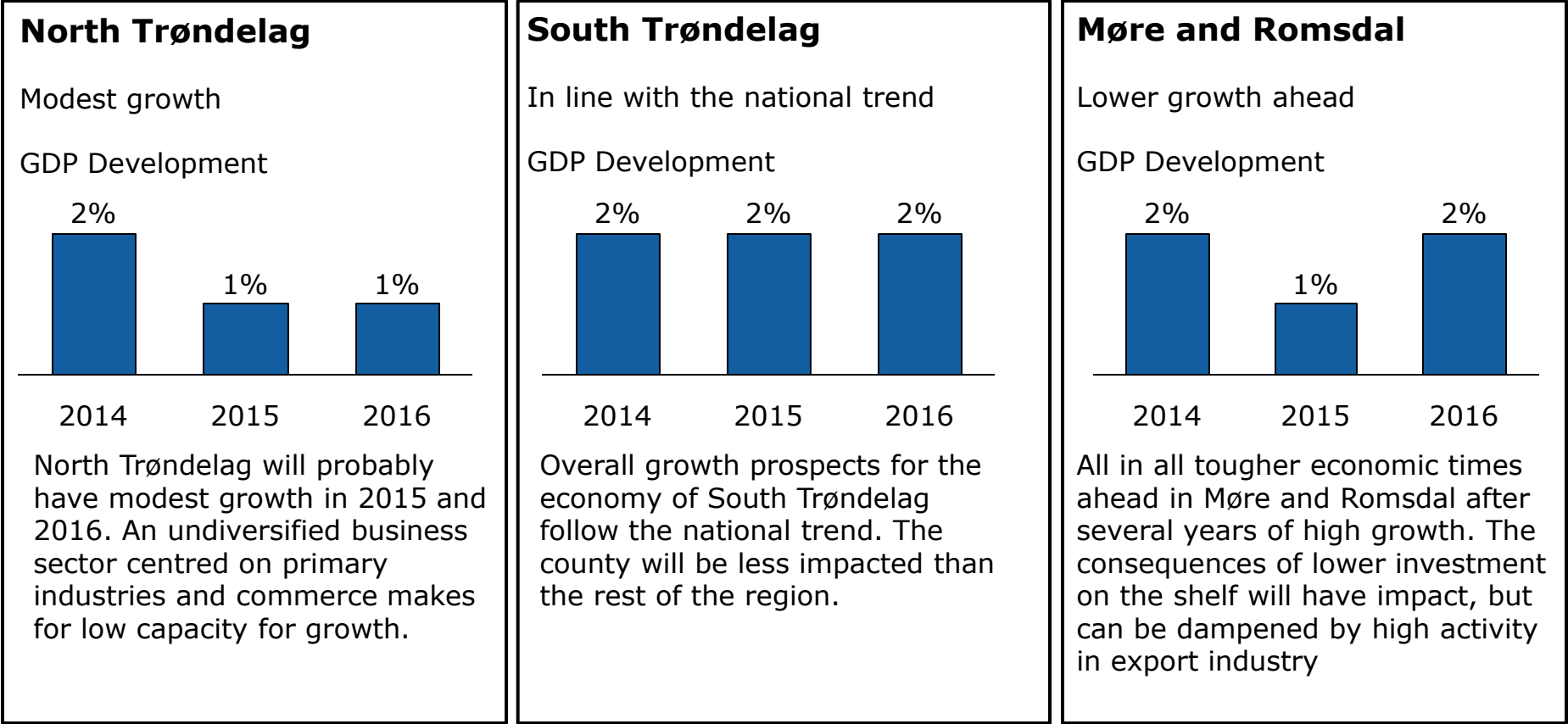


Q1 2015

May 8th 2015

Moderate exposure to the consequences of reduced shelf activity in Mid-Norway



Very good result in Q1 2015

Strong profit, 14.1% ROE in Q1 2015

Core business on a positive trend with increased commission income and moderate cost growth. Strengthening a very solid market position throughout Mid-Norway

CET1 target shall be reached without ordinary stock issue, but steps need to be taken

Digitalization simplifies and enhances both customer experience and production processes

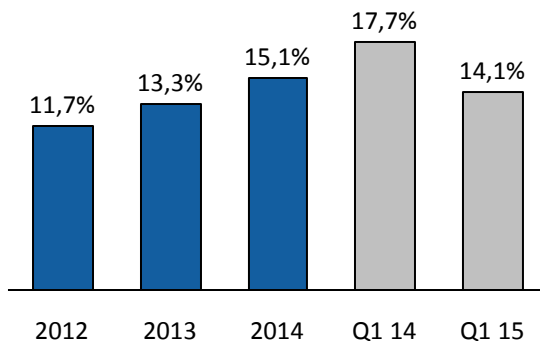
Costs target entails zero growth at the parent bank as from 2015, digitalization enables efficiency gains

The transaction raising SpareBank 1 SMN's stake in SpareBank 1 Markets was carried out in Q2

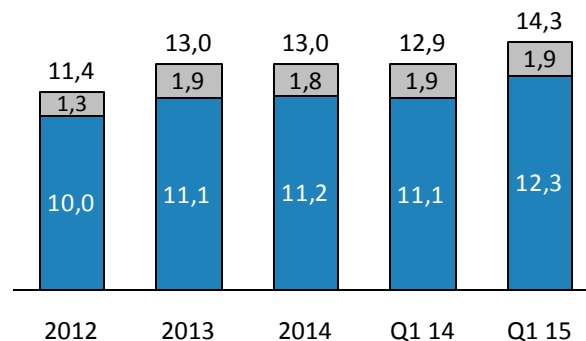
SpareBank 1 Finans SMN signed an agreement for SamSpar banks to acquire a further 20% stake. SamSpar banks will distribute products from the financial company, adding increased selling power

Improved profits and capitalization

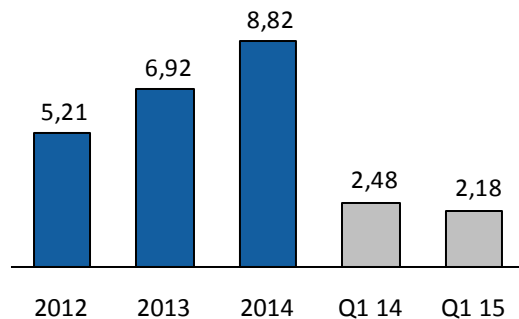
Return on equity



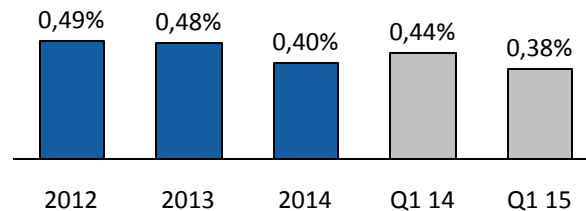
Tier 1 capital ratio with and without hybrid capital



Earnings per ECC



Loans in default and other problem loans as a percentage of total loans



Q1 2015

The subsidiaries predominate in their markets and contribute to diversified and robust value creation

SpareBank 1 Finans



- Solid market position
 - Leasing NOK 1.9bn, car loans 1.8bn
 - Pre-tax profit of NOK 21.3m (16.6m)
- Samspar a new co-owner and distributor

No 1 position in market area

90.9% stake

EiendomsMegler 1



- 40% market share, strong synergy with the bank
- Pre-tax profit of NOK 7.8m (3.5m)

No 1 position in market area

87% stake

SpareBank 1 Regnskapshuset



- Stable and high growth in turnover
- Pre-tax profit of NOK 7.9m (6.7m)
- Long-term strategy to consolidate accounting industry and build synergies with the bank

No 1 position in market area

100% stake

SpareBank 1 Markets



- Markets in SMN to be integrated in SpareBank 1 Markets in Q2 2015
- Development in line with plan
- Strong cost reduction completed
- Net profit in Q1 (pro forma)

No 1 position in market area

73.3% stake

SpareBank 1 Markets: pro forma accounts including activity in SMN Markets

Q1 2015 – pro forma result

mNOK	SB1M	SMNM	Pro forma
Aksje/HY	18	4	22
Fremmedkapital	2	-	2
Corporate	9	-	9
Rente/Valuta	-	33	33
Operations	-	1	1
Total income	28	38	66
Personell costs	25	8	33
Other operating costs	18	6	24
Total costs	43	14	57
Result before tax	-14	24	9

Comments

- Positive operating result for first time in the company's history in a demanding market for several business lines
- A more robust business model established after integration with SMN Markets and costs measures in 2014
- Good underlying trend for all business lines

Three initiatives will help create the bank of the future, develop the organisation and enhance the bank's efficiency

1

Create a forward-looking, offensive and sales-oriented organisation



2

Develop and renew an efficient distribution model with lower costs



3

Best for customer experience through continuous customer dialogue and increased use of customer data



Zero growth in costs towards 2016

The bank is enhancing efficiency to maintain competitiveness

Continuous cost focus will bring zero growth in costs in run-up to 2016

Industrially rational

- Continuous focus on efficiency brings improved quality
- Cost efficiencies contribute to a more efficient organisation
- Adapting costs promotes a more effective business model

Tough and efficient competitors

- Competitors have ambitious costs plans
- If we are to compete on prices and terms, we must be efficient
- Cost efficiency strengthens the bank's market power

A more efficient bank

- Increased self-service and digitalization creates space for efficiency enhancement
- Making processes more efficient frees up time and resources
- A more efficient bank makes for a better customer experience

An excellent effort across the organisation to develop tomorrow's bank

A New distribution model

- SMN working on a new distribution model
- Changing customer behaviour presents new opportunities
- Bank to further increase its selling power



B Technological developments provide new opportunities

- New webpages will create better interplay between the channels
- We are further developing the internet bank and the mobile bank
- We are investing in tools to expand dialogue with customers



C Improving production efficiency

- Continuous improvement as a tool
- Streamlining processes and products
- Unify production processes where this is considered rational



D Increased focus on customer dialogue

- We still have potential to increase the time devoted to customer dialogue
- Through freed-up time and new tools we will increase our dialogue with, and time spent on, our customers



SpareBank 1 SMN intends to be among the best performing banks

Customer orientation	Best on customer experience Will continue to strengthen market position
Profitable	Among the best performing banks, ROE 12 % annually
Solid	13.5% by the end of 1. half 2016
Efficient	Zero cost growth in parent bank 2014 – 2016
Dividend	Real-terms payout ratio of 25% to 35%. Strong focus on strengthening capital through retained profit



Financial information



Q1 2015

Net profit NOK 441m (500m, including gains Nets 148m)

Return on equity 14.1 % (17.7 %)

Result of core business NOK 369m (343m)

Cost growth parent bank 0.7 % (3.3%)

CET 1 12.3 % (11.1 %)

