capital in other financial institutions	-2	-	-2

-165	-146	-178	50 % deduction for expected losses on IRB, net of write-downs	-193	-158	-179
-	-	-	50 % capital adequacy reserve	-734	-651	-703
1,509	**1,100**	**1,292**	**Total supplementary capital**	**1,285**	**1,107**	**1,586**
9,742	**7,730**	**9,679**	**Net subordinated capital**	**10,971**	**9,008**	**10,943**
			Minimum requirements subordinated capital, Basel II			
1,654	1,466	1,661	Involvement with spesialised enterprises	1,661	1,466	1,654
1,470	1,519	1,505	Other corporations exposure	1,505	1,519	1,470
39	40	52	SME exposure	56	43	42
316	306	326	Retail morgage exposure	583	518	560
28	30	26	Other retail exposure	28	32	30
1,118	832	1,108	Equity investments	-	-	-
4,625	**4,192**	**4,678**	**Total credit risk IRB**	**3,833**	**3,578**	**3,756**
205	206	257	Debt risk	257	206	205
14	49	14	Equity risk	15	16	15
-	-	-	Currency risk	-	-	-
315	315	337	Operational risk	438	420	420
553	506	545	Exposures calculated using the standardised approach	2,086	2,018	2,074
-75	-67	-75	Deductions	-125	-110	-120
-	-	-	Transitional arrangements	102	-	246
5,637	**5,200**	**5,756**	**Minimum requirements subordinated capital**	**6,606**	**6,127**	**6,596**
70,468	65,003	71,951	Risk weigheted assets (RWA)	82,578	76,590	82,446
			Capital adequacy			
10.4 %	8.8 %	10.4 %	Common equity Tier one ratio	10.4 %	8.8 %	10.0 %
11.7 %	10.2 %	11.7 %	Core capital ratio	11.7 %	10.3 %	11.3 %
13.8 %	11.9 %	13.5 %	Capital adequacy ratio	13.3 %	11.8 %	13.3 %

Note 14 - Financial instruments and offsetting

As from 2013 the Bank is required to disclose financial instruments which the Bank considers to fulfil the requirements for netting under IAS 32.42, and financial instruments in respect of which offsetting agreements have been entered into. Both in accordance with IFRS 7.13 A-F.

The Bank has no financial instruments booked on a net basis in the financial statements.

SpareBank 1 SMN has two sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, use is made of framework agreements requiring provision of collateral. For customers engaged in trading activity, only cash deposits are accepted as collateral. The agreements are unilateral, i.e. it is only the customers that provide collateral. As regards financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally the Bank has entered into supplementary agreements on provision of collateral (CSA) with the most central counterparties. As of the first quarter 2013 the Bank has eighteen active CSA agreements. The Bank only enters into agreements with cash as collateral. The Bank has delegated responsibility for handling these agreements to SEB Prime Collateral Services which handles margin requirements on behalf of the Bank.

Period	Type of financial instrument	Amounts which can only be netted upon bankruptcy or default
31.03.2013	Derivatives	1,626
31.03.2012	Derivatives	1,075

Parent Bank and Group are identical.

Note 15 - Measurement of fair value of financial instruments

In connection with implementation of IFRS 13, interim financial statements are required to present fair value measurements per level with the following division into levels for fair value measurement:

- quoted price in an active market for an identical asset or liability (level 1)
- valuation based on other observable inputs either directly (price) or indirectly (derived from prices) than quoted price (used in level 1) for the asset or liability (level 2)
- valuation based on inputs not taken from observable markets (unobservable inputs) (level 3)

For further details, see Note 26 Measurement of fair value of financial instruments in the annual accounts, and note 27 Fair value of financial instruments.

Shares held for sale are not included in the tables below.

The following table presents the Group's assets and liabilities measured at fair value as of 31 March 2013:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit/loss				
- Derivatives	110	3,002	-	3,113
- Bonds and money market certificates	3,778	14,040	-	17,818
- Equity capital instruments	112	-	603	715
- Fixed-rate loans	-	2,746	-	2,746
Financial assets avaliable for sale				
- Equity capital instruments	-	-	46	46
Total assets	**4,001**	**19,788**	**649**	**24,438**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit/loss				
- Derivatives	75	2,639	-	2,714
Total liabilities	**75**	**2,639**	**-**	**2,714**

The following table presents the Group's assets and liabilities measured at fair value as of 31 March 2012:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit/loss				
- Derivatives	1	3,644	-	3,645
- Bonds and money market certificates	2,567	7,913	-	10,480
- Equity capital instruments	122	-	438	560
- Fixed interest loans	-	2,329	-	2,329
Financial assets avaliable for sale				
- Equity capital instruments	-	-	65	65
Total assets	**2,690**	**13,886**	**502**	**17,078**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit/loss				
- Derivatives	0	3,120	-	3,120
Total liabilities	**0**	**3,120**	**-**	**3,120**

The following table presents the Group's assets and liabilities measured at fair value as of 31 December 2012:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit/loss				
- Derivatives	61	3,039	-	3,100
- Bonds and money market certificates	3,764	10,825	-	14,590
- Equity capital instruments	131	-	601	731
- Fixed interest loans	-	2,585	-	2,585
Financial assets avaliable for sale				

- Equity capital instruments	-	-	46	46
Total assets	**3,956**	**16,450**	**646**	**21,051**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities through profit/loss				
- Derivatives	62	2,728	-	2,790
Total liabilities	**62**	**2,728**	**-**	**2,790**

The valuation of equity capital instruments classified in level 3 is done at the individual group company – in the main SpareBank 1 SMN Invest AS and SpareBank 1 SMN. Routines have been established for ongoing valuation of all share investments and the valuation is done using various intervals in relation to the size of the investment.

