First Quarter Report 2018

Contents

Main figures

	January - March					
	2018		2017		2017	
From the income statement	**NOKm**	**% 1)**	**NOKm**	**% 1)**	**NOKm**	**% 1)**
Net interest	568	1.49	533	1.52	2,225	1.52
Net commission income and other income	542	1.42	455	1.30	2,005	1.37
Net return on financial investments	180	0.47	138	0.39	760	0.52
Total income	**1,290**	**3.38**	**1,126**	**3.22**	**4,989**	**3.42**
Total operating expenses	**645**	**1.69**	**571**	**1.63**	**2,369**	**1.62**
Results before losses	**645**	**1.69**	**555**	**1.59**	**2,621**	**1.80**
Loss on loans, guarantees etc	48	0.13	89	0.26	341	0.23
Results before tax	**596**	**1.56**	**466**	**1.33**	**2,279**	**1.56**
Tax charge	131	0.34	99	0.28	450	0.31
Result investment held for sale, after tax	1	0.00	0	0.00	-1	0.00
Net profit	**466**	**1.22**	**367**	**1.05**	**1,828**	**1.25**
Interest Tier 1 Capital	11		9		33	
Net profit excl. Interest Tier 1 Capital	455		358		1,795	

Key figures	**31 Mar 2018**	**31 Mar 2017**	**31 Dec 2017**
Profitability			
Return on equity 2)	11.2 %	9.4 %	11.5 %
Cost-income ratio 2)	50 %	51 %	47 %
Balance sheet figures			
Gross loans to customers	113,174	104,117	112,071
Gross loans to customers incl. SB1 Boligkreditt and SB1 Næringskreditt	151,065	140,038	148,784
Deposits from customers	75,937	70,176	76,476
Deposit-to-loan ratio excl. SB1 Boligkreditt and SB1 Næringskreditt	67 %	67 %	68 %
Deposit-to-loan ratio incl. SB1 Boligkreditt and SB1 Næringskreditt 2)	50 %	50 %	51 %
Growth in loans (gross) last 12 months (incl. SB1 Boligkreditt and SB1 Næringskreditt) 2)	7.9 %	8.1 %	8.2 %
Growth in deposits last 12 months	8.2 %	9.9 %	13.9 %
Average total assets	152,668	140,061	145,948
Total assets	152,083	142,042	153,254
Losses and defaults in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt			
Impairment losses ratio 2)	0.13 %	0.26 %	0.23 %
Non-performing commitm. as a percentage of gross loans 2)	0.19 %	0.15 %	0.19 %
Other doubtful commitm. as a percentage of gross loans 2)	0.90 %	0.77 %	0.80 %
Solidity			
Capital adequacy ratio	18.2 %	18.9 %	18.6 %
Core capital ratio	16.3 %	16.7 %	16.6 %
Common equity tier 1 ratio	14.6 %	14.7 %	14.6 %
Core capital	15,697	15,149	15,707
Net equity and related capital	17,518	17,183	17,629
Liquidity Coverage Ratio (LCR)	162 %	136 %	164 %
Leverage Ratio	7.3 %	7.3 %	7.2 %
Branches and staff			
Number of branches	48	48	48
No. Of full-time positions	1,393	1,362	1,403

1) Calculated as a percentage of average total assets
2) Defined as alternative performance mesures, see attachment to the quarterly report

Key figures ECC	31 Mar 2018	31 Mar 2017	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
ECC ratio	63.9 %	64.0 %	64.0 %	64,0 %	64.0 %	64.6 %
Number of certificates issued, millions [2)]	129.38	129.48	129.38	129,64	129.43	129.83
ECC share price at end of period (NOK)	80.90	66.50	82.25	64,75	50.50	58.50
Stock value (NOKM)	10,464	8,634	10,679	8,407	6,556	7,595
Booked equity capital per ECC (including dividend) [2)]	76.53	72.31	78.81	73.35	67.39	62.04
Profit per ECC, majority [2)]	2.21	1.74	8.71	7.93	6.96	8.82
Dividend per ECC			4.40	3.00	2.25	2.25
Price-Earnings Ratio [2)]	9.16	9.58	9.44	8.17	7.26	6.63
Price-Book Value Ratio [2)]	1.06	0.92	1.04	0.88	0.75	0.94

[2)] Defined as alternative performance measures, see attachement to quarterly report

Report of the Board of Directors

First quarter accounts 2018

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

Main points first quarter 2018:

- Good profits from banking operations, subsidiaries and product companies
- Profit was NOK 466m, and NOK 99m better than in the first quarter of 2017. The improvement is mainly due to increased operating income, improved return on financial assets and reduced loan losses
- CET1 capital ratio as at 31. december 17 has been corrected from 14.9 per cent to 14.6 per cent, CET1 capital in first quarter remain unchanged
- Strong financial position
- Considerable increase in customers and high growth in all product areas

Post-tax profit of NOK 466m

- Pre-tax profit: NOK 596m (466m)
- Post-tax profit: NOK 466m (367m)
- Return on equity: 11.2 per cent (9.4 per cent)
- CET1 capital ratio: 14.6 per cent (14.7 per cent)
- Growth in lending: 7.9 per cent (8.1 per cent) and in deposits: 8.2 per cent (9.9 per cent)
- Retail loans account for 66 per cent (65 per cent) of total lending
- Losses on loans and guarantees: NOK 48m (89m)
- Earnings per equity certificate (EC): NOK 2.21 (1.74). Book value per EC: NOK 76.53 (72.31)

Profit NOK 99m better than in first quarter 2017

SpareBank 1 SMN achieved a pre-tax profit of NOK 596m (466m) in the first quarter of 2018. The net profit is NOK 466m (367m) and return on equity is 11.2 per cent (9.4 per cent).

Overall operating income in the first quarter came to NOK 1,110m (988m), an increase of NOK 122m from the previous year. NOK 87m of the income growth derives from increased activity at the bank’s subsidiaries SpareBank 1 SMN Regnskapshuset and SpareBank 1 Markets.

Operating expenses came to NOK 645m (571m) in the first quarter of 2018. The increase of NOK 74m is in its entirety due to increased activity at the subsidiaries.

Return on financial assets was NOK 180m (138m), of which the profit share from owner interests and related companies accounted for NOK 79m (71m).

The Group lost NOK 48m (89m) on loans and guarantees to customers, mainly in oil-related activity.

Sound growth was recorded in lending and deposits in the 12 months to end-March of 2018. Lending rose by 7.9 per cent (8.1 per cent) and deposits by 8.2 per cent (9.9 per cent).

As at 31 March 2018 the CET1 ratio was 14.6 per cent (14.7 per cent). The CET1 target is 15.0 per cent.

The price of the bank's equity certificate (MING) at quarter-end was NOK 80.90 (66.50). A cash dividend of NOK 4.40 (3.00) per EC has been paid in 2018 for the year 2017.

Earnings per EC were NOK 2.21 (1.74). The book value per EC was NOK 76.53 (72.31).

Increased net interest income

Net interest income rose by NOK 35m to NOK 568m (533m) in the first quarter of 2018. The increase is in all essentials attributable to increased lending to and deposits from retail and corporate customers alike.

Risk pricing and attention to the use of regulatory capital have brought improved margins, and work in this respect continues in 2018. The bank's strong growth shows that its prices are in tune with the market.

The market interest rate as expressed by three-month NIBOR has edged up in 2018 after a long period of decline. This has put pressure on lending margins in the first quarter concurrent with an improving deposit margin. This development is expected to continue in the period ahead.

Increased other income

Commission and other operating income has risen by NOK 87m to NOK 542m (455m) in 2018.

Net interest income on loans sold to SpareBank 1 Boligkreditt (residential mortgage company) and SpareBank 1 Næringskreditt (commercial mortgage company) is recognised as commission income. Commission on loans sold to these two companies combined in the first quarter totalled NOK 103m (76m).

Income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt rose by NOK 26m as a result of growth and improved margins on residential mortgages.

Strengthening of SpareBank 1 Markets and acquisitions by SpareBank 1 Regnskapshuset SMN have contributed significantly to the increase in other income. A positive development is also noted in income from insurance sales, sales of savings products and payment services

A high number of multi-product customers is important for the bank. It signifies high customer satisfaction and a diversified income flow for the bank.

	January - March		
Commission income (NOKm)	**2018**	**2017**	**Change**
Payment transfers	52	50	2
Creditcard	15	15	0
Saving products	26	21	5
Insurance	43	41	2
Guarantee commission	17	18	-0
Real estate agency	83	91	-8
Accountancy services	115	99	16
Markets	65	31	34
Other commissions	23	13	10
Commissions ex SB1 Boligkreditt and SB1 Næringskreditt	439	378	61
Commissions SB1 Boligkreditt	99	72	27
Commissions SB1 Næringskreditt	3	4	-0
Total commissions	**542**	**455**	**87**

Good return on financial investments

Overall return on financial investments was NOK 99m (66m). This breaks down as follows:

- Gain and dividend of NOK 7m (9m) on shares of the bank and subsidiaries
- Financial derivatives yielded gains of NOK 119m (minus 3m). This is largely gains on fixed income instruments. The relatively large gains are ascribable to the interest rate increase through the first quarter. This is counteracted in part by losses on the fixed interest portion of the bond portfolio, which shows overall losses of NOK 59m (gain of NOK 49m)
- Other financial instruments measured at fair value include value changes on the bank's portfolio of fixed-interest loans and show a gain of NOK 4m (11m)
- Income of NOK 11m (6m) on forex transactions comprises income from currency trading at SpareBank 1 Markets and the result of exchange rate fluctuations on the bank's funding in foreign currencies
- Gains on shares and share derivatives at SpareBank 1 Markets totalled NOK 17m (12m)
- Financial instruments used by the bank for hedging purposes have shown a gain of NOK 1m (loss of NOK 16m)

	January - March		
Capital gains/dividends, shares (NOKm)	**2018**	**2017**	**Change**
Capital gains shares	7	9	-2
Gain/(loss) on derivatives	119	-3	122
Gain/(loss) on other financial instruments at fair value (FVO)	4	11	-6
Foreign exchange gain/(loss)	11	6	5
Gain/(loss) on sertificates and bonds	-59	49	-108
Gain(loss) on shares and share derivates at SpareBank 1 Markets	17	12	6
Gain/(loss) on financial instruments related to hedging	1	-16	16
Net return on financial instruments	**99**	**66**	**33**

Product companies and other related companies

The product companies give the banks access to a broader product range and hence commission income. The product companies also provide the banks with a good return on invested capital.