Growth in lending RM 8.0 % and CM 13.2 % last 12 months

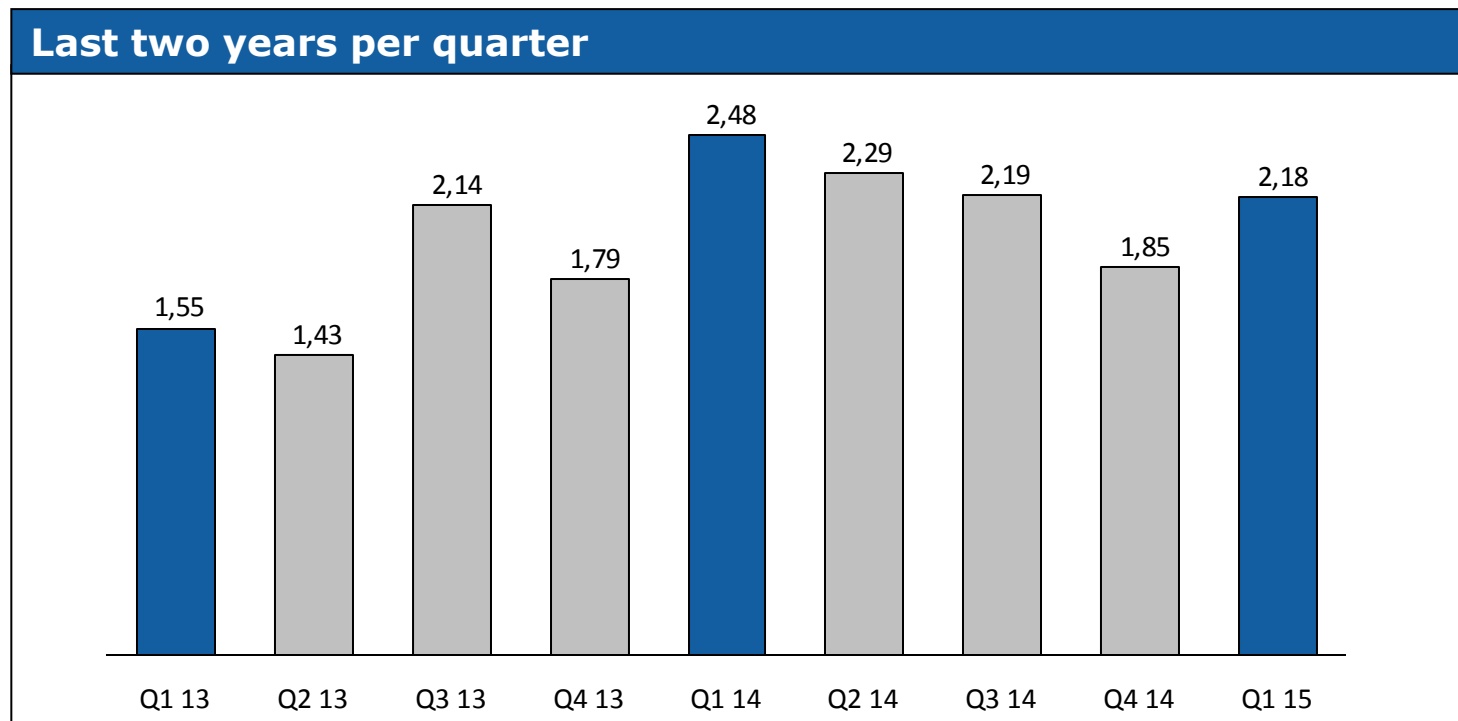
Booked equity capital per ECC NOK 61.95 (56.39), profit per ECC NOK 2.18 (NOK 2.48)

Positive development in profits

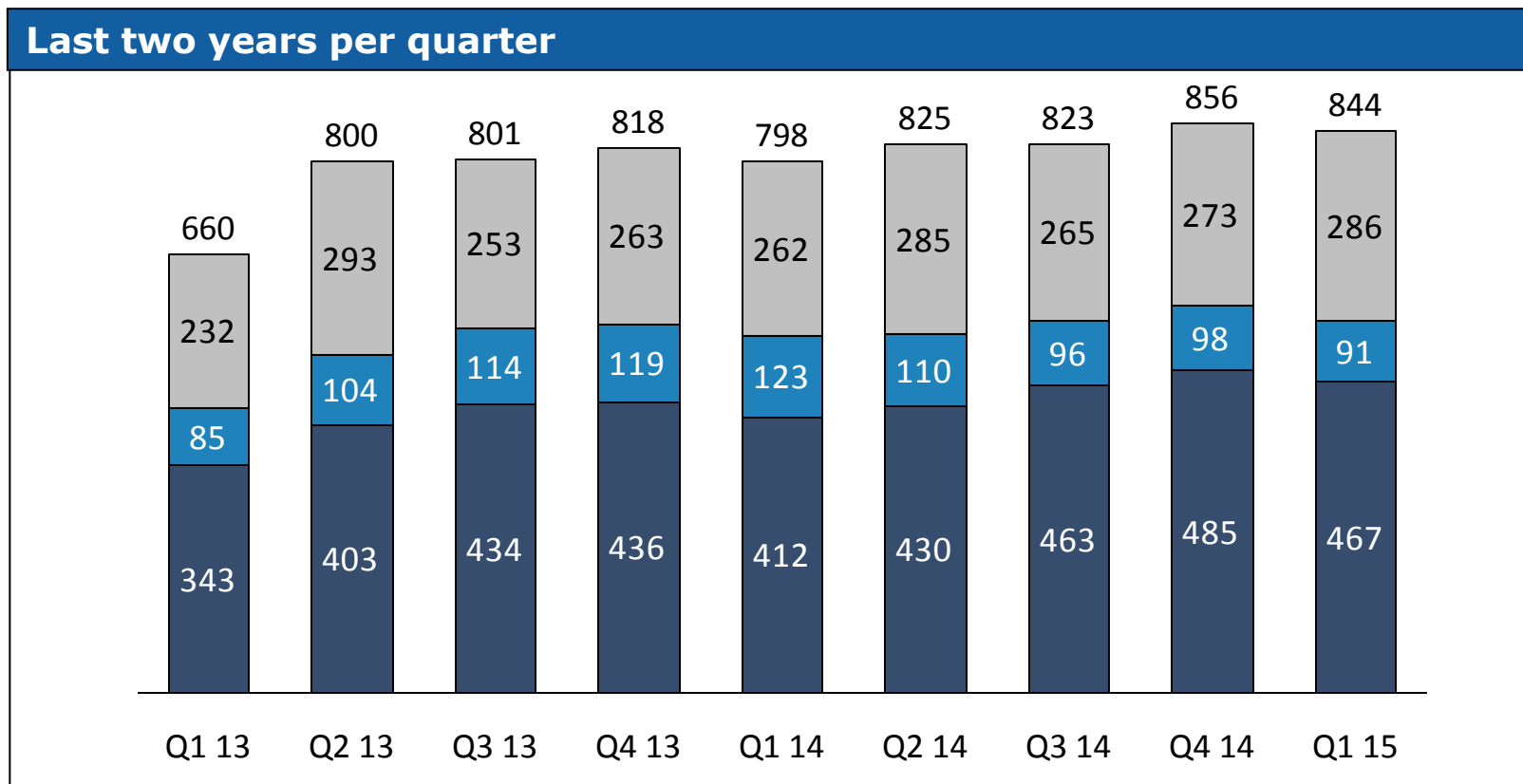
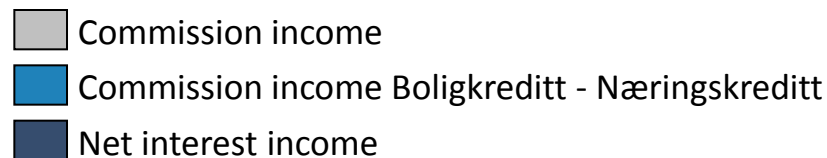
Profit per quarter

NOK mill	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Net interest	467	485	463	430	412
Commission income and other income	377	371	361	394	385
Operating income	844	856	823	825	798
Total operating expenses	454	479	425	443	441
Pre-loss result of core business	391	377	398	382	356
Losses on loans and guarantees	22	34	24	15	17
Post-loss result of core business	369	343	374	367	340
Related companies, including held for sale	128	144	169	131	84
Securities, foreign currency and derivatives	69	-53	1	70	175
Result before tax	566	434	544	567	598
Tax	126	60	101	103	99
Net profit	441	375	443	464	500
Return on equity	14,1 %	12,1 %	14,5 %	16,0 %	17,7 %

Earnings per ECC

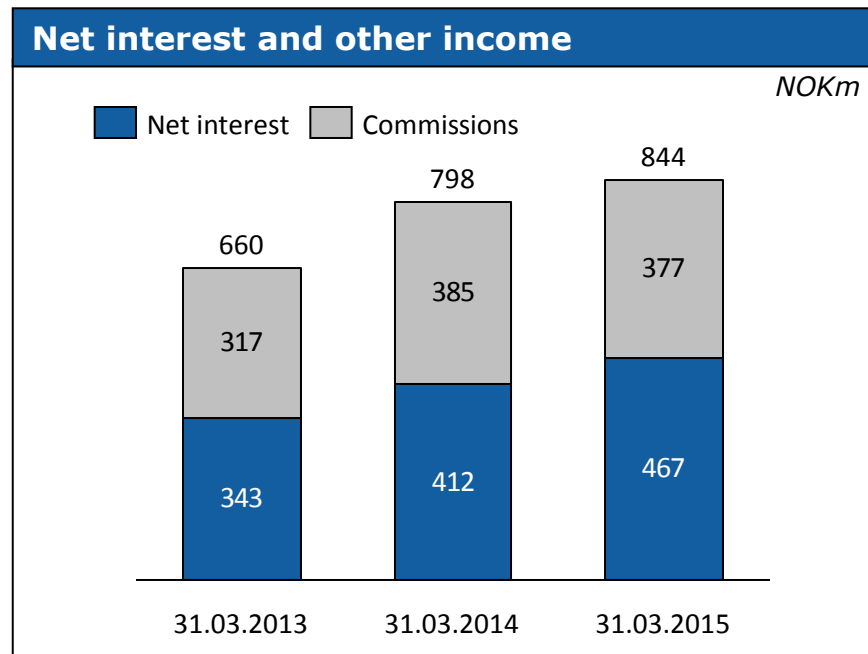


Positive development operating income



Robust income platform and increased commission income

Continued potential for cross sales



Commission income Q1 14 and Q1 15			
<i>mill kr</i>	30 Mar. 2015	30 Mar. 2014	Change
Payment transmission income	47	48	-1
Creditcards	13	13	1
Commissions savings	11	10	1
Commissions insurance	37	31	5
Guarantee commissions	16	13	4
Estate agency	83	71	12
Accountancy services	53	47	6
Assets management	4	3	1
Rental income	10	11	0
Other commissions	11	16	-5
Commissions ex. Bolig/Næringskreditt	286	262	24
Boligkreditt and Næringskreditt	91	123	-32
Total commission income	377	385	-8

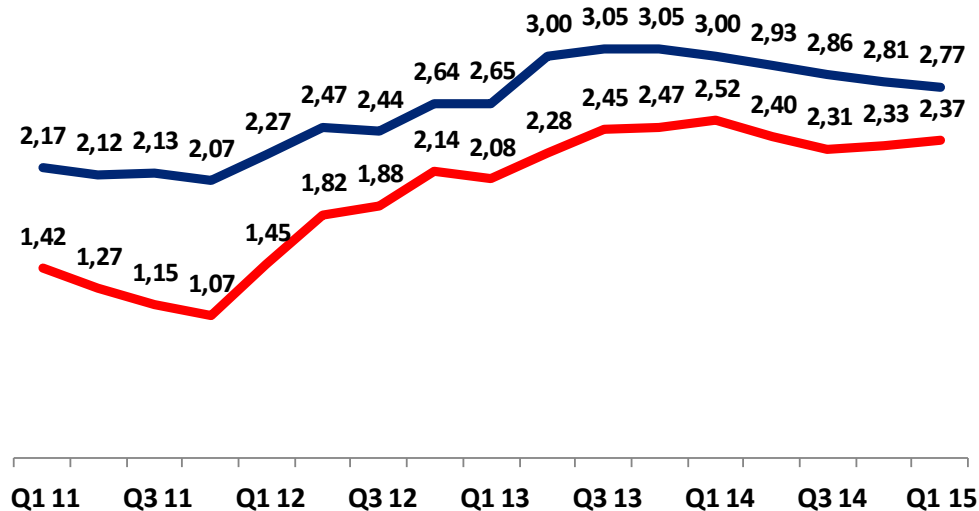
- The Group's income platform is robust
- Incomes derive from a wide range of products both from the parent bank, the subsidiaries, and the SpareBank 1 Group