For participations seedcorn funds and venture funds, use is made of valuations from the managers of the various funds. These valuations are based on guidelines either from the European Venture Capital Association (EVCA) or the International Private Equity (IPEV) guidelines. Other funds such as property funds, normally use external broker's estimates. Funds or companies with few participants use the original cost or market price if transactions have been carried out at the company.

The owner interests in Nets Holding and Nordito Property are valued each quarter by SpareBank 1 Gruppen AS and distributed to all Alliance banks. This valuation is based on an average of five different methods where the last known transaction price, profit per share, dividends per share and EBITDA are inputs to the assessments.

Effect on result of financial instruments belonging to level 3

	31 Mar 2013	**31 Mar 2012**	**31 Dec 2012**
Realised gain/loss	-	-	0
Change in unrealised gain/loss	3	1	-11
Total effect on result	**3**	**1**	**-11**

Equity capital certificates

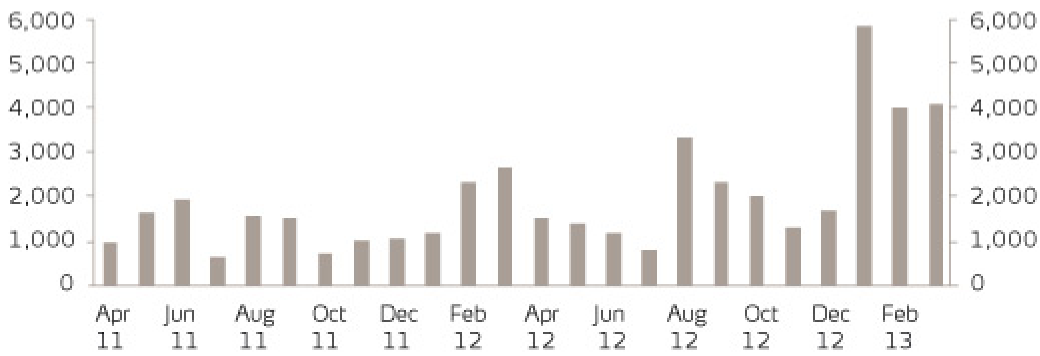
Stock price compared with OSEBX and OSEEX

1 April 2011 to 31 March 2013

OSEBX = Oslo Stock Exchange Benchmark Index (rebased)
OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics

1 April 2011 to 31 March 2013



Total number of ECs traded (1000)

20 largest ECC holders	Number	Share
Reitangruppen AS	9,019,108	6.95 %
J.P. Morgan Securities PLC	4,311,810	3.32 %
Odin Norge	4,168,311	3.21 %
Sparebankstiftelsen SpareBank 1 SMN	3,965,391	3.05 %
Aker ASA / The Resource Group TRG	3,018,153	2.32 %
Odin Norden	2,899,083	2.23 %
Frank Mohn AS	2,876,968	2.22 %
Vind LV AS	2,736,435	2.11 %
MP Pensjon PK	2,043,415	1.57 %
Verdipapirfondet Fondsfinans Spar	1,800,000	1.39 %
Odin Europa SMB	1,326,937	1.02 %
Danske Invest Norske Aksjer Inst. II	1,291,623	0.99 %
Forsvarets personellservice	1,189,246	0.92 %
I.K. Lykke, T.Lykke m.fl.	1,161,567	0.89 %

Tonsenhagen Forretningssentrum AS	1,135,193	0.87 %
State Street Bank & Trust Company (nominee)	1,111,278	0.86 %
Stenshagen Invest	1,106,000	0.85 %
KLP Aksje Norden VPF	977,006	0.75 %
Skandinaviska Enskilda Banken AB	950,755	0.73 %
Danske Invest Norske Aksjer Inst. I	930,245	0.72 %
The 20 largest ECC holders in total	**48,018,524**	**36.98 %**
Others	81,817,919	63.02 %
Total issued ECCs	**129,836,443**	**100.00 %**

Dividend policy

SpareBank 1 SMN aims to manage the Group's resources in such a way as to provide equity certificate holders with a good, stable and competitive return in the form of dividend and a rising value of the bank's equity certificate.

The net profit for the year will be distributed between the owner capital (the equity certificate holders) and the ownerless capital in accordance with their respective shares of the bank's total equity capital.

SpareBank 1 SMN's intention is that up to one half of the owner capital's share of the net profit for the year should be disbursed in dividends and, similarly, that up to one half of the owner capital's share of the net profit for the year should be disbursed as gifts or transferred to a foundation. This is on the assumption that capital adequacy is at a satisfactory level. When determining dividend payout, account will be taken of the profit trend expected in a normalised market situation, external framework conditions and the need for tier 1 capital.

Auditor's report

Deloitte.

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Translation from the original Norwegian version

To the Board of Directors of SpareBank 1 SMN

Report on Review of Interim Financial Information of SpareBank 1 SMN as of March 31 2013

We have reviewed the accompanying balance sheet of SpareBank1 SMN as of March 31 2013 and the related statements of income for the group, showing a profit of 328.000.000, changes in equity and cash flows for the three month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

We have conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at March 31, 2013, and of its financial performance and its cash flows for the three month period then ended in accordance with International Accounting Standard 34, as adopted by the EU.

Trondheim 24.04.2013
Deloitte AS

Mette Estenstad (Signed)
State Authorised Public Accountant (Norway)