SpareBank 1 Gruppen

SpareBank 1 Gruppen owns 100 per cent of the shares of SpareBank 1 Forsikring, SpareBank 1 Skadeforsikring, ODIN Forvaltning and SpareBank 1 Gruppen Finans. SpareBank 1 SMN's stake in SpareBank 1 Gruppen was unchanged at 19.5 per cent at the end of the first quarter of 2018. SpareBank 1 Gruppen's post-tax profit in the first quarter of 2018 was NOK 184m (372m). SpareBank 1 Forsikring contributes 80 per cent of the profit. A weaker performance by the insurance arm compared with an excellent first quarter in 2017 explains the profit decline shown by SpareBank 1 Gruppen.

SpareBank 1 SMN's share of the profit for the first quarter of 2018 was NOK 36m (66m).

SpareBank 1 Boligkreditt

SpareBank 1 Boligkreditt was established by the banks participating in the SpareBank 1 Alliance to draw benefit from the market for covered bonds. The banks sell well-secured residential mortgages to the company and achieve reduced funding costs.

As of 31 March 2018 the bank has sold loans totalling NOK 36.4bn (33.8bn) to SpareBank 1 Boligkreditt, corresponding to 36.2 per cent (37.0 per cent) of the bank's overall loans to retail borrowers.

The bank's stake in SpareBank 1 Boligkreditt is 19.9 per cent, and the bank's share of that company's profit in the first quarter of 2018 was NOK 3m (minus 24m).

Valuation of the company's basis swaps is linked to currency hedging of the company's borrowings. These are valued quarterly and may produce major profit fluctuations from quarter to quarter. Losses arise because the market cost of currency hedging is reduced and the effect of the loss will be neutralised over the maturity of the currency hedge.

SpareBank 1 Næringskreditt

SpareBank 1 Næringskreditt was established along the same lines and with the same administration as SpareBank 1 Boligkreditt. As at 31 March 2018, loans worth NOK 1.5bn (2.2bn) had been sold to SpareBank 1 Næringskreditt.

SpareBank 1 SMN's stake in the company is 33.5 per cent, and the bank's share of the company's profit for the first quarter of 2018 was NOK 4m (8m). The bank's holding reflects the bank's relative share of sold loans to commercial property and the bank's stake in BN Bank. Of aggregate loans at SpareBank 1 Næringskreditt, 43 per cent have been transferred from BN Bank.

SpareBank 1 Kredittkort

Profit in the first quarter of 2018 was NOK 30m (9m). SpareBank 1 Kredittkort is owned by the SpareBank 1 banks, and SpareBank 1 SMN has a stake of 17.4 per cent. SpareBank 1 SMN's share of the profit in the first quarter of 2018 was NOK 5m (2m), and the bank's share of the portfolio is NOK 849m (840m).

SpareBank 1 SMN Kredittkort has managed the credit card programme LOfavør since 1 January 2017. This agreement expands the business relationship between the Norwegian Confederation of Trade Unions (LO) and the SpareBank 1 Alliance.

In 2017 work on the LOfavør portfolio reflected start-up and one-time costs, and the portfolio will make a positive contribution to the SpareBank 1 Alliance in 2018.

On behalf of the SpareBank 1 Alliance, SpareBank 1 Kredittkort was commissioned to deliver credit products to an expanded Vipps. The agreement is to be implemented in the course of 2018.

BN Bank

SpareBank 1 SMN owns 33.0 per cent of BN Bank as at 31 March 2018.

BN Bank recorded a profit of NOK 87m (89m) in the first quarter of 2018 providing a return on equity of 9.8 per cent (10.2 per cent). SpareBank 1 SMN's share of the profit of BN Bank in the first quarter of 2018 was NOK 29m (30m) adjusted for the profit share in BN Bolig.

After the decision to wind down the focus on financing of commercial property, the corporate portfolio has been reduced by NOK 18.4bn or 57 per cent since 30 June 2015. This has helped to improve SpareBank 1 SMN's financial position and to enhance the profitability of the remaining corporate portfolio of BN Bank.

BN Bank is to be developed into a digital bank serving the retail market.

BN Bank has resolved to strengthen its product platform through a cautious focus on consumer lending. In addition the company has, in collaboration with Eiendomsmegler 1 Midt Norge, established the company BN Bolig in which BN Bank holds a 50 per cent stake. The focus on estate agency in the Oslo market is intended to strengthen residential mortgage lending for BN Bank. To support the focus on estate agency, the bank's board of directors have also adopted a new focus on funding of housing projects. This will involve a controlled, gradual build-up of the portfolio.

SpareBank 1 Betaling (Vipps)

In autumn 2017 the SpareBank 1 Alliance's mobile payments service mCASH was amalgamated with Vipps. Several Norwegian bank groupings joined the company on the owner side, and all Norwegian banks have Vipps as their mobile payments service. BankID and BankAxept are to merge with Vipps to compete in the arena for payment solutions for the future, and the merger was approved by the Norwegian Competition Authority on 27 april 2018. Vipps aims to take its place as the Nordic region's leading financial technology company, and SpareBank 1 SMN's stake in, and close collaboration with, Vipps will be important with a view to retaining customer relationships after the introduction of PSD2 (Revised Payment Services Directive). In the course of 2018 Vipps will launch a number of services designed to simplify bank customers' everyday life, and its integration of accounts will ensure that costs are kept down.

SpareBank 1 Betaling posted in the first quarter a deficit of NOK 14m which constitutes the company's share of Vipps' financial result. SpareBank 1 SMN's share of this deficit is NOK 3m.

Operating expenses

Overall Group operating expenses rose by NOK 74m in the first quarter of 2018 to total NOK 645m (571m).

The parent bank shows no change in costs in the 12 months to end-March. Improved efficiency and effectiveness have enabled lower staffing and reduced costs. Since 31 December 2014 the number of FTEs at the parent bank has been reduced by 139 to 581 at the end of the first quarter of 2018. Changing customer behaviour and new technology set the stage for increased efficiency gains. In parallel with this, a focus on new technology has increased IT and development costs, and will continue to do so. However, the target of zero growth in costs is maintained.

Total costs among the subsidiaries came to NOK 338m (266m) having risen by NOK 73m in the 12 months to end-March. Of this, NOK 14m refers to SpareBank 1 Regnskapshuset SMN's acquisitions, about NOK 40m to the build-up of SpareBank 1 Markets and NOK 5m to the BN Bolig venture.

SpareBank 1 Regnskapshuset SMN's acquisitions provide income growth and profit growth for the company. Increased capacity through new appointments has enabled strong income growth at SpareBank 1 Markets and the potential for further growth is high.

The cost-income ratio was 50 per cent (51 per cent) for the Group, 38 per cent (40 per cent) for the parent bank.

Reduced losses and low defaults

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement on 1 January 2018. The implementation effect is reflected directly in equity as of 1 January 2018. See note 2 and 45 in the annual report for 2017, and note 1 in this report for further details.

Net loan losses of NOK 48m (89m) were recorded in the first quarter. Net loan losses measure 0.13 per cent of total outstanding loans (0.26 per cent).

A net loss of NOK 50m (87m) was recorded on loans to corporates in the first quarter of 2018, in all essentials related to offshore exposures.

A net gain of NOK 2m (loss of 2m) was recorded on loans to retail borrowers in the first quarter of 2018.

Write-downs on loans and guarantees total NOK 1,143m (919m) at 31 March 2018.

Total problem loans (defaulted and doubtful) come to NOK 1,647m (1,289m), or 0.99 per cent (0.92 per cent) of gross outstanding loans, including loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. After implementation of IFRS 9 as from 1 January 2018, all loans classified in stage 3 in the expected credit loss model are defined as problem loans.

Defaults in excess of 90 days totalled NOK 289m (211m), measuring 0.19 per cent (0.15 per cent) of gross outstanding loans.

Other doubtful exposures total NOK 1,358m (1,078m), i.e. 0.90 per cent (0.77 per cent) of gross outstanding loans.

Credit quality in the loan portfolio is good. A very large share of the year's loan losses refers to oil-related activity, but the trend is positive in this part of the portfolio too.

Total assets of NOK 152bn
The bank's assets totalled NOK 152bn at 31 March 2018 (142bn), having risen by NOK 10bn or 7.1 per cent in the past year. The increase in total assets is a consequence of increased lending and a higher liquidity holding.

As at 31 March 2018 loans worth a total of NOK 38bn (36bn) have been sold from SpareBank 1 SMN to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. These loans do not figure as loans in the bank's balance sheet. The comments covering lending growth do however include loans sold to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

High growth in residential mortgage lending
Total outstanding loans have risen by NOK 11.0bn (10.5bn) or 7.9 per cent (8.1 per cent) in the 12 months to end-March to reach NOK 151.1bn (140.0bn) as at 31 March 2018.