Lending margins Retail and Corporate

Increased capital requirements led to strengthened margins in 2013

Per quarter from Q1 2011

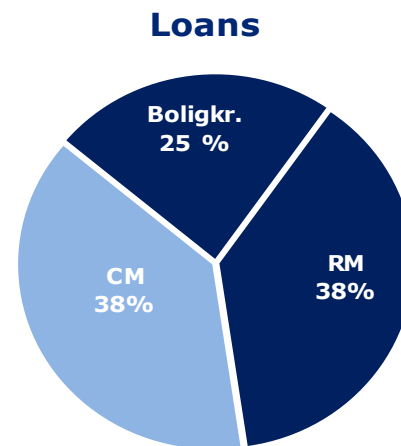
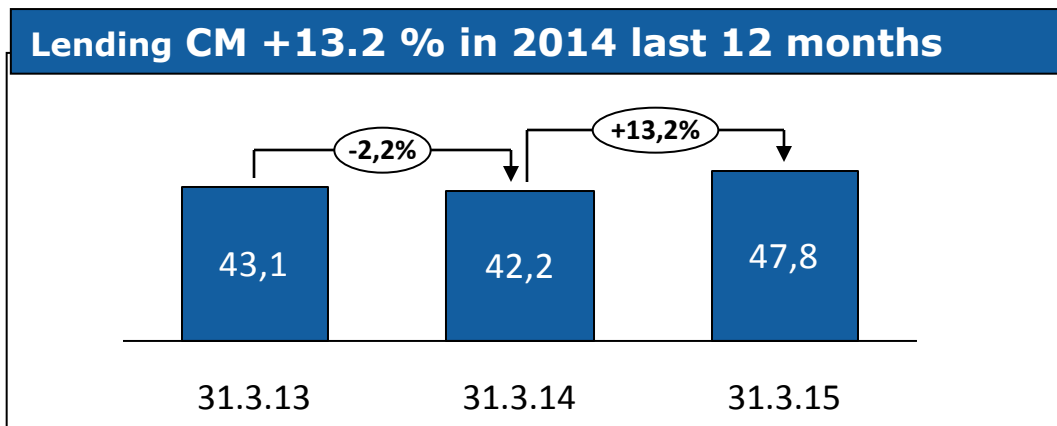
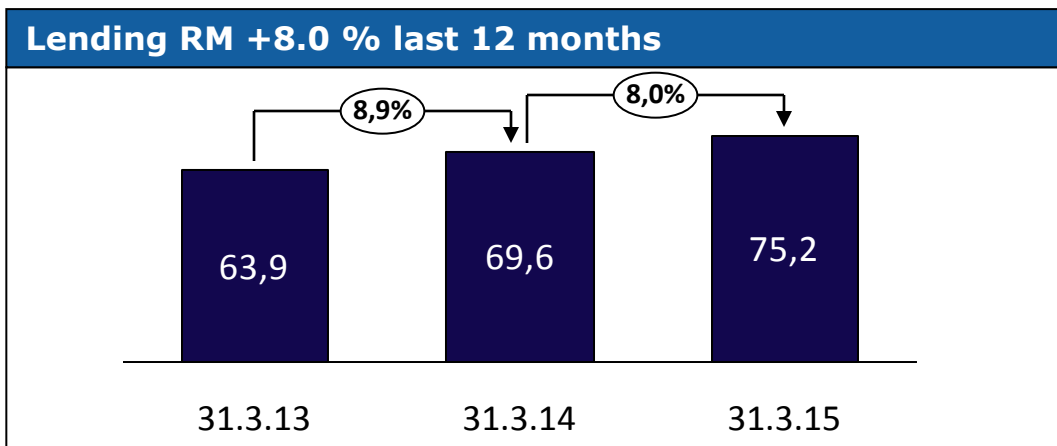
Percent



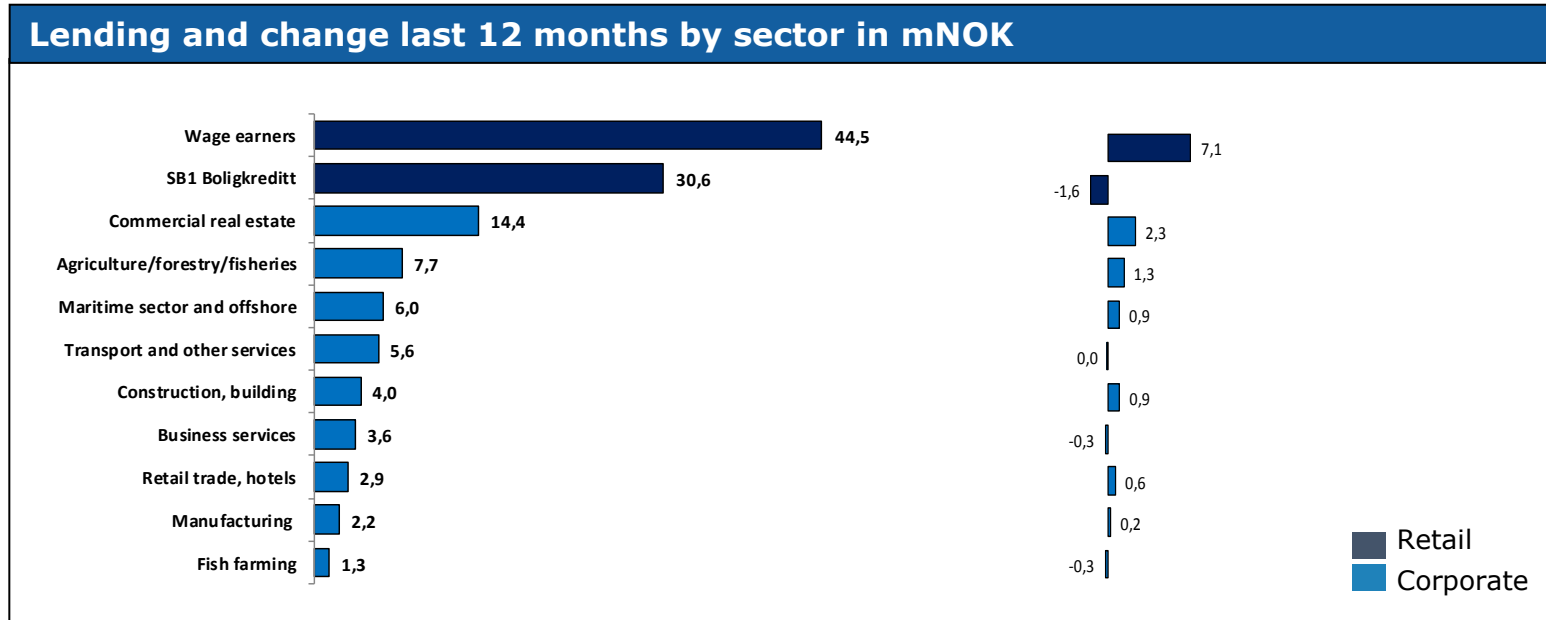
Comments

- Strong competition on lending to business and industry
- Interest rate changed on best home loans with effect from June and December has reduced margin by 25 – 50 bp
- Interest rate level remains low and has been further reduced in Q4 14 and Q1 15

Total growth lending 10.0 % last 12 months



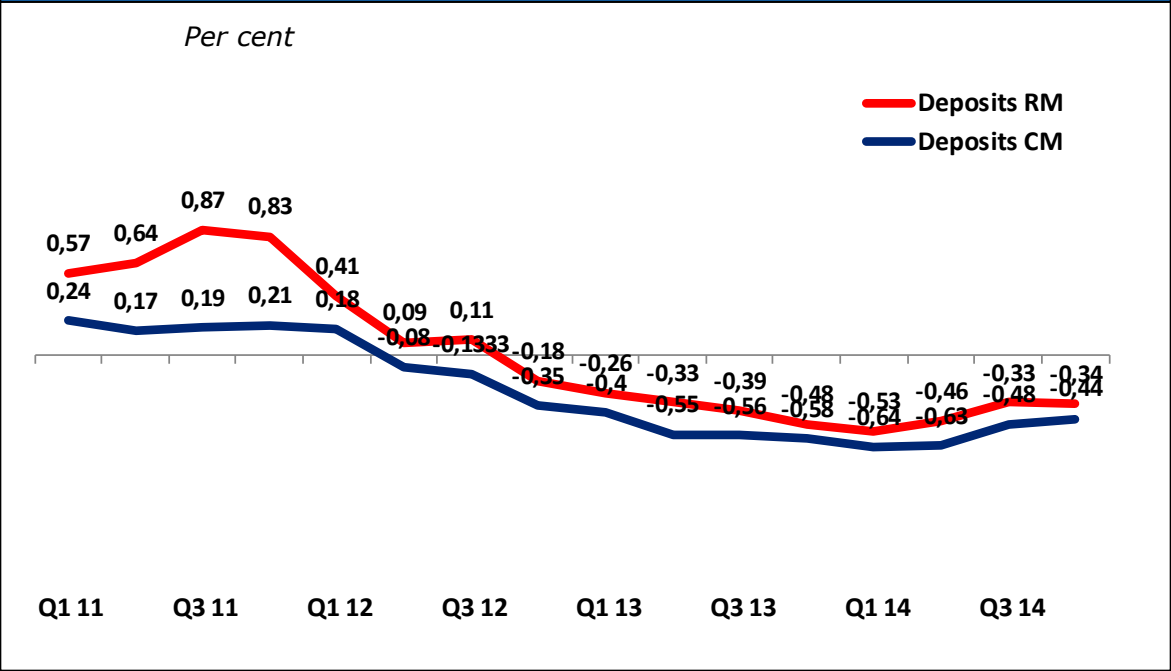
High share mortgages and diversified portfolio SMEs



- Large portions of the retail market and primary industries are risk-dampening. The Group has a well diversified corporate market portfolio
- The growth is relatively diversified