- Loans to personal borrowers rose in the 12 months to end-March by NOK 9.1bn (9.0bn) to reach NOK 100.4bn (91.3bn). Growth of 10.0 per cent (11.0 per cent)
- Loans to corporates rose in the 12 months to end-March by NOK 1.9bn (1.9bn) to reach NOK 50.6bn (48.7bn). Growth of 4.0 per cent (3.1 per cent)
- Loans to personal borrowers accounted for 66 per cent (65 per cent) of total loans to customers at end-March 2018

The growth in residential mortgage lending is high and the bank's market shares are growing. There are no indications of higher loss and default levels in the bank's residential mortgage portfolio and the quality of this portfolio is excellent.

New loans to corporate borrowers are mainly to small businesses and are prioritised with a basis in capital limitations and profitability requirements.

(For distribution by sector, see note 5).

Good deposit growth

Customer deposits rose by NOK 5.8bn (3.1bn) in the 12 months to end-March to reach NOK 75.9bn (70.2bn). This represents a growth of 8.2 per cent (9.9 per cent).

- Personal customer deposits rose by NOK 2.3bn (1.4bn) or 7.7 per cent (5.0 per cent) to reach NOK 32.0bn
- Corporate deposits rose by NOK 3.5bn (4.9bn) or 8.6 per cent (13.8 per cent) to NOK 43.9bn.
- The deposit-to-loan ratio at SpareBank 1 SMN was 67 per cent (67 per cent), excluding SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt. The deposit-to-loan ratio including SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt was 50 per cent (50 per cent).

(For distribution by sector, see note 9).

Investment products

The customer portfolio of off-balance sheet investment products totalled NOK 10.0bn (9.0bn) at 31 March 2018. The increase of NOK 1.0bn is a result of good sales and value increases, especially as regards equity funds and active asset management.

	January - March		
Saving products, customer portfolio (NOKm)	**2018**	**2017**	**Change**
Equity funds	6,026	5,405	621
Pension products	794	777	17
Active management	3,244	2,853	391
Total	**10,064**	**9,053**	**1,029**

Insurance

The bank's insurance portfolio increased by 9 per cent in the 12 months to end-March. Growth was satisfactory as regards non-life and personal insurance alike.

	January - March		
Insurance, premium volume (NOKm)	**2018**	**2017**	**Change**
Non-life insurance	782	742	40
Personal insurance	333	310	23
Occupational pensions	259	213	46
Total	**1,374**	**1,265**	**109**

Retail Banking

Outstanding loans to retail borrowers total NOK 105bn and deposits total NOK 38bn as at 31 March 2018. These are loans to and deposits from wage earners, agricultural customers and sole proprietorships.

Operating income totalled NOK 501m (432m) in the first quarter of 2018 of which net interest income accounted for NOK 296m (259m) and commission income for NOK 204m (173m). Income has increased mainly due to increased lending and higher commission income from other financing income, investment products, payments and insurance. Overall income rose by NOK 69m. Return on capital employed in the retail banking segment was 14.5 per cent (14.9 per cent). Regulatory capital of 15.0 per cent is used as capital employed, corresponding to the Group's targeted CET1 capital ratio.

The lending margin in the first quarter of 2018 was 1.79 per cent (1.81 per cent), while the deposit margin was 0.14 per cent (0.24 per cent) measured against three-month NIBOR. The market interest rate expressed by three-month NIBOR has edged up in 2018 after a long period of decline.

Retail lending and retail deposits grew by 10.0 per cent (10.5 per cent) and 8.2 per cent (3.8 per cent) respectively in the 12 months to end-March.

Lending to retail borrowers consistently carries low direct risk, as reflected in continued very low losses. There are no indications of increased loss and default levels in the bank's residential mortgage portfolio. The portfolio is secured on residential property.

Corporate Banking

Outstanding loans to corporates total NOK 40bn and deposits total NOK 37bn as at 31 March 2018. This is a diversified portfolio of loans to and deposits from corporate customers in Trøndelag and Møre and Romsdal.

Operating income totalled NOK 314m (325m) in the first quarter of 2018. Net interest income was NOK 263m (276m), while commission income and return on financial investments totalled NOK 51m (49m).

Overall net losses recorded in the corporate banking segment have declined and amounted to NOK 50m (87m) in the first quarter of 2018. The losses are in all essentials related to the challenges faced in oil-related activity.

Return on capital employed for the corporate banking segment was 10.1 per cent (9.6 per cent) in the first quarter of 2018. Regulatory capital of 15.0 per cent is used as capital employed, corresponding to the Group's targeted CET1 capital ratio.

The lending margin was 2.62 per cent (2.71 per cent) and the deposit margin was minus 0.05 per cent (minus 0.06 per cent) in the first quarter of 2018.

Lending grew by 1.6 per cent (0.7 per cent) and deposits by 6.8 per cent (17.9 per cent) in the 12 months to end-March.

Subsidiaries

The subsidiaries posted an overall profit of NOK 65.1m (57.4m) before tax in the first quarter of 2018.

	January - March		
Pre-tax profit (NOKm)	**2018**	**2017**	**Change**
EiendomsMegler 1 Midt-Norge	-7.6	4.0	-11.6
SpareBank 1 Finans Midt-Norge	38.0	28.1	9.9
SpareBank 1 Regnskapshuset SMN	16.8	15.5	1.4
Sparebank 1 Markets Group	7.1	3.5	3.6
SpareBank 1 SMN Invest (incl. Grilstad Marina)	4.3	0.9	3.3
Other companies	5.6	5.4	0.1
Total	**64.2**	**57.4**	**6.8**

Eiendomsmegler 1 Midt-Norge leads the field in Trøndelag and in Møre and Romsdal with a very strong market position, in Trondheim in particular. The company's ambition is to continue to strengthen its market share in the region. In collaboration with BN Bank, the company has established BN Bolig in which

EiendomsMegler 1 and BN Bank each hold a 50 per cent stake. This represents a focus on estate agency in the Oslo market which, in addition to enhancing earnings from estate agency, will contribute to stronger residential mortgage lending growth for BN Bank in this market.

EiendomsMegler 1's pre-tax profit in the first quarter of 2018 came to minus NOK 7.6m (4.0m). The profit performance is weakened by:

- Reduced income as a result of fewer dwelling units sold. 1,483 dwelling units were sold in the first quarter of 2018 compared with 1,719 in the same period of 2017
- NOK 10m in negative profit related to start-up costs for BN Bolig (8m). EiendomsMegler 1 Midt-Norge consolidates BN Bolig's profit as a subsidiary

SpareBank 1 Finans Midt-Norge delivered a profit of NOK 38.0m in the first quarter of 2018 (28.1m), and shows strong profit growth as a result of high growth in income, moderate cost growth and good risk management. The company's business areas are mainly leasing to the SMB market and car loans to retail customers. The company operates leasing and car loan agreements worth a total of NOK 6.4bn (5.4bn), of which leasing agreements account for NOK 2.9bn (2.5bn) and car loans for NOK 3.5bn (2.9bn). The company also offers consumer loans, and at year-end this portfolio was worth NOK 226m (147m).

The company has seen good growth, in particular in car loans with growth of 20 per cent over the last 12 months. The Samspar banks in SpareBank 1 held a 27.9 per cent stake in SpareBank 1 Finans Midt-Norge at end-March 2018 and Sparebanken Sogn og Fjordane a stake of 7.5 per cent. SpareBank 1 SMN owns 64.6 per cent of the shares of SpareBank 1 Finans Midt-Norge.

SpareBank 1 Regnskapshuset SMN posted a pre-tax profit of NOK 16.8m (15.5m) in the first quarter of 2018. As from 2017 the company substantially expanded its business in Møre and Romsdal with the acquisition of a large company and has acquired a further nine companies in Trøndelag and in Møre and Romsdal. It now has 440 employees, 10,000 customers and offices in 40 locations. This has contributed to profit growth and to a considerable increase in income and expenses alike.

The company caters to the SMB segment with its technologically modern distribution model and broad range of services.

Sparebanken SMN Invest invests in shares, mainly in regional businesses. The company posted a profit of NOK 4.3m (0.9m) in the first quarter of 2018.

Value changes and realisation of losses or gains on the company's overall holding of shares account for minus NOK 0.1m of the company's net total income. The company has in addition ownership interests in the property company Grilstad Marina and its share of the latter's profit in the first quarter of 2018 was NOK 4.4m (2.7m).

SpareBank 1 Markets is a subsidiary of SpareBank 1 SMN with a stake of 66.7 per cent. The company is headquartered in Oslo and has offices in Trondheim, Ålesund and Stavanger. It has a staff of 134.

SpareBank 1 Markets wholly owns SpareBank 1 Kapitalforvaltning (formerly Allegro Kapitalforvaltning and SpareBank 1 Nord-Norge Forvaltning). The company is at centre-stage in SpareBank 1 Markets' focus on asset management with aggregate total assets of NOK 12bn. The company has a staff of 15.

SpareBank 1 Markets' Group pre-tax profit in the first quarter of 2018 was NOK 7.1m (3.5m). The Group has seen a positive income trend in the first quarter, in particular in equity trading and fixed income / forex derivatives.

In 2017 SpareBank 1 Markets made a number of staff appointments which have boosted earnings in the equity and bond issue market on Oslo Børs.

The company is the leading capital market unit in SpareBank 1 SMN's market area. SpareBank 1 Markets' main focus is on clients where the company is in a strong competitive position alone or in collaboration with its parent banks.

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 12 months of ordinary operation without need of fresh external funding.

The bank has liquidity reserves of NOK 24bn and has the funding needed for 26 months of ordinary operation without fresh external finance.

The government authorities require all credit institutions to maintain sufficient liquidity buffers to withstand periods of limited access to market funding. The liquidity coverage ratio (LCR) measures the size of banks' liquid assets relative to net liquidity outflow 30 days ahead in time given a stressed situation.

The LCR is calculated at 162 per cent as at 31 March 2018 (136 per cent). The requirement is 100 per cent.