Deposit margins Retail and Corporate

Per quarter from Q1 2011

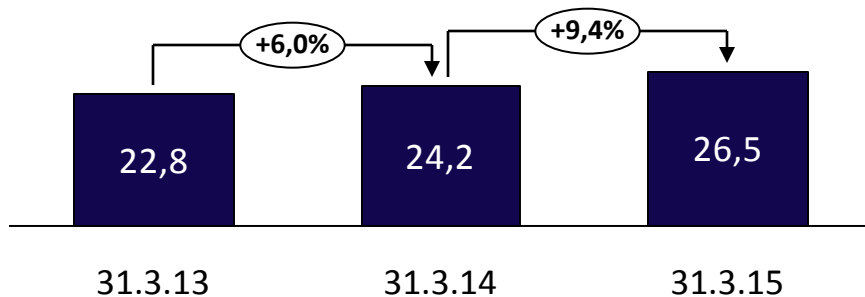


Comments

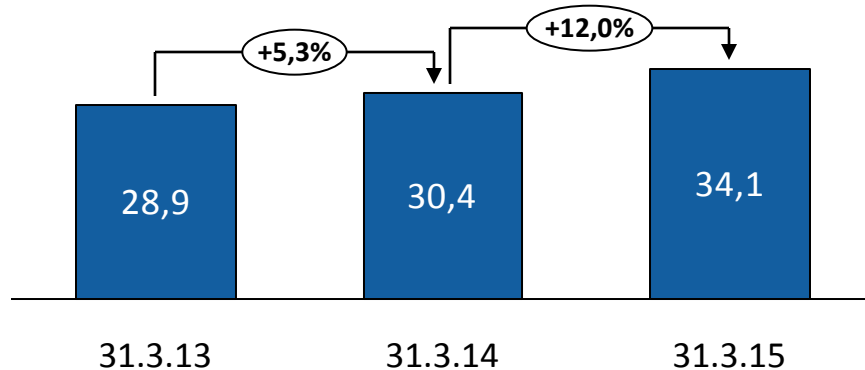
- Margin increases in second half 2014 due to repricing
- Further repricing to be carried out, both of corporate and retail deposits

Total growth deposits 10.9 % last 12 months

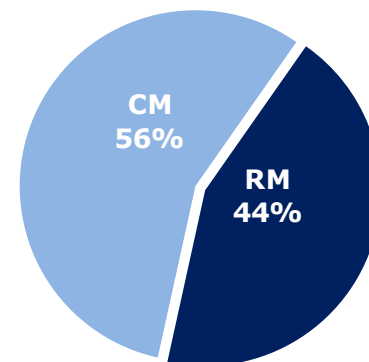
Deposits RM + 9.4 %



Deposits CM + 12.0 %



Deposits



Change net interest income

From Q1 2014 to Q1 2015		Comments
Net interest income 2013	412	
Net interest income 2014	467	
Change	55	<ul style="list-style-type: none"> Increased volume strengthens net interest income Lower margins weaken net interest income
Obtained as follows:		
Fees on lending	-3	
Lending volume	77	
Deposit volume	9	
Lending margin	-54	
Deposit margin	31	
Equity capital	-1	
Funding and liquidity buffer	-11	
SMN Finans	7	
Change	55	

Return on financial investments

Per quarter					
<i>NOKm</i>					
	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Share of profit in related companies	128	144	169	132	82
Net gain and dividends on securities	10	-15	2	58	156
Net gain on bonds and derivatives	11	-48	-15	-2	-1
Net gain on trading and derivatives Markets	48	11	12	14	20
Return on financial investments	197	92	168	202	257

Including held for sale

Subsidiaries

Profit subsidiaries before tax last three years

	30 Mar. 2015	30 Mar. 2014	30 Mar. 2013
EiendomsMegler 1 Midt-Norge (87 %)	7,8	3,5	10,7
SpareBank 1 Regnskapshuset SMN	7,9	6,7	3,7
SpareBank 1 Finans Midt-Norge (90 %)	21,3	16,6	15,2
Allegro Kapitalforvaltning (90 %)	0,3	-0,6	-0,7
SpareBank 1 SMN Invest	0,9	0,7	13,9
Other companies	-0,3	0,7	-0,6

Associated companies

Profit shares after tax last three years

	30 Mar. 2015	30 Mar. 2014	30 Mar. 2013
SpareBank 1 Gruppen (19,5 %)	59,4	46,0	61,4
SpareBank 1 Boligkreditt (18,4 %)	41,0	8,0	12,2
SpareBank 1 Næringskreditt (29,3 %)	8,1	11,0	2,0
BN Bank (33 %)	18,3	24,5	26,1
SpareBank 1 Kredittkort	3,8		
SpareBank 1 Markets (27 %)	-1,7	-4,1	

SpareBank 1 SMN will achieve zero growth in costs by means of defined measures

1

New distribution model: focus on increasing distribution power in the channels and increasing sales at relatively low cost



2

Organizational adjustment: planned organizational adjustments to be implemented in period to 2017

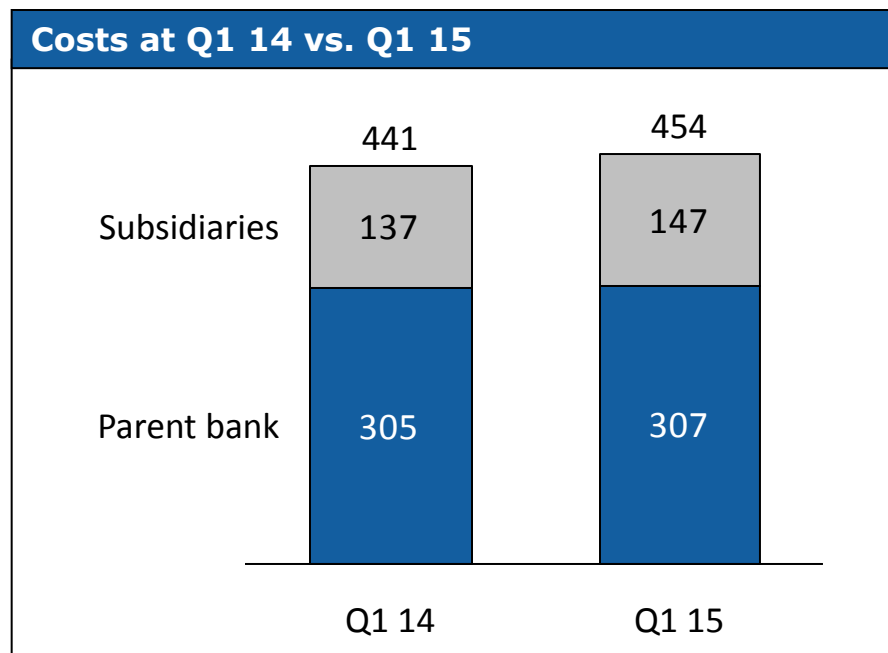


3

Cost reduction programme: targeted measures at parent bank will contribute to achieving goal of zero growth in nominal kroner in the period to 2017



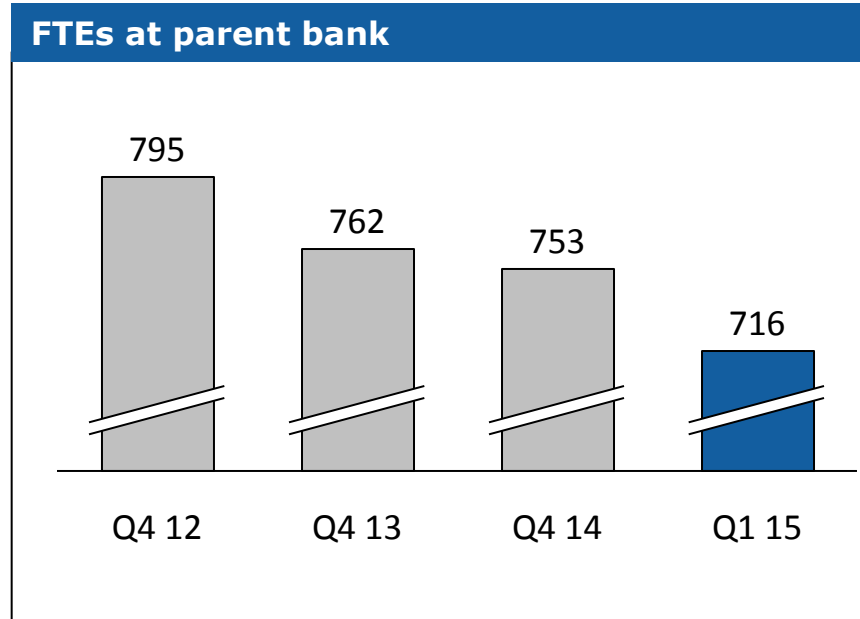
Costs, parent bank and subsidiaries



Comments

- Growth in costs at parent bank 0.7 %
- The bank's ambition is zero growth in costs in parent bank in 2015 and 2016

FTEs crucial to achieving costs goal



- At end-March there were 37 fewer FTEs at the parent bank than at year-end
- This is mainly natural wastage
- A further reduction of about 60 FTEs is aimed for by the end of 2016

Reduced costs in parent bank, some growth in subsidiaries

Change in operating expenses Q1 14 – Q1 15

NOK mill

Expenses Q1 15	453,8
Expenses Q1 14	441,3
Change	12,5

Obtained as follows:

Parent bank **1,9**

Personell costs	-0,8
IT	1,3
Marketing	2,6
Depreciation	0,9
Others	-2,0

Subsidiaries **10,6**

Regnskapshuset SMN	5,4
EiendomsMegler 1	6,0
SpareBank 1 Finans Midt-Norge	0,7
Other subsidiaries	-1,5

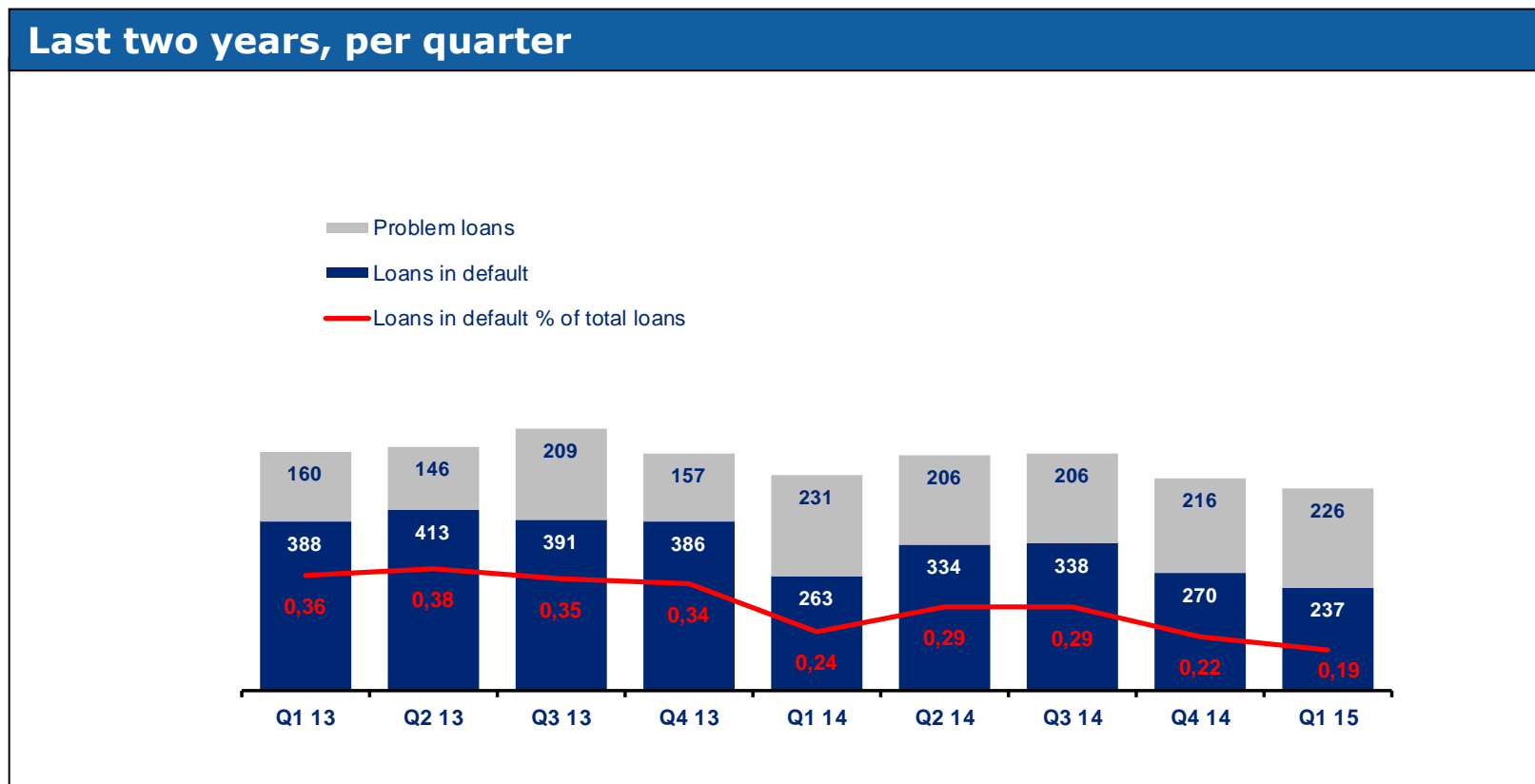
Group 12,5

Modest cost growth

- Cost growth in parent bank in line with plan
- Purchases of accountancy offices have caused "new" costs