The Group's deposit-to-loan ratio at 31 March 2018, including SpareBank 1 Boligkreditt ad SpareBank 1 Næringskreditt, was 50 per cent (50 per cent).

The bank's funding sources and products are amply diversified. At 31 March 2018 the proportion of the bank's overall money market funding in excess of 1 year was 80 per cent (88 per cent).

SpareBank 1 Boligkreditt is the bank's most important source of funding, and loans totalling NOK 36bn have been sold as at 31 March 2018.

Rating

SpareBank 1 SMN has a rating of A1 (negative outlook) with Moody's and a rating of A- (stable outlook) with Fitch Ratings. Moody's revised in July 2017 its outlook for SpareBank 1 SMN and other Norwegian banks from a stable to a negative outlook. The change was triggered by the expected introduction of the EU's bank recovery and resolution directive (BRRD), which is likely to entail a lower probability of support from public authorities to Norwegian banks.

Financial position

Historical figures are restated due to an error found in the treatment of the share of the fund for unrealised gains from related companies. This reduces the reported common equity tier 1 (CET1) capital. A correction for the fourth quarter of 2017 is also made to repurchase agreements and collaterals related to the calculation of capital charges for the transitional arrangement (Basel 1 floor), entailing an increase in risk weighted assets compared to the originally reported figure. The CET1 capital ratio is accordingly revised from 14.9 per cent to 14.6 per cent as at 31 December 2017.

The CET1 capital ratio as at 31 March 2018 was 14.6 per cent as against 14.6 per cent at the end of the year. The Group's CET1 capital ratio target is 15.0 per cent. The government authorities' CET1 capital ratio requirement is 14.1 per cent.

Risk weighted assets increased by 1.3 per cent in the first quarter. This is balanced by an increase in CET1 capital resulting from a good profit performance in the first quarter of 2018.

The CET1 capital ratio is 0.4 percentage point below the target level. The forecast for 2018 shows that when dividend from SpareBank 1 Gruppen, disposal of SpareBank 1 Kvartalet and results for the rest of the year are taken into account, the board of directors assume and expect the target level to be attained. The leverage ratio is 7.3 per cent (7.3 per cent).

As at 31 December 2017 the countercyclical buffer was raised from 1.5 per cent to 2.0 per cent, bringing the CET1 ratio requirement to 12.0 per cent, including combined buffer requirements. When a Pillar 2 requirement of 2.1 per cent is added, the overall government requirement rises to 14.1 per cent.

Finanstilsynet's final assessment of add-ons for risks not sufficiently covered under Pillar 1 was set at 2.1 per cent in 2015. This add-on relates mainly to owner risk, market risk and credit concentration risk. The add-on is subject to review by Finanstilsynet every second year, and Finanstilsynet will set a new Pillar 2 add-on in the course of 2018. SpareBank 1 SMN aims for an excess buffer about 1 per cent higher than overall Pillar 1 and Pillar 2 requirements to absorb fluctuations in risk weighted assets and in the Group's profits. In light of this the Group's capital target is set at 15 per cent.

The bank's equity certificate (MING)

The book value of the bank's EC as at 31 March 2018 was NOK 76.53 (72.31) and earnings per EC were NOK 2.21 (1.74).

The Price / Income ratio was 9.16 (9.58) and the Price / Book ratio was 1.06 (0.92).

As at 31 March 2018 the EC was priced at NOK 80.90 and dividend of NOK 4.40 per EC has been paid in 2018 for the year 2017.

Risk factors

The Group's problem loans are low, but reflect the challenges facing the offshore industry. Loans to oil-related activity account for 3.0 per cent of the Group's overall outstanding loans as at 31 March 2018. The credit quality of the bank's wider loan portfolio is satisfactory. There have been no contagion effects from oil-related activity to other sectors and no other concentrations in defaulted and problem exposures are in evidence.

Positive growth signals are noted both internationally and in Norway. A weaker Norwegian krone has impacted positively on Norwegian export industries, but some strengthening of the krone is expected ahead. Real wage growth is expected to be moderate. The bank considers the loss risk in the bank's retail market portfolio to remain low – also in a situation of some increase in the interest rate level. Unemployment has declined in the bank's market area, and the bank expects the level of unemployment to remain relatively low ahead.

Credit growth among Norwegian households is somewhat lower, but still considerably higher than wage growth. Households' debt are on a high level. An interest rate hike could prompt a higher savings rate among Norwegian households, which could result in reduced turnover in parts of Norwegian business and industry.

The bank's profits are affected directly and indirectly by fluctuations in securities markets, and the valuation of basis swaps in particular is a contributor to volatility. The indirect effect relates very largely to the bank's ownership interest in SpareBank 1 Gruppen where both the insurance business and fund management activities are affected by such 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

The accounts for the first quarter of 2018 show good sales, robust growth and good earnings. There is further potential for efficiency gains and profit improvement across the Group.

A rising level of market interest rates will reduce net interest income somewhat in the short term.

Economic prospects for Trøndelag and Møre and Romsdal are good. The Bank's corporate expectation barometer as of first quarter 2018 shows increased optimism among business leaders.

There are grounds to expect the strong growth in residential mortgage lending to subside somewhat, but the board of directors expects the bank, due to its sound distribution concept and strong selling power, to continue to win market shares in our catchment area in 2018 as previously.

The bank will continue its efforts to strengthen its market position among small and medium-sized businesses.

Loan losses are considerably lower in first quarter of 2018 compared with the previous year. The restructuring of the oil service industry is completed, and prospects are better as a result of a higher oil price. However, the directors do not rule out the possibility of new challenges in this industry. The bank's wider loan portfolio shows minimal losses and defaults and the board of directors expects this picture to persist in 2018.

The Directors are not satisfied with CET1 ratio of 14.6 per cent. However, the forecast for the year show that the target of 15 per cent will be attained by yearend 2018. The board of directors is otherwise well satisfied with the Group's performance and results thus far in 2018 and expects 2018 to be a good year for SpareBank 1 SMN.

Trondheim, 3. May 2018
The Board of Directors of SpareBank 1 SMN

Kjell Bjordal (chair)	Bård Benum (deputy chair)	Paul E. Hjelm-Hansen
Mette Kamsvåg	Morten Loktu	Janne Thyø Thomsen
Tonje Eskeland Foss	Erik Gunnes (employee rep.)	Venche Johnsen (employee rep.)
		Finn Haugan (Group CEO)

Income statement

Parent bank					Group		
	January - March				January - March		
2017	**2017**	**2018***	**(NOKm)**	**Note**	**2018***	**2017**	**2017**
3,571	876	887	Interest income		962	931	3,825
		458	*Of which interest income at amortised cost*		*534*		
1,599	397	391	Interest expenses		394	398	1,600
1,972	**478**	**496**	**Net interest**	10	**568**	**533**	**2,225**
1,098	244	277	Commission income		339	308	1,390
98	21	19	Commission expenses		36	35	168
38	8	10	Other operating income		239	182	783
1,038	**232**	**267**	**Commission income and other income**		**542**	**455**	**2,005**
629	46	2	Dividends		2	1	6
-	-	-	Income from investment in related companies	3	79	71	437
146	9	39	Net return on financial investments	3	99	66	317
776	**55**	**42**	**Net return on financial investments**		**180**	**138**	**760**
3,786	**766**	**805**	**Total income**		**1,290**	**1,126**	**4,989**
575	153	155	Staff costs		403	345	1,426
634	153	152	Other operating expenses		241	227	943
1,209	**306**	**306**	**Total operating expenses**	11	**645**	**571**	**2,369**
2,577	**460**	**498**	**Result before losses**		**645**	**555**	**2,621**
323	87	45	Loss on loans, guarantees etc.	6	48	89	341
2,253	**373**	**454**	**Result before tax**	3	**596**	**466**	**2,279**
403	85	114	Tax charge		131	99	450
-	-	1	Result investment held for sale, after tax	2,3	1	-0	-1
1,850	**288**	**341**	**Net profit**		**466**	**367**	**1,828**
33	9	10	Attributable to additional Tier 1 Capital holders		11	9	33
1,162	179	211	Attributable to Equity capital certificate holders		286	225	1,128
655	101	119	Attributable to the saving bank reserve		161	127	636
			Attributable to non-controlling interests		8	6	32
1,850	**288**	**341**	**Net profit**		**466**	**367**	**1,828**
			Profit/diluted profit per ECC	17	2.21	1.74	8.71

*The income statement for first quarter 2018 reflect IFRS 9 implementation from 1 January 2018. For further information about the transition, see note 2 and 45 in the annual report for 2017. Comparative figures have not been restated.

Other comprehensive income

Parent bank				Group		
	January - March			January - March		
2017	2017	2018	(NOKm)	2018	2017	2017
1,850	288	341	Net profit	466	367	1,828
			Items that will not be reclassified to profit/loss			
-24	-	-	Actuarial gains and losses pensions	-3	-	-20
6	-	-	Tax	1	-	5
-	-	-	Share of other comprehensive income of associates and joint venture	-2	3	4
-18	**-**	**-**	**Total**	**-4**	**3**	**-11**
			Items that will be reclassified to profit/loss			
15	-	-0	Fair value change on financial assets through other comprehensive income	-0	-	15
-	-	2	Verdiendring utlån klassifisert til virkelig verdi over totalresultat	2	-	-
-	-	-	Share of other comprehensive income of associates and joint venture	7	-0	4
-	-	-	Tax	-0	-	-
15	**-**	**2**	**Total**	**9**	**-0**	**19**
1,847	**288**	**343**	**Total other comprehensive income**	**471**	**369**	**1,836**
33	9	10	Attributable to additional Tier 1 Capital holders	11	9	33
1,160	179	212	Attributable to Equity capital certificate holders	289	227	1,132
654	101	120	Attributable to the saving bank reserve	163	128	638
			Attributable to non-controlling interests	8	6	32
1,847	**288**	**343**	**Total other comprehensive Income**	**471**	**369**	**1,836**

Balance sheet

Parent bank					Group		
31 Dec 2017	31 Mar 2017	31 Mar 2018	(NOKm)	Note	31 Mar 2018	31 Mar 2017	31 Dec 2017
3,313	1,171	635	Cash and receivables from central banks		635	1,171	3,313
9,543	7,640	11,551	Deposits with and loans to credit institutions		6,113	3,008	4,214
104,769	98,056	105,856	Net loans to and receivables from customers	5,7,8	112,119	103,204	110,959
19,895	18,786	18,879	Fixed-income CDs and bonds	15	18,797	18,704	19,736
4,328	4,746	3,199	Derivatives	15	3,278	4,701	4,351
169	340	348	Shares, units and other equity interests	15	2,164	1,676	1,825
3,940	3,776	3,983	Investment in related companies		5,879	5,974	5,760
3,120	2,962	3,168	Investment in group companies		-	-	-
82	226	82	Investment held for sale	2	639	15	649
522	475	520	Intangible assets		819	686	793
703	1,171	546	Other assets	12	1,641	2,903	1,654
150,383	**139,349**	**148,768**	**Total assets**		**152,083**	**142,042**	**153,254**
9,047	6,598	7,477	Deposits from credit institutions		8,374	6,959	9,607
77,362	71,224	76,686	Deposits from and debt to customers	9	75,937	70,176	76,476
42,194	39,901	41,410	Debt created by issue of securities	14	41,410	39,901	42,194
3,341	3,644	2,936	Derivatives	15	2,970	3,509	3,343
909	1,939	2,986	Other liabilities	13	3,832	2,979	1,923
-	-	-	Investment held for sale	2	0	0	1
2,159	2,206	2,153	Subordinated loan capital	14	2,195	2,249	2,201
135,011	**125,512**	**133,649**	**Total liabilities**		**134,718**	**125,773**	**135,744**
2,597	2,597	2,597	Equity capital certificates		2,597	2,597	2,597
-0	-0	-0	Own holding of ECCs		-10	-7	-8
895	895	895	Premium fund		895	895	895
5,079	4,487	5,079	Dividend equalisation fund		5,066	4,470	5,072
571	-	-	Recommended dividends		-	-	571
322	-	-	Provision for gifts		-	-	322
4,831	4,498	4,831	Ownerless capital		4,831	4,498	4,831
126	126	126	Unrealised gains reserve		126	139	126
-	4	-15	Other equity capital		1,515	1,925	1,547
950	941	1,264	Additional Tier 1 Capital		1,306	941	993
-	288	341	Profit for the period		466	367	-
			Non-controlling interests		572	443	565
15,372	**13,837**	**15,118**	**Total equity capital**		**17,365**	**16,269**	**17,510**
150,383	**139,349**	**148,768**	**Total liabilities and equity**		**152,083**	**142,042**	**153,254**

Cash flow statement

Parent bank				Group		
	January - March			January - March		
2017	2017	2018	(NOKm)	2018	2017	2017
1,850	288	341	Net profit	466	367	1,828
50	12	15	Depreciations and write-downs on fixed assets	29	26	102
323	87	45	Losses on loans and guarantees	48	89	341
2,223	**387**	**400**	**Net cash increase from ordinary operations**	**544**	**482**	**2,271**
656	-231	1,282	Decrease/(increase) other receivables	1,079	-491	480
-455	270	1,673	Increase/(decrease) short term debt	1,535	274	-339
-8,593	-1,644	-1,147	Decrease/(increase) loans to customers	-1,232	-1,940	-9,946
-1,340	563	-2,009	Decrease/(increase) loans credit institutions	-1,899	884	-322
8,972	2,833	-676	Increase/(decrease) deposits to customers	-538	3,008	9,308
-1,252	-3,701	-1,569	Increase/(decrease) debt to credit institutions	-1,233	-3,550	-902
-2,259	-1,149	1,016	Increase/(decrease) in short term investments	938	-1,147	-2,179
-2,047	**-2,673**	**-1,031**	**A) Net cash flow from operations**	**-805**	**-2,480**	**-1,629**
-100	-9	-9	Increase in tangible fixed assets	-48	-57	383
-145	33	-91	Paid-up capital, associated companies	-105	-70	-685
94	-92	-180	Net investments in long-term shares and partnerships	-339	-134	-249
-146	**-68**	**-279**	**B) Net cash flow from investments**	**-493**	**-261**	**-546**
-27	21	-6	Increase/(decrease) in subordinated loan capital	-6	21	-27
0	0	0	Increase/(decrease) in equity	-9	0	-21
-390	-	-571	Dividend cleared	-571	-	-390
-220	-	-322	To be disbursed from gift fund	-322	-	-220
-33	-9	314	Increase/(decrease) in Additional Tier 1 capital	313	-9	-33
5,860	3,585	-784	Increase/(decrease) in other long term loans	-786	3,585	5,862
5,191	**3,597**	**-1,369**	**C) Net cash flow from financial activities**	**-1,380**	**3,597**	**5,173**
2,998	**856**	**-2,678**	**A) + B) + C) Net changes in cash and cash equivalents**	**-2,678**	**856**	**2,998**
315	315	3,313	Cash and cash equivalents at 1.1	3,313	315	315
3,313	1,171	635	Cash and cash equivalents at end of quarter	635	1,171	3,313
2,998	**856**	**-2,678**	**Net changes in cash and cash equivalents**	**-2,678**	**856**	**2,998**

Change in equity

Parent Bank	Issued equity			Earned equity					
(NOKm)	EC capital	Premium fund	Additional Tier 1 Capital	Ownerless capital	Equalisation fund	Dividend and gifts	Unrealised gains reserve	Other equity	Total equity
Equity at 1 January 2017	**2,597**	**895**	**950**	**4,499**	**4,490**	**609**	**126**	**-**	**14,166**
Net profit	-	-	33	327	580	893	17	-	1,850
Other comprehensive income									
Financial assets through OCI	-	-	-	-	-	-	-	15	15
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-18	-18
Other comprehensive income	-	-	-	-	-	-	-	-3	-3
Total other comprehensive income	-	-	33	327	580	893	17	-3	1,847
Transactions with owners									
Dividend declared for 2016	-	-	-	-	-	-389	-	-0	-390
To be disbursed from gift fund	-	-	-	-	-	-220	-	-	-220
Interest payments additional Tier 1 capital	-	-	-33	-	-	-	-	-	-33
Purchase and sale of own ECCs	0	-	-	-	0	-	-	-	0
Direct recognitions in equity	-	-	-	5	9	-	-17	3	-
Total transactions with owners	0	-	-33	5	9	-609	-17	3	-642
Equity at 31 December 2017	**2,597**	**895**	**950**	**4,831**	**5,079**	**893**	**126**	**-**	**15,372**
Equity at 31 December 2017	**2,597**	**895**	**950**	**4,831**	**5,079**	**893**	**126**	**-**	**15,372**
Implementation effect IFRS 9	-	-	-	-	-	-	-	-17	-17
Equity at 1 January 2018	**2,597**	**895**	**950**	**4,831**	**5,079**	**893**	**126**	**-17**	**15,355**
Net profit	-	-	-	-	-	-	-	341	341
Other comprehensive income									
Financial assets through OCI	-	-	-	-	-	-	-	-0	-0
Value changes on loans measured at fair value	-	-	-	-	-	-	-	2	2
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	2	2
Total other comprehensive income	-	-	-	-	-	-	-	343	343
Transactions with owners									
Dividend declared for 2017	-	-	-	-	-	-571	-	-	-571
To be disbursed from gift fund	-	-	-	-	-	-322	-	-	-322
Interest payments additional Tier 1 capital	-	-	324	-	-	-	-	-	324
Purchase and sale of own ECCs	-	-	-10	-	-	-	-	-	-10
Direct recognitions in equity	0	-	-	-	0	-	-	-	0
Total transactions with owners	0	-	314	-	0	-893	-	-	-579
Equity at 31 March 2018	**2,597**	**895**	**1,264**	**4,831**	**5,079**	**-**	**126**	**326**	**15,118**

SpareBank 1 SMN

Group	Attributable to parent company equity holders										
	Issued equity			Earned equity							
(NOKm)	EC capital	Premium fund	Additional Tier 1 Capital	Ownerless capital	Equalisation fund	Dividend and gifts	Unrealised gains reserve	Other equity	Non-controlling interests	Total equity
Equity at 1 January 2017	**2,593**	**895**	**950**	**4,499**	**4,487**	**609**	**139**	**1,656**	**425**	**16,253**
Net profit	-	-	33	327	580	893	17	-54	32	1,828
Other comprehensive income										
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	8	-	8
Financial assets through OCI	-	-	-	-	-	-	-	15	-	15
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-16	1	-15
Other comprehensive income	-	-	-	-	-	-	-	7	1	8
Total other comprehensive income	-	-	33	327	580	893	17	-46	32	1,836
Transactions with owners										
Dividend declared for 2016	-	-	-	-	-	-389	-	-0	-	-390
To be disbursed from gift fund	-	-	-	-	-	-220	-	-	-	-220
Additional Tier 1 Capital issued	-	-	43	-	-	-	-	-	-	43
Interest payments additional Tier 1 Capital	-	-	-33	-	-	-	-	-	-	-33
Purchase and sale of own ECCs	0	-	-	-	0	-	-	-	-	0
Own ECC held by SB1 Markets*)	-4	-	-	-	-4	-	-	-12	-	-21
Direct recognitions in equity	-	-	-	5	9	-	-30	-31	2	-44
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-	-21	-	-21
Change in non-controlling interests	-	-	-	-	-	-	-	-	105	105
Total transactions with owners	-4	-	9	5	5	-609	-30	-63	107	-580
Equity at 31 December 2017	**2,588**	**895**	**993**	**4,831**	**5,072**	**893**	**126**	**1,547**	**565**	**17,510**