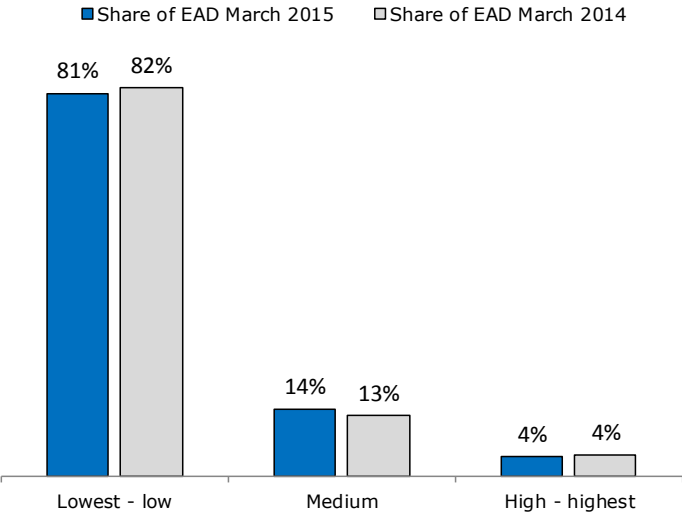
Defaults and other problem loans

Low levels

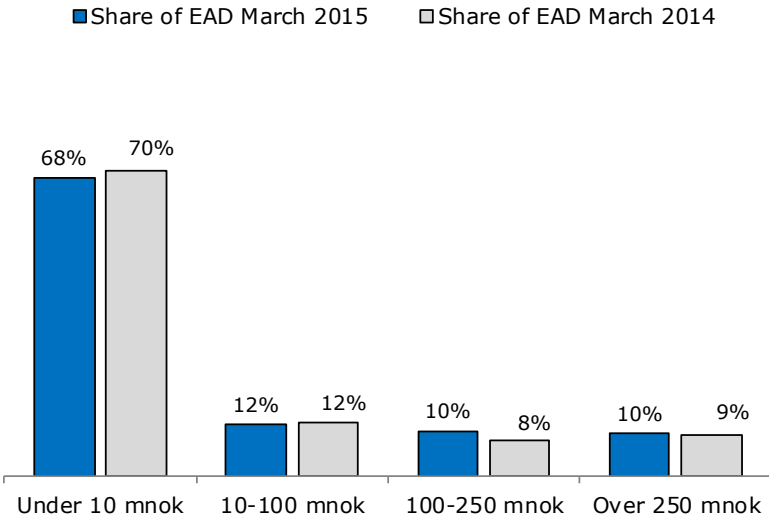


Stable credit risk

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

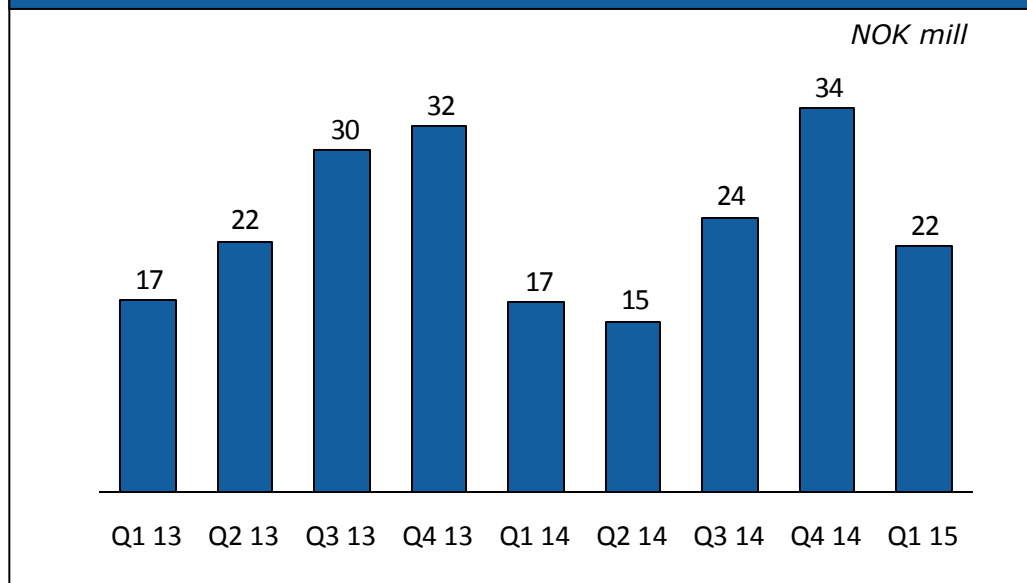


SpareBank 1 SMN's loans distributed on size of customer engagement and share of Exposure At Default