	Attributable to parent company equity holders									
	Issued equity			Earned equity						
(NOKm)	EC capital	Premium fund	Additional Tier 1 Capital	Ownerles-capital	Equalisation fund	Dividend and gifts	Unrealised gains reserve	Other equity	Non-controlling interests	Total equity
Equity at 31 December 2017	**2,588**	**895**	**993**	**4,831**	**5,072**	**893**	**126**	**1,547**	**565**	**17,510**
Implementation effect IFRS 9	-	-	-	-	-	-	-	-25	-	-25
Equity at 1 January 2018	**2,588**	**895**	**993**	**4,831**	**5,072**	**893**	**126**	**1,521**	**565**	**17,484**
Net profit	-	-	-	-	-	-	-	458	8	466
Other comprehensive income										
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	5	-	5
Financial assets through OCI	-	-	-	-	-	-	-	-0	-	-0
Value changes on loans measured at fair value	-	-	-	-	-	-	-	2	-	2
Actuarial gains (losses), pensions	-	-	-	-	-	-	-	-1	-1	-2
Other comprehensive income	-	-	-	-	-	-	-	6	-1	5
Total other comprehensive income	-	-	-	-	-	-	-	463	8	471
Transactions with owners										
Dividend declared for 2017	-	-	-	-	-	-571	-	-	-	-571
To be disbursed from gift fund	-	-	-	-	-	-322	-	-	-	-322
Additional Tier 1 capital issued	-	-	324	-	-	-	-	-	-	324
Interest payments additional Tier 1 capital	-	-	-11	-	-	-	-	-	-	-11
Purchase and sale of own ECCs	0	-	-	-	0	-	-	-	-	0
Own ECC held by SB1 Markets*)	-2	-	-	-	-5	-	-	-2	-	-9
Direct recognitions in equity	-	-	-	-	-	-	-	3	-1	2
Share of other transactions from associates and joint ventures	-	-	-	-	-	-	-	-4	-	-4
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-2	-	313	-	-5	-893	-	-3	-1	-590
Equity at 31 March 2018	**2,587**	**895**	**1,306**	**4,831**	**5,066**	**-**	**126**	**1,981**	**572**	**17,365**

*) Holding of own equity certificates as part of SpareBank 1 Markets' trading activity

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) approved by EU, including IAS 34, Interim Financial Reporting. 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 2017. The Group has in this quarterly report used the same accounting principles and calculation methods as in the latest annual report and accounts, except implementing IFRS 9 as described below.

IFRS 9

IFRS 9 Financial instruments deals with recognition, classification, measurement and derecognition of financial assets and liabilities as well as hedge accounting. IFRS 9 is applicable from 1 January 2018 and is approved by the EU.

Detailed information about the implementation of IFRS 9 in SpareBank 1 SMN can be found in note 2 and 45 in the annual report for 2017.

As allowed in the transition rules in IFRS 9, the bank has chosen not to adjust the comparative figures, and these have been presented in line with previous accounting principles as described in the annual report for 2017. Adjustments in amounts recorded at the transition date 1 January 2018 has been made against equity, and new disclosures in line with IFRS 7 has been presented. Disclosure information using previous principles are the same as presented previous periods.

Classification and measurement

Financial assets

Under IFRS 9 financial assets are classified in three measurement categories: fair value with changes in fair value reported in profit/loss (FVPL), fair value with changes in fair value reported in other comprehensive income (OCI), and amortised cost. The measurement category is determined upon first-time recognition of the particular asset. For financial assets a distinction is drawn between debt instruments and equity instruments. The classification of financial assets is determined on the basis of contractual terms and conditions for the financial assets and the business model used to manage the portfolio of which the assets are a part.

Financial assets that are debt instruments

Debt instruments with contractual cash flows that are only payment of interest and principal on given dates and which are held in a business model whose purpose is to receive contractual cash flows shall in principle be measured at amortised cost. Instruments with contractual cash flows that are only payment of interest and principal on given dates and which are held in a business model whose purpose is both to receive contractual cash flows and sales shall in principle be measured at fair value with changes over OCI, with interest income, currency conversion effects and any write-downs reported in ordinary profit/loss. Fair value changes over OCI shall be reclassified to profit/loss upon the sale or other disposal of the assets.

Other debt instruments shall be measured at fair value with changes reported in profit/loss. This applies to instruments with cash flows that are not only payment of normal interest (time value of money, credit margin and other normal margins related to loans and receivables) and principal, and instruments held in a business model whose main purpose is not that of receiving contractual cash flows. Instruments that should basically be measured at amortised cost or at fair value with changes through OCI can be designated to be measured at fair with changes through profit or loss if this eliminates or significantly reduces an “accounting mismatch".

Derivatives and investments in equity instruments

All derivatives shall be measured at fair value with changes reported in profit/loss, but derivatives designated as hedging instruments shall be accounted for in keeping with the principles for hedge accounting. Investments in equity instruments shall be measured in the balance sheet at fair value. Value changes shall as a main rule be reported in ordinary profit/loss, but an equity instrument which is not held for trading purposes and is not a contingent consideration following a business transfer can be designated as measured at fair value with changes reported in OCI. When equity instruments are designated at fair value with value changes reported in OCI, ordinary proceeds shall be reported in profit/loss, whereas value changes shall not be reported in profit/loss either on an ongoing basis or upon disposal.

Financial liabilities

Financial liabilities shall continue to be measured at amortised cost with the exception of financial derivatives measured at fair value, financial instruments forming part of a trading portfolio and financial liabilities accounted for at fair value with value changes recognised in profit/loss.

Loan impairment write-downs

Under IFRS 9 loss provisions shall be recognised based on expected credit loss (ECL). Measurement of the provision for expected loss depends on whether credit risk has increased significantly since first-time recognition. Upon first-time recognition, and when credit risk has not increased significantly since first-time recognition, provision shall be made for a 12-month expected loss. If credit risk has risen significantly, provision shall be made for expected loss across the entire life. The methodology in the IFRS 9 standard entails somewhat larger volatility in write-downs, and write-downs are expected to be made at an earlier stage than under current practice. This will be particularly noticeable at the start of a cyclical downturn.

Further description of the bank's future impairment write-down model
Loss estimates are to be prepared quarterly, and will build on data in the data warehouse which has historical accounting and customer data for the entire credit portfolio. The Bank has decided to use three macroeconomic scenarios to consider the non-linear aspects of expected credit losses. The different scenarios will be used to adjust the input parameters for calculating expected credit loss, and an probability weighted average expected calculated loss of the scenarios will be recorded as the loss.

Estimates will be computed based on 12-month and lifelong probability of default (PD), loss given default (LGD) and exposure at default (EAD). The data warehouse contains historical data for observed PD and observed LGD. This will be the basis for preparing good estimates for the future values for PD og LGD. In keeping with IFRS 9 the bank groups its loans in three stages.

Stage 1:
This is the starting point for all financial assets covered by the general loss model. All assets that do not have significantly higher credit risk than at first-time recognition receive a loss provision corresponding to 12 months' expected loss. All assets that are not transferred to stage 2 or 3 reside in this category.

Stage 2:
Stage 2 of the loss model encompasses assets that show a significant increase in credit risk since first-time recognition, but where objective evidence of loss is not present. For these assets a provision for expected loss over the entire lifetime is to be made. In this group we find accounts with a significant degree of credit deterioration, but which at the balance sheet date belong to customers classified as performing. As regards delineation against stage 1, the bank defines 'significant degree of credit deterioration' by taking a basis in whether the exposure's calculated probability of default shows a significant increase. SpareBank 1 SMN has decided to utilise both absolute and relative changes in PD as criteria for transfer to stage 2. The most important factor for a significant change in credit risk is the quantitative change in PD on the period end compared to the PD at first time recognition. A change in PD by more than 150 per cent is considered to be a significant change in credit risk. The change will have to be over 0.6 percentage points. In addition, customers with payments 30 days past due will be transferred to stage 2. A qualitative assessment is also done when engagements have been put on watch list.

Stage 3:
Stage 3 of the loss model encompasses assets that show a significant increase in credit risk since loan approval and where there is objective evidence of loss at the balance sheet date. For these assets a provision shall be made for expected loss over the entire lifetime. These are assets which under current rules are defined as defaulted and written down.

SpareBank 1 SMN calculates the provision for credit loss for assets in stage 1 and 2 in accordance with IFRS 9 as the net present value of the exposure (EAS) multiplied by probability of default (PD) multiplied by loss given default (LGD). SpareBank 1 SMN has grouped the loans in three portfolios and make projections for a period of five years for each portfolio.

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 3 Critical estimates and assessments concerning the use of accounting principles.

Pensions

The Group has not obtained a new calculation of pensions as of 31 March since no factors have been identified that significantly alter the pension liability. For a further description of the various pension schemes, see note 24 in the 2017 annual report.

Investment held for sale

SpareBank 1 SMN's strategy is that ownership duse to defaulted exposures should at the outset be of brief duration, normally not longer than one year. Investments are recorded at fair value in the Parent Bank's accounts, and is classified as investment held for sale.

Assets and liabilities related to the property in Søndre Gate 4-10 in Trondheim City Centre (SpareBank 1 Kvartalet AS) has been reclassified as held for sale from Q4 2017 based on the approval from management and board of Directors for selling the property, in addition to the progress made in the sale process which makes it highly probable that the sale will be completed in the coming 12 months.

SpareBank 1 SMN accepted a bid at Søndre gate no. 4-10 in Trondheim city centre at November 9, 2017. SpareBank 1 SMN and its subsidiaries will lease back about 70 per cent of the overall area on a 15 year lease with the option of a lease extension. Estimated gross annual rental in 2018 amounts to NOK 36.4 million. The gross property value underlying the bid is NOK 755 million and will provide SpareBank 1 SMN with a net gain after an estimated tax rebate and transaction costs of just over NOK 120 million. The bid is subject to certain conditions, including board approval and conduct of a satisfactory financial, legal and technical due diligence process.

Note 3 - Account by business line

For the subsidiaries the figures refer to the respective company accounts, while for joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

Group 31 March 2018

Profit and loss account (NOKm)	RM	CM	SB1 Markets	EM 1	SB1 Finans MN	SB1 Regnskaps-huset SMN	SB1 Gruppen	BN Bank	Uncollated	Total
Net interest	254	232	-3	1	65	-0	-	-	20	568
Interest from allocated capital	42	31	-	-	-	-	-	-	-74	-
Total interest income	**296**	**263**	**-3**	**1**	**65**	**-0**	**-**	**-**	**-54**	**568**
Commission income and other income	204	50	101	104	14	121	-	-	-51	542
Net return on financial investments **)	0	1	34	-	-	-	36	29	81	181
Total income	**501**	**314**	**131**	**104**	**79**	**120**	**36**	**29**	**-24**	**1,290**
Total operating expenses	**199**	**95**	**124**	**112**	**36**	**103**	**-**	**-**	**-24**	**645**
Ordinary operating profit	**302**	**219**	**7**	**-8**	**42**	**17**	**36**	**29**	**1**	**645**
Loss on loans, guarantees etc.	-3	48	-	-	4	-	-	-	-	48
Result before tax including held for sale	**305**	**171**	**7**	**-8**	**38**	**17**	**36**	**29**	**2**	**597**
Post-tax return on equity*)	**14.5%**	**10.1%**								**11.2%**
Balance (NOKm)										
Loans and advances to customers	104,999	39,821	-	-	6,908	-	-	-	-664	151,065
Adv. of this to SB1 Boligkreditt and SB1 Næringskreditt	-36,537	-1,354	-	-	-	-	-	-	0	-37,891
Allowance for credit losses	-64	-950	-	-	-39	-	-	-	-	-1,053
Other assets	160	1,312	2,535	821	21	402	1,601	1,175	31,937	39,964
Total assets	**68,558**	**38,829**	**2,535**	**821**	**6,890**	**402**	**1,601**	**1,175**	**31,272**	**152,083**
Deposits to customers	37,811	37,358	-	-	-	-	-	-	769	75,937
Other liabilities and equity	30,747	1,471	2,535	821	6,890	402	1,601	1,175	30,503	76,146
Total liabilites and equity	**68,558**	**38,829**	**2,535**	**821**	**6,890**	**402**	**1,601**	**1,175**	**31,272**	**152,083**

Group 31 March 2017

Profit and loss account (NOKm)	RM	CM	Markets	EM 1	SB1 Finans MN	SB1 Regnskaps huset SMN	SB1 Gruppen	BN Bank	Uncollated	Total
Net interest	228	246	-2	1	51	-1	-	-	10	533
Interest from allocated capital	31	30	-	-	-	-	-	-	-60	-
Total interest income	**259**	**276**	**-2**	**1**	**51**	**-1**	**-**	**-**	**-50**	**533**
Commission income and other income	173	47	59	113	12	105	-	-	-55	455
Net return on financial investments **)	0	2	18	-	-	-	66	29	22	138
Total income	**432**	**325**	**75**	**114**	**63**	**104**	**66**	**29**	**-83**	**1,126**
Total operating expenses	**201**	**89**	**72**	**110**	**33**	**89**	**-**	**-**	**-23**	**571**
Ordinary operating profit	**230**	**237**	**2**	**4**	**30**	**15**	**66**	**29**	**-60**	**555**
Loss on loans, guarantees etc.	0	87	-	-	2	-	-	-	-0	89
Result before tax including held for sale	**230**	**150**	**2**	**4**	**28**	**15**	**66**	**29**	**-60**	**466**
Post-tax return on equity*)	**14.9%**	**9.6%**								**9.4%**
Balance (NOKm)										
Loans and advances to customers	95,482	39,421	-	-	5,746	-	-	-	-611	140,038
Adv. of this to SpareBank 1 Boligkreditt	-33,919	-2,003	-	-	-	-	-	-	0	-35,921
Individual allowance for impairment on loan	-23	-528	-	-	-11	-	-	-	-2	-564
Group allowance for impairment on loan	-90	-218	-	-	-21	-	-	-	-20	-349
Other assets	167	192	1,867	1,002	10	288	1,543	1,217	32,552	38,838
Total assets	**61,618**	**36,863**	**1,867**	**1,002**	**5,725**	**288**	**1,543**	**1,217**	**31,919**	**142,042**
Deposits to customers	34,943	35,778	-	-	-	-	-	-	-545	70,176
Other liabilities and equity	26,675	1,086	1,867	1,002	5,725	288	1,543	1,217	32,464	71,866
Total liabilites and equity	**61,618**	**36,863**	**1,867**	**1,002**	**5,725**	**288**	**1,543**	**1,217**	**31,919**	**142,042**

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

****) Specification of net return on financial investments incl. Investment held for sale (NOKm)**	**31 Mar 2018**	**31 Mar 2017**
Dividends	**2**	**1**
Capital gains shares	5	8
Gain/(loss) on derivatives	119	-3
Gain/(loss) on other financial instruments at fair value (FVO)	4	11
Foreign exchange gain/(loss)	11	6
Gain/(loss) on sertificates and bonds	-59	49
Gain/(loss) on shares and share derivatives at SpareBank 1 Markets	17	12
Gain/(loss) on financial instruments related to hedging	1	-16
Net return on financial instruments	**98**	**66**
SpareBank 1 Gruppen	36	66
SpareBank 1 Boligkreditt	3	-24
SpareBank 1 Næringskreditt	4	8
BN Bank	30	29
SpareBank 1 Kredittkort	5	2
SpareBank 1 Betaling	-3	-
Other companies	6	-10
Income from investment in associates and joint ventures	**81**	**71**
Total net return on financial investments	**181**	**138**
Fair value hedging		
Changes in fair value on hedging instrument	-145	-77
Changes in fair value on hedging item	145	61
Net Gain or Loss from hedge accounting	**1**	**-16**

Note 4 - Capital adequacy

SpareBank 1 SMN utilises the Internal Rating Based Approach (IRB) for credit risk. Use of IRB imposes wide-ranging requirements on the bank's organisational set-up, competence, risk models and risk management systems. As from 31 March 2015 the bank has received permission to apply the Advanced IRB Approach to those corporate portfolios that were previously reported under the Basic Indicator Approach.

As of 31 March 2018 the capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement is 3.0 per cent and the Norwegian countercyclical buffer is 2.0 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital, so that the overall minimum requirement on CET1 capital is 12.0 per cent. In addition the financial supervisory authority has set a Pillar 2 requirement of 2.1 per cent for SpareBank 1 SMN. The total minimum requirement on CET1 capital is accordingly 14.1 per cent.

Historical figures are restated due to an error found in the treatment of the share of the fund for unrealised gains from related companies. This reduces the reported common equity tier 1 (CET1) capital. A correction for the fourth quarter of 2017 is also made to repurchase agreements and collaterals related to the calculation of capital charges for the transitional arrangement (Basel 1 floor), entailing an increase in risk weighted assets compared to the originally reported figure. The CET1 capital ratio is accordingly revised from 14.9 per cent to 14.6 per cent as at 31 December 2017.

The countercyclical buffer increased from 1.5 per cent to 2.0 per cent with effect from 31 December 2017.

Countercyclical buffer is calculated using differentiated rates. For exposures in other countries the countercyclical buffer rate set by the authorities in the country concerned is applied. If that country has not set a rate, the same rate as for exposures in Norway is applied unless the Ministry of Finance sets another rate. For the first quarter of 2018 the parent bank is below the capital deduction threshold such that the Norwegian rate is applied to all relevant exposures. For the group, the risk-weighted countercyclical capital buffer is 2.0 per cent.

Parts of the group's hybrid capital and subordinated debt were issued under earlier rules. This will be subject to a write-down of 50 per cent in 2017 and 60 per cent in 2018. As at 31March 2018 the bank held hybrid capital worth NOK 450 million subject to write-down. For subordinated debt the figure was NOK 659 million.