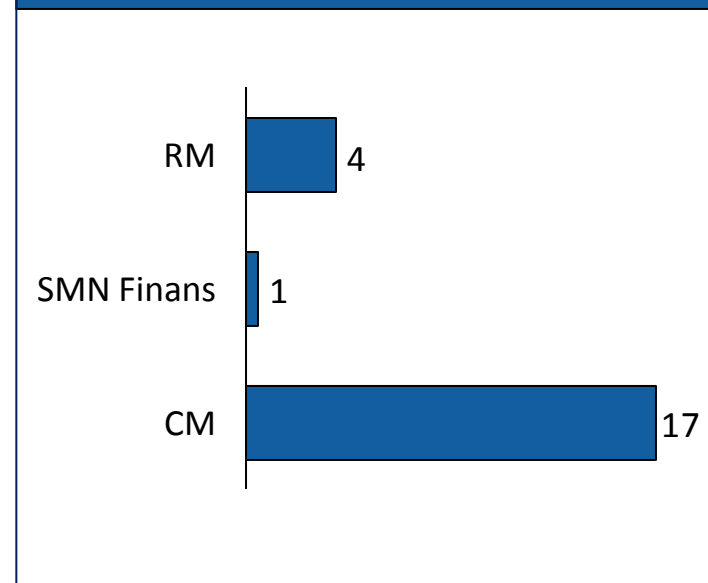


Low losses , 0.07 % of total gross lending

Losses per quarter

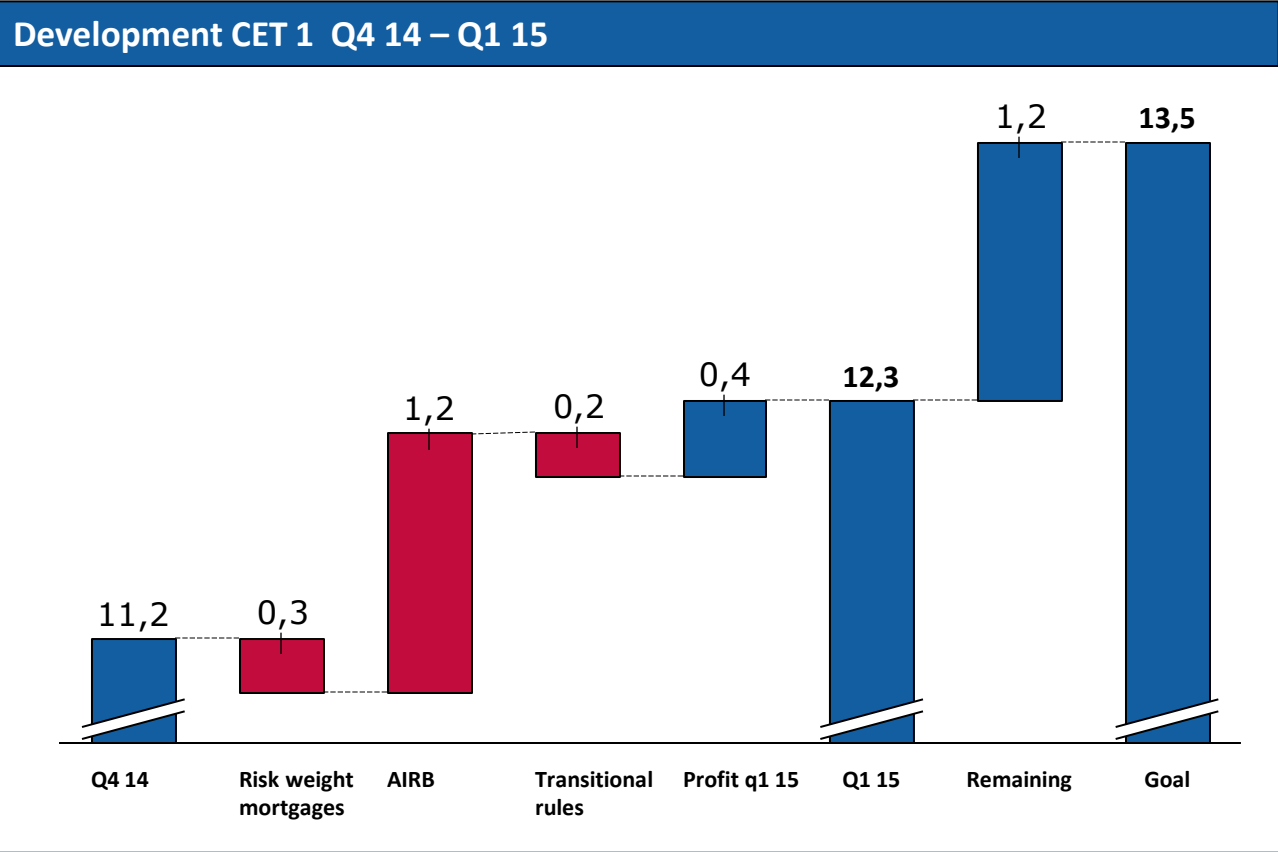


Distribution as of 31.3.2015



- Loan losses 0.07 % (0.06 %) of gross lending as of 31.3.2015

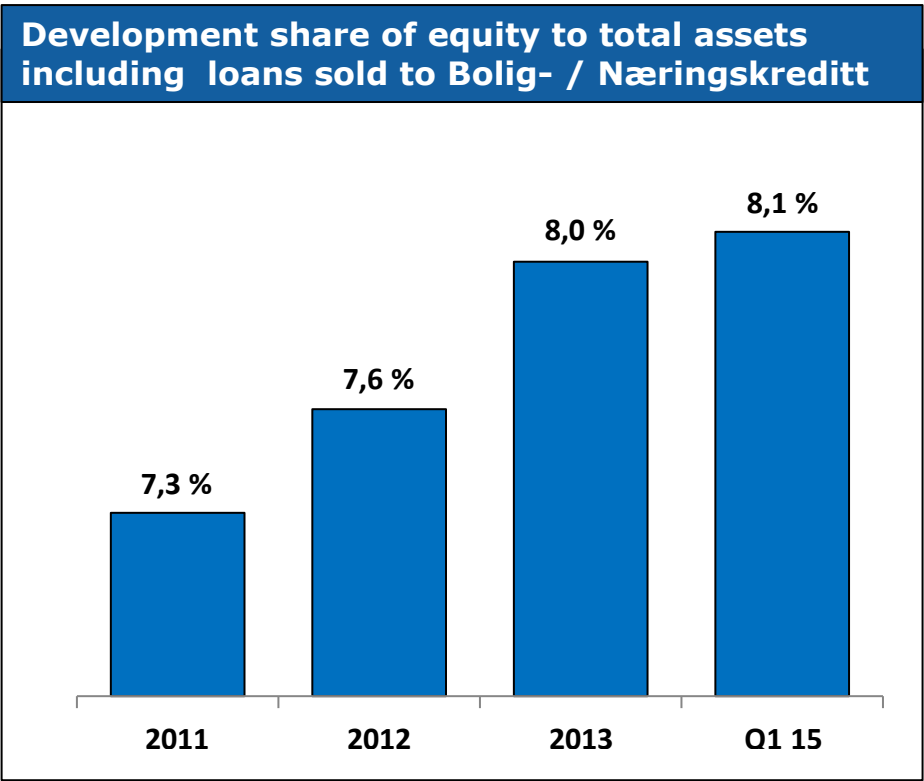
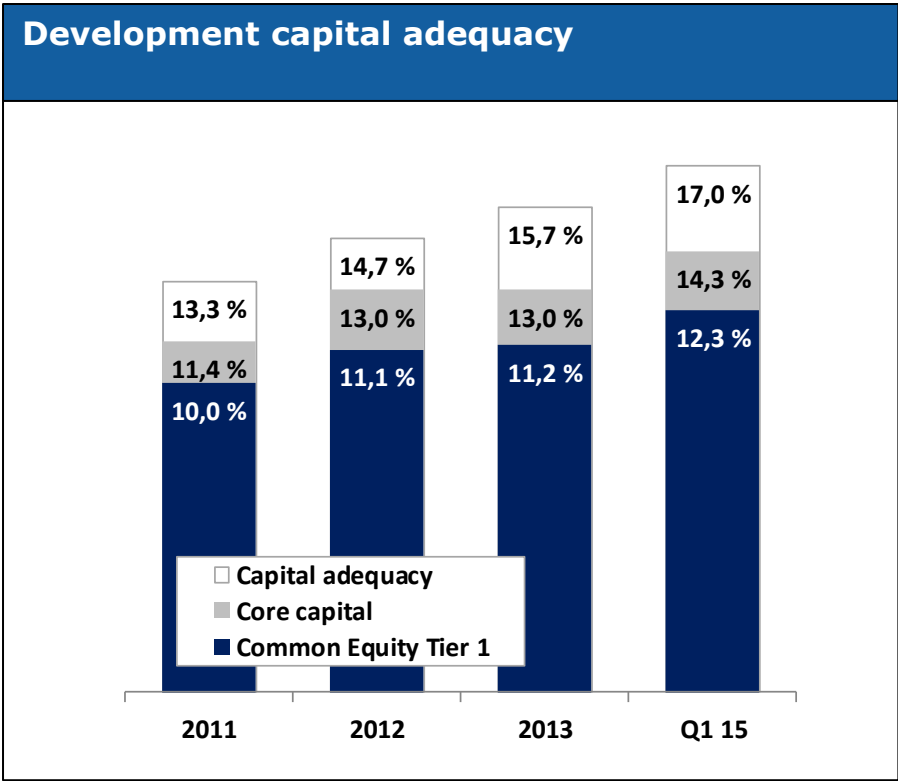
SpareBank 1 SMN will attain its goal of a CET1 ratio of 13.5%



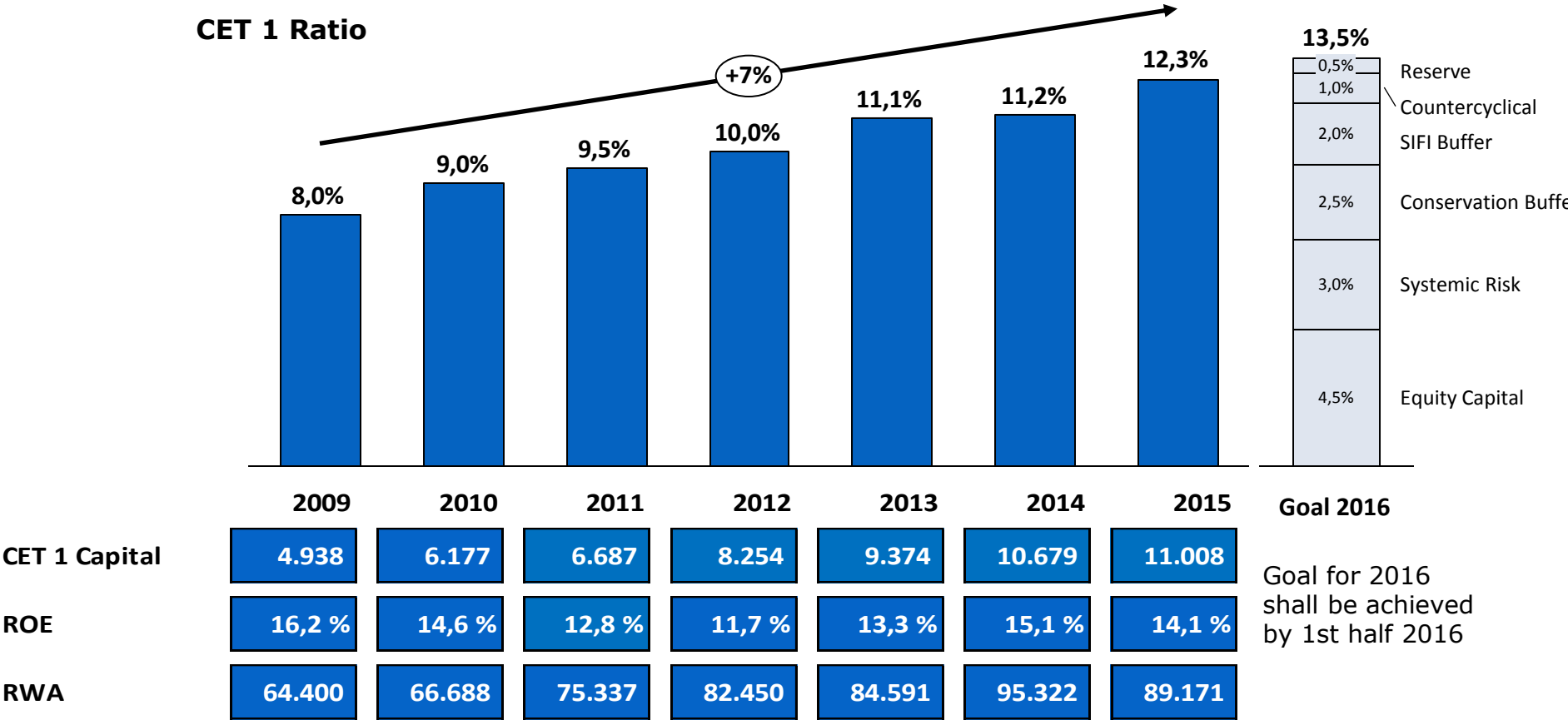
Goal to be attained by

- Moderate growth
- Retained profit

Strengthened capital. High equity ratio in relation to total assets



Development in common equity Tier 1 (capital and ratio), and ROE from 2009 to Q1 2015



Balance sheet

Last three years

	30 Mar. 2015	30 Mar. 2014	30 Mar. 2013
Funds available	16,5	20,0	22,5
Net loans	91,9	79,1	76,2
Securities	0,7	1,1	0,8
Investment in related companies	5,2	4,8	5,0
Goodwill	0,5	0,5	0,5
Other assets	8,9	6,0	5,8
TOTAL ASSETS	123,7	111,6	110,8
Capital market funding	39,6	36,0	38,4
Deposits	60,6	54,6	51,9
Funding, "swap" arrangement with the government	0,0	1,1	2,3
Other liabilities	7,6	5,1	5,2
Subordinated debt	3,4	3,3	2,9
Equity	12,5	11,4	10,2
TOTAL DEBT AND EQUITY	123,7	111,6	110,8
in addition loans sold to Boligkreditt and Næringskreditt	30,6	32,2	30,4

SpareBank 1 SMN

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Internett addresses:

SMN home page and internet bank: www.smn.no

Hugin-Online: www.huginonline.no

Equity capital certificates in general:
www.grunnfondsbevis.no

Financial calender 2015

1. Quarter: 8. May 2015
2. Quarter: 12. August 2015
3. Quarter: 30. October 2015

Appendix



Changing customer behaviour and digitalisation provide new potentials for customer dialogue and good customer experience; strong growth in use of digital facilities

Changing customer behaviour and digitalisation gives new sales potentials and

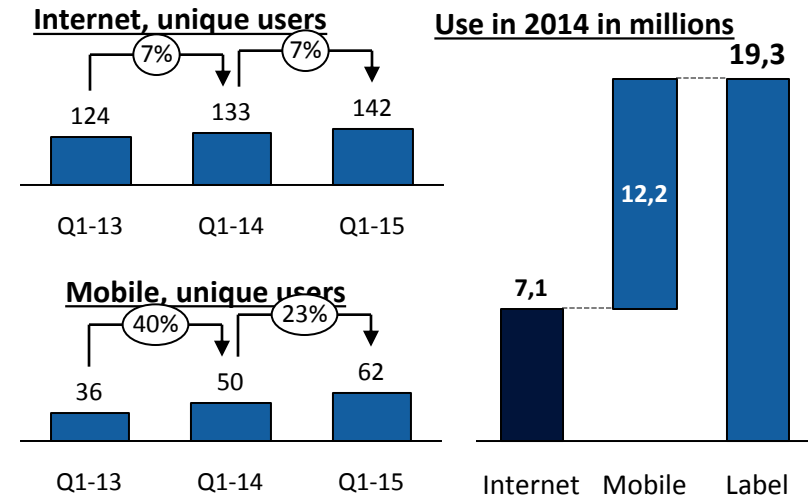
- 1 More products in the digital channel
- 2 Use of data, analysis and customer dialogue
- 3 Seamless channels pull together



New products being launched in the mobile bank all the while. SMN to launch new webpages this year. Greater effort focused on large data volumes, analysis and use of customer data in order to enhance customer experience and cross-sales

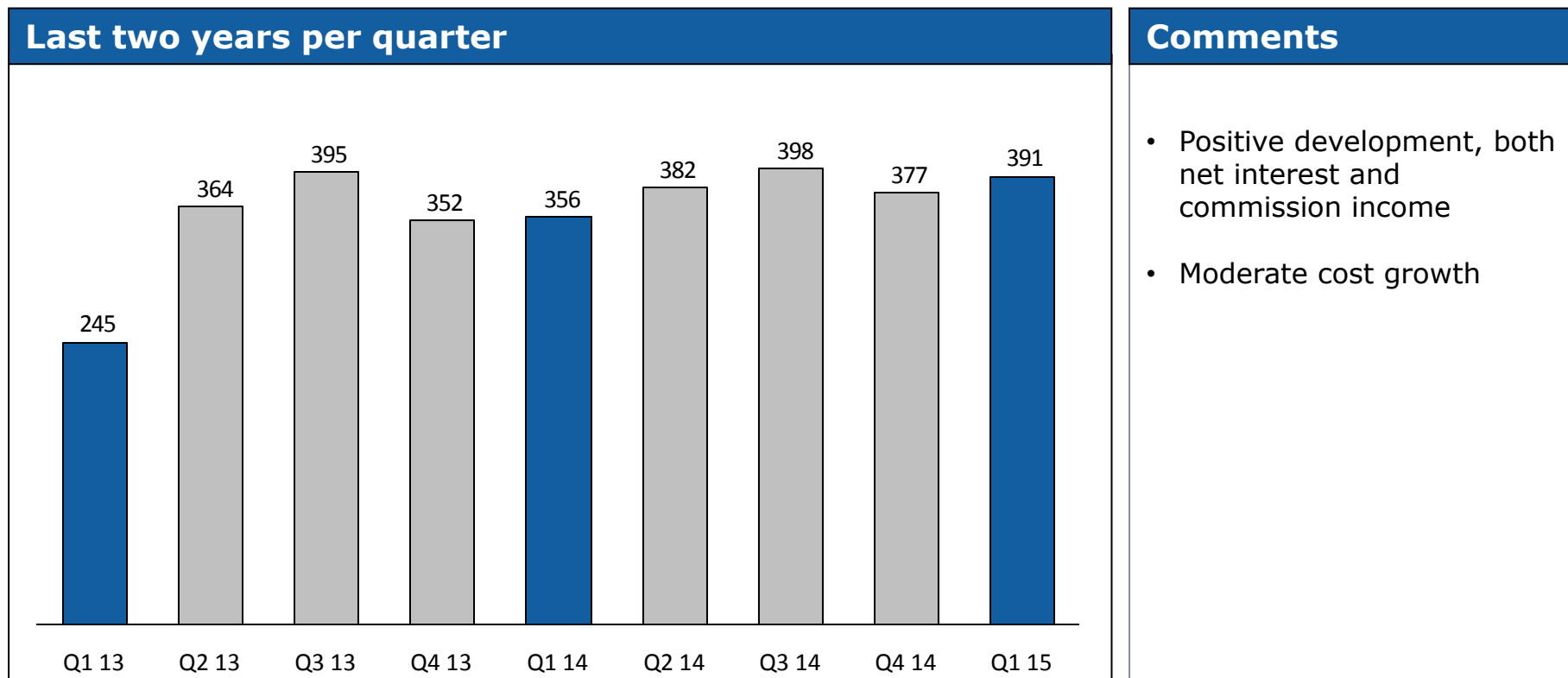
Growing number of digital customers ; traffic on digital channels soon to reach 20 million

Solid services and good user experience attract more digital customers



Customers log into the internet bank 4-5 times a month and log into the mobile bank about 19 times a month.

Good profit trend for core business



A clear strategy brings results and contributes to diversified revenues from a broad segment that is geographically dispersed across the region

Clear strategy

Clear strategic direction in which the finance house is further developed

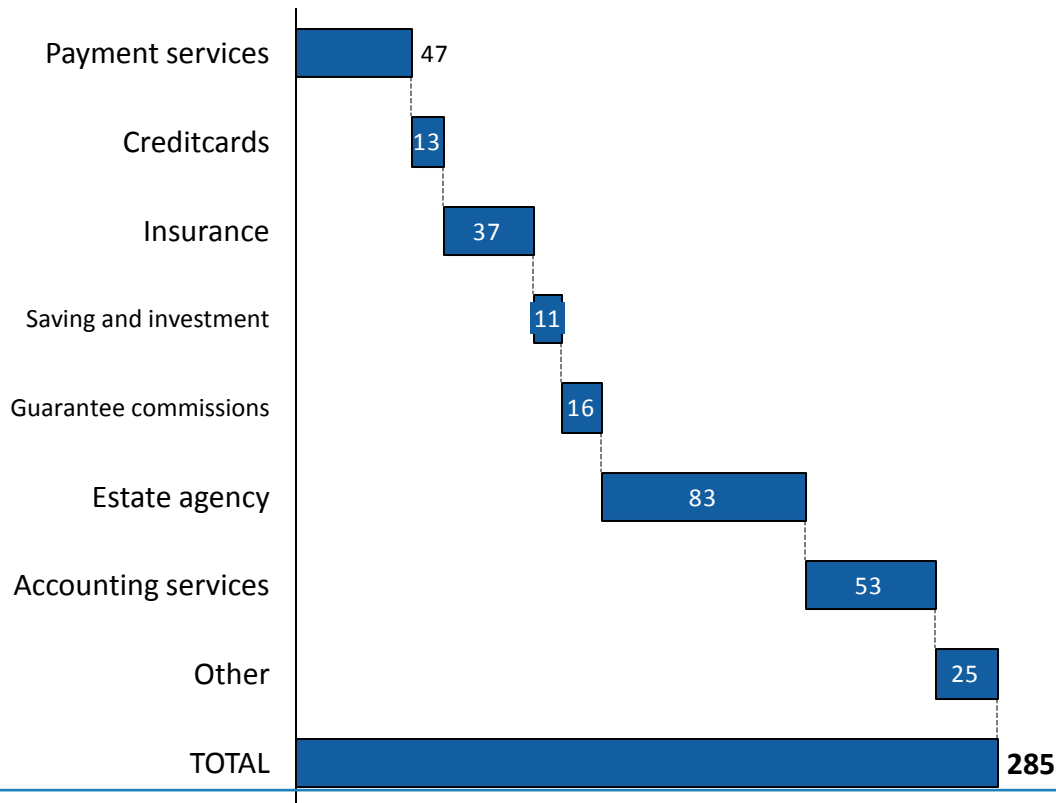
Synergy between the parent bank and subsidiaries

Increased focus on sales of general-interest products

Increasing sales on direct bank and digital channels

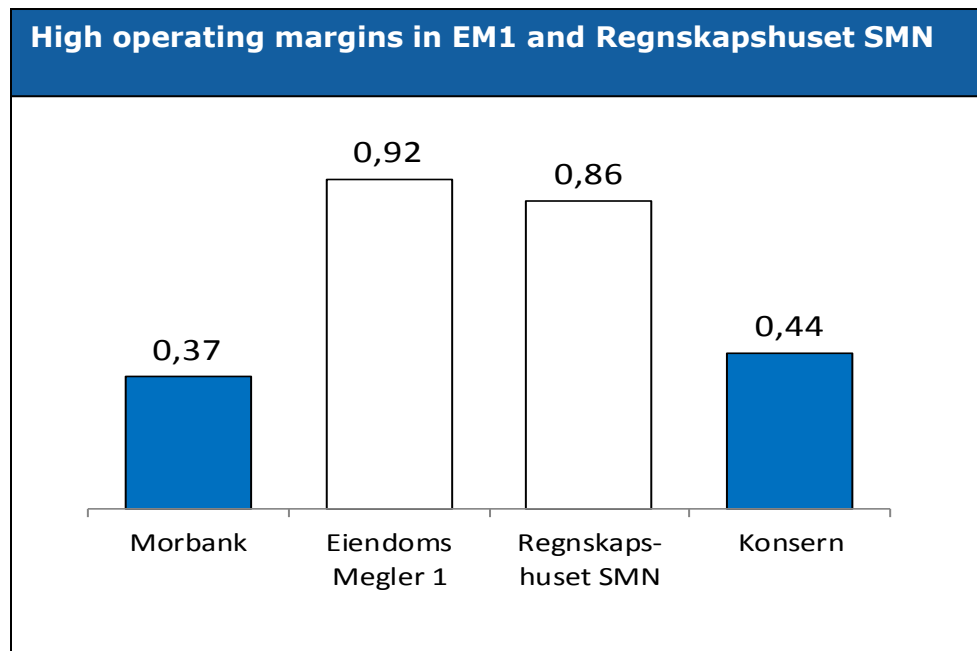
Sales-oriented organisation with clear sales objectives

.... Strong results from subsidiaries and business areas



Commissions from SpareBank 1 Boligkreditt and Næringskreditt are not included

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

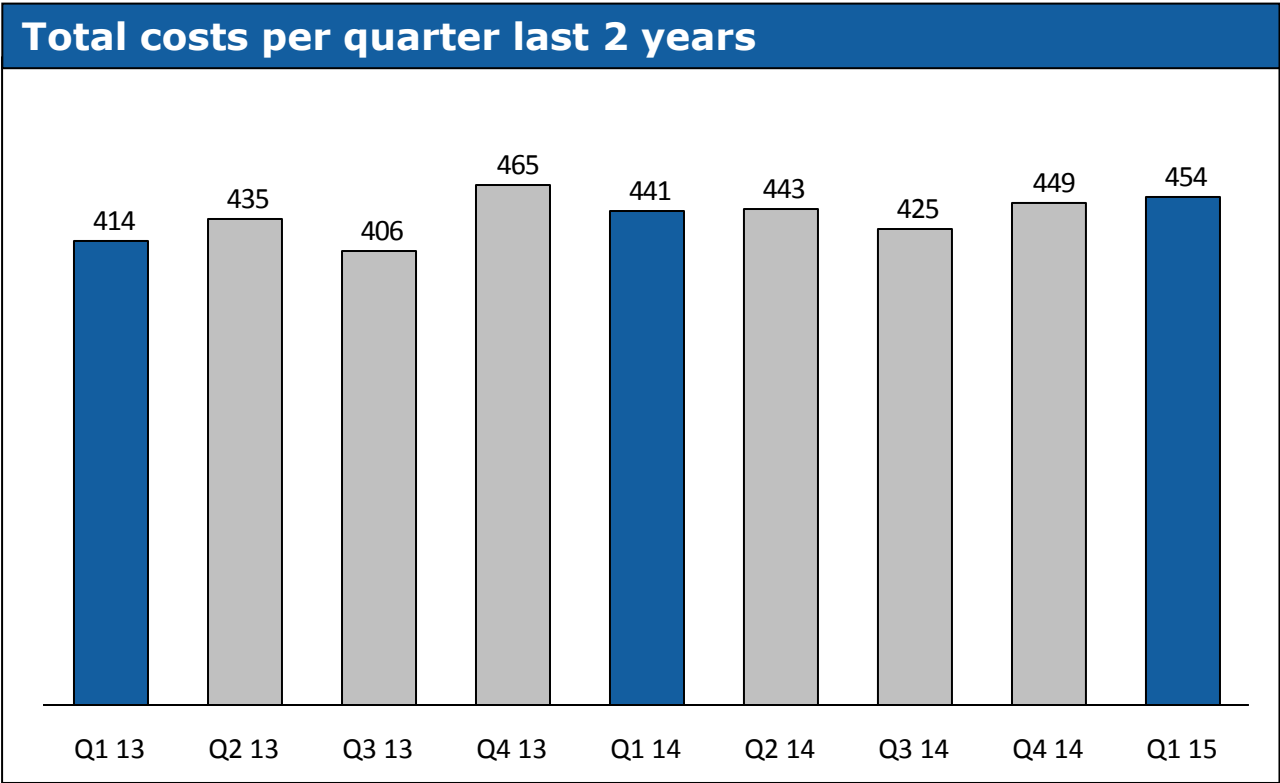


Profitable and non-capital-intensive subsidiaries:

- ① Both EM1 and Regnskapshuset SMN are companies making a sound profit – and requiring little equity capital compared with the group's other businesses
- ②
- ③ In their respective segments they are highly cost-efficient

But pose a challenge to the group's cost / income ratio

Good cost control

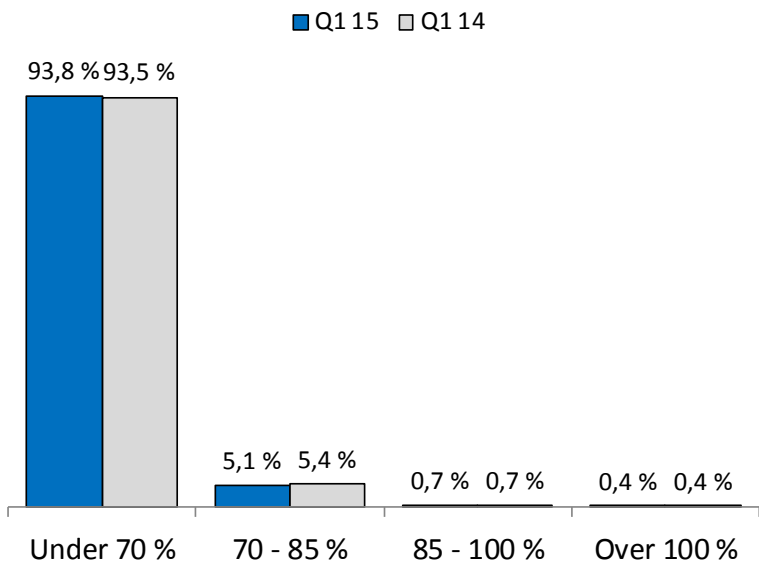


Comments

- Stable cost level per quarter

Loan to value mortgages

Last two years



Comments

- 98.9 % of the exposure has an LTV of less than 85 %
- Exposure with LTV higher than 85 points 1.1 %

Capital adequacy

Last two years

NOKm

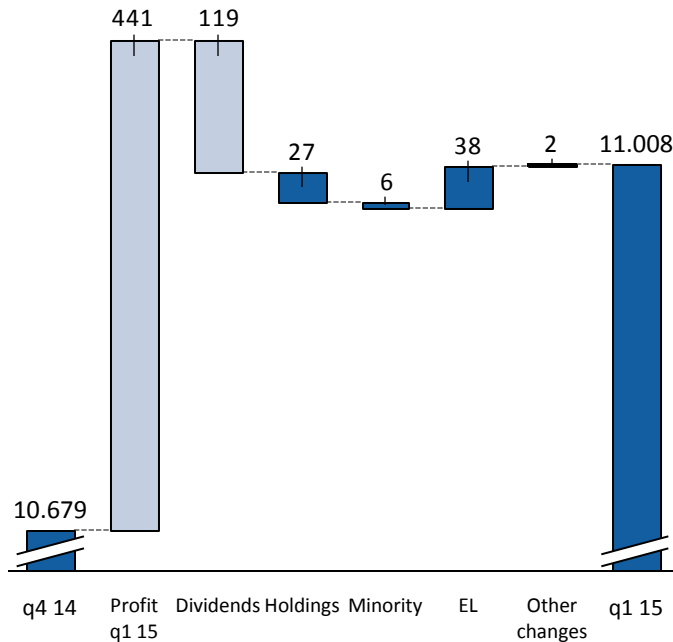
	31.3.15	31.3.14
Core capital exclusive hybrid capital	11.008	9.655
Hybrid capital	1.705	1.647
Core capital	12.713	11.303
Supplementary capital	2.435	1.591
Total capital	15.147	12.893
Total credit risk IRB	4.194	4.229
Debt risk, Equity risk	202	284
Operational risk	452	416
Exposures calculated using the standardised approach	2.025	2.186
CVA	97	-
Deductions	0	-126
Transitional arrangements	163	0
Minimum requirements total capital	7.134	6.989
RWA	89.171	87.361
CET 1 ratio	12,3 %	11,1 %
Core capital ratio	14,3 %	12,9 %
Capital adequacy ratio	17,0 %	14,8 %

Change in CET 1 capital and capital requirements (rwa) in Q1 2015

AIRB implemented from Q1 – and increased risk weights mortgages

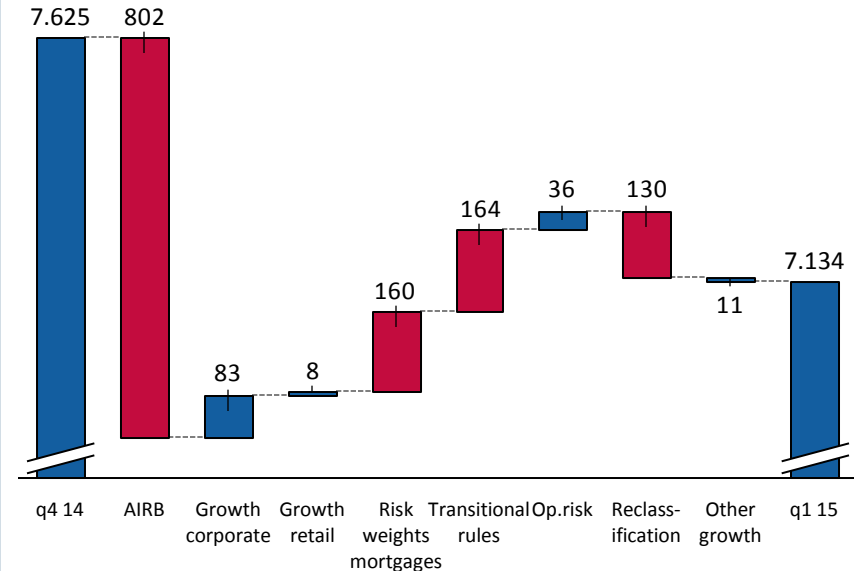
Increased CET1 capital

- Good performance
- AIRB has positive effect on deductions related to expected losses



Reduced capital need (rwa)

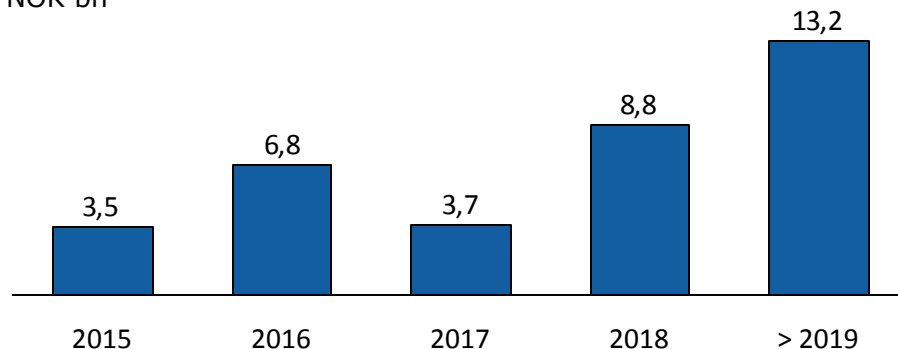
- AIRB reduced risk weights on corporates from approx 90% to approx 66%
- Increased risk weights on home mortgages
- One-time effects related to reclassification of trading book



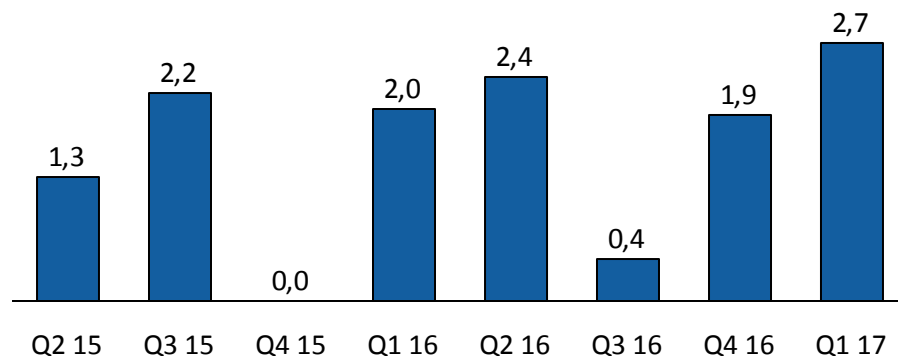
Satisfying access to capital market funding

Funding maturity 31. March 2015

In NOK bn



In NOK bn



Comments

- SpareBank 1 Boligkreditt is the main funding source through covered bonds. NOK 29 billion transferred as of 31. March 2015
- Maturities next two years NOK 12.9 bn :
 - NOK 4.5 bn in 2015
 - NOK 6.7 bn in 2016
 - NOK 2.7 bn in Q1 17

Key figures

Last three years

	30 Mar. 2015	30 Mar. 2014	30 Mar. 2013
Net interest	1,50	1,45	1,25
Comm. income and net retur on fin. inv.	1,84	2,27	1,75
Operating expenses	1,45	1,56	1,52
Net profit as a percentage of ATA	1,88	2,16	1,49
CET 1 ratio	12,3 %	11,1 %	10,4 %
Core capital ratio	14,3 %	12,9 %	11,7 %
Growth in loans incl.Boligkreditt	10,0 %	4,4 %	9,7 %
Growth in deposits	10,9 %	5,4 %	7,4 %
Deposit-to-loan ratio	66 %	69 %	68,8 %
RM share loans	61 %	62 %	60 %
Cost-income ratio	44 %	42 %	50 %
Return of equity	14,1 %	17,7 %	12,7 %
Impairment losses ratio	0,07 %	0,06 %	0,06 %
ECC price	59,50	53,75	46,90
Booked equity capital per ECC	61,95	56,39	50,32
Adjusted profit per ECC	2,18	2,48	1,55

Key figures ECC

Including effects of issues

Last five years

	Q1 15	Q1 14	2013	2012	2011	2010
ECC ratio	64,6 %	64,6 %	64,6 %	64,6 %	64,6 %	60,6 %
Total issued ECCs (mill)	129,83	129,83	129,83	129,83	129,83	102,76
ECC price	59,50	53,75	58,50	55,00	34,80	36,31
Market value (NOKm)	7.725	6.978	7.595	7.141	4.518	3.731
Booked equity capital per ECC	61,95	56,39	62,04	55,69	50,09	48,91
Post-tax earnings per ECC, in NOK	2,18	2,48	8,82	6,92	5,21	6,06
Dividend per ECC	-		2,25	1,75	1,50	1,85
P/E	6,81	5,42	6,63	7,95	5,99	6,68
Price / Booked equity capital	0,96	0,95	0,94	0,99	0,69	0,74