Parent Bank				Group		
31 Dec 2017	**31 Mar 2017**	**31 Mar 2018**	**(NOKm)**	**31 Mar 2018**	**31 Mar 2017**	**31 Dec 2017**
15,372	13,837	15,118	Total book equity	17,365	16,269	17,510
-950	-941	-1,264	Additional Tier 1 capital instruments included in total equity	-1,306	-1,208	-993
-522	-475	-520	Deferred taxes, goodwill and other intangible assets	-1,040	-853	-984
-	-	-	Part of reserve for unrealised gains, associated companies	-	-	-
-893	-	-	Deduction for allocated dividends and gifts	-	-	-893
-	-	-	Non-controlling interests recognised in other equity capital	-572	-443	-565
-	-	-	Non-controlling interests eligible for inclusion in CET1 capital	341	223	324
-	-279	-341	Net profit	-466	-358	-
-	100	108	Year-to-date profit included in core capital (50 per cent pre tax of group profit in 2018)	233	179	-
-30	-30	-28	Value adjustments due to requirements for prudent valuation	-45	-48	-41
-350	-186	-326	Positive value of adjusted expected loss under IRB Approach	-313	-247	-333
-	-	-	Cash flow hedge reserve	3	8	7
-	-	-	Deduction for common equity Tier 1 capital in significant investments in financial institutions	-222	-188	-212
12,627	**12,026**	**12,748**	**Total common equity Tier one**	**13,976**	**13,332**	**13,820**
950	950	876	Additional Tier 1 capital instruments	1,353	1,358	1,427
459	459	367	Additional Tier 1 capital instruments covered by transitional provisions	367	459	459
14,036	**13,435**	**13,991**	**Total core capital**	**15,697**	**15,149**	**15,707**
			Supplementary capital in excess of core capital			
1,000	1,000	1,000	Subordinated capital	1,621	1,710	1,615
561	561	449	Subordinated capital covered by transitional provisions	449	561	561
-254	-237	-248	Deduction for significant investments in financial institutions	-248	-237	-254
1,307	**1,324**	**1,201**	**Total supplementary capital**	**1,822**	**2,034**	**1,922**
15,343	**14,758**	**15,192**	**Net subordinated capital**	**17,518**	**17,183**	**17,629**

			Minimum requirements subordinated capital			
978	1,055	1,075	Specialised enterprises	1,200	1,186	1,107
1,098	1,087	1,058	Corporate	1,070	1,126	1,113
1,370	1,277	1,375	Mass market exposure, property	1,930	1,769	1,892
90	88	89	Other mass market	92	91	91
1,198	1,267	1,218	Equity investments	1	1	1
4,733	**4,773**	**4,815**	**Total credit risk IRB**	**4,292**	**4,173**	**4,205**
3	5	3	Central government	3	5	3
80	78	81	Covered bonds	142	134	146
429	452	406	Institutions	281	375	331
0	5	-	Local and regional authorities, state-owned enterprises	7	10	4
44	45	66	Corporate	256	149	245
1	0	1	Mass market	403	380	388
13	14	13	Exposures secured on real property	199	328	193
232	211	232	Equity positions	349	348	344
70	73	46	Other assets	150	163	166
872	**885**	**848**	**Total credit risk standardised approach**	**1,791**	**1,891**	**1,820**
16	34	23	Debt risk	25	35	18
-	-	-	Equity risk	14	15	22
-	-	-	Currency risk and risk exposure for settlement/delivery	4	1	1
341	341	370	Operational risk	575	510	510
52	56	52	Credit value adjustment risk (CVA)	119	119	117
-	-	-	Transitional arrangements	863	523	891
6,015	**6,088**	**6,108**	**Minimum requirements subordinated capital**	**7,684**	**7,268**	**7,585**
75,182	**76,101**	**76,355**	**Risk weighted assets (RWA)**	**96,044**	**90,845**	**94,807**
3,383	3,425	3,436	Minimum requirement on CET1 capital, 4.5 per cent	4,322	4,088	4,266
			Capital Buffers			
1,880	1,903	1,909	Capital conservation buffer, 2.5 per cent	2,401	2,271	2,337
2,255	2,283	2,291	Systemic rick buffer, 3.0 per cent	2,881	2,725	2,804
1,504	1,142	1,527	Countercyclical buffer, 2.0 per (1.5 per cent)	1,921	1,363	1,869
5,639	**5,327**	**5,727**	**Total buffer requirements on CET1 capital**	**7,203**	**6,359**	**7,011**
3,605	**3,274**	**3,586**	**Available CET1 capital after buffer requirements**	**2,451**	**2,885**	**2,544**
			Capital adequacy			
16.8 %	15.8 %	16.7 %	Common equity Tier one ratio	14.6 %	14.7 %	14.6 %
18.7 %	17.7 %	18.3 %	Core capital ratio	16.3 %	16.7 %	16.6 %
20.4 %	19.4 %	19.9 %	Capital adequacy ratio	18.2 %	18.9 %	18.6 %
			Leverage ratio			
145,821	137,192	143,334	Balance sheet items	207,831	199,551	210,764
7,112	7,402	7,418	Off-balance sheet items	9,530	9,292	9,295
-902	-691	-1,341	Regulatory adjustments	-2,113	-1,346	-1,580
152,032	143,903	149,410	Calculation basis for leverage ratio	215,248	207,497	218,479
14,036	13,435	13,991	Core capital	15,697	15,149	15,707
9.2 %	**9.3 %**	**9.4 %**	**Leverage Ratio**	**7.3 %**	**7.3 %**	**7.2 %**

Note 5 - Distribution of loans by sector/industry

Parent Bank				Group		
31 Dec 2017	**31 Mar 2017**	**31 Mar 2018**	**(NOKm)**	**31 Mar 2018**	**31 Mar 2017**	**31 Dec 2017**
11,305	10,460	11,530	Agriculture, forestry, fisheries, hunting	11,816	10,679	11,606
1,311	1,306	1,331	Sea farming industries	1,697	1,700	1,697
2,850	2,820	2,809	Manufacturing	3,129	3,113	3,157
2,794	2,756	2,953	Construction, power and water supply	3,622	3,335	3,419
2,432	2,496	2,549	Retail trade, hotels and restaurants	2,825	2,735	2,700
4,639	4,863	4,533	Maritime sector	4,533	4,863	4,639
14,289	14,060	14,307	Property management	14,366	14,115	14,348
2,510	2,465	2,537	Business services	2,203	2,100	2,260
3,547	3,203	3,597	Transport and other services provision	4,370	3,840	4,322
226	277	229	Public administration	243	291	240
1,669	1,895	1,791	Other sectors	1,823	1,924	1,699
47,572	**46,600**	**48,168**	**Gross loans in retail market**	**50,629**	**48,696**	**50,087**
94,984	88,257	96,594	Wage earners	100,436	91,343	98,697
142,556	**134,857**	**144,762**	**Gross loans incl. SB1 Boligkreditt /SB1 Næringskreditt**	**151,065**	**140,038**	**148,784**
34,885	33,757	36,374	of which SpareBank 1 Boligkreditt	36,374	33,757	34,885
1,828	2,164	1,518	of which SpareBank 1 Næringskreditt	1,518	2,164	1,828
105,843	**98,935**	**106,871**	**Gross loans in balance sheet**	**113,174**	**104,117**	**112,071**
		965	- Loan loss allowance on amortised cost loans	1,006		
		49	- Loan loss allowance on loans at FVOCI	49		
751	551		- Specified write-downs		564	765
323	328		- Collective write-downs		349	347
104,769	**98,056**	**105,856**	**Net loans to and receivables from customers**	**112,119**	**103,204**	**110,959**

Note 6 - Losses on loans and guarantees

Parent Bank	January - March		
	2018		
Losses on loans and guarantees (NOKm)	**RM**	**CM**	**Total**
Change in provision for expected credit losses for the period	-3	11	8
Actual loan losses on commitments exceeding provisions made	1	38	39
Recoveries on commitments previously written-off	-2	-0	-2
Losses for the period on loans and guarantees	**-3**	**48**	**45**

Parent Bank	January - March		
	2017		
Losses on loans and guarantees (NOKm)	**RM**	**CM**	**Total**
Change in individual impairment losses provisions for the period	-1	-72	-73
+ Change in collective impairment losses provisions for the period	-	10	10
+ Actual loan losses on commitments for which provisions have been made	2	146	148
+ Actual loan losses on commitments for which no provision has been made	0	3	3
- Recoveries on commitments previously written-off	1	0	1
Losses of the year on loans and guarantees	**0**	**87**	**87**

Group	January - March		
	2018		
Losses on loans and guarantees (NOKm)	**RM**	**CM**	**Total**
Change in provision for expected credit losses for the period	-3	12	9
Actual loan losses on commitments exceeding provisions made	4	38	42
Recoveries on commitments previously written-off	-2	-0	-2
Losses for the period on loans and guarantees	**-2**	**50**	**48**

Group	January - March		
	2017		
Losses on loans and guarantees (NOKm)	**RM**	**CM**	**Total**
Change in individual impairment losses provisions for the period	-1	-72	-73
+ Change in collective impairment losses provisions for the period	1	10	11
+ Actual loan losses on commitments for which provisions have been made	2	146	148
+ Actual loan losses on commitments for which no provision has been made	2	3	5
- Recoveries on commitments previously written-off	1	0	1
Losses of the year on loans and guarantees	**3**	**87**	**89**

Note 7 - Losses

Provision for expected credit lossen on loans and guarantees are presented after implementation of IFRS 9 from january 1, 2018. See note 2 and 45 in the annual report for 2017 for detailed information about the implementation effect and transition. Comparative figures have not been restated, and the information about first quarter 2017 has been presented below in accordance with previous rules in IAS 32.

Parent Bank

		31 Mar 2018		
(NOKm)	**1 January 18**	**Change in provision**	**Net write-offs/ recoveries**	**31 March 18**
Loans as amortised cost- CM	1,017	11	-15	1,012
Loans as amortised cost- RM	32	-3	-2	27
Loans at fair value over OCI- RM	65	-0	-0	65
Provision for expected credit losses on loans and guarantees	**1,114**	**8**	**-17**	**1,104**
Presented as				
Provision for loan losses				1,014
Other debt- provisons				75
Other comprehensive income- fair value adjustment				15

Group

		31 Mar 2018		
(NOKm)	**1 January 18**	**Change in provision**	**Net write-offs/ recoveries**	**31 March 18**
Loans as amortised cost- CM	1,037	10	-15	1,032
Loans as amortised cost- RM	52	-3	-3	46
Loans at fair value over OCI- RM	65	-0	-0	65
Provision for expected credit losses on loans and guarantees	**1,154**	**7**	**-18**	**1,143**
Presented as				
Provision for loan losses				1,053
Other debt- provisons				75
Other comprehensive income- fair value adjustment				15

Parent Bank

		31 Mar 2018		
Total Allowance for Credit Losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance 1 January	**96**	**256**	**762**	**1,114**
Provision for credit losses				
Transfer to (from) stage 1	13	-13	-0	-
Transfer to (from) stage 2	-3	5	-2	-
Transfer to (from) stage 3	-0	-9	9	-
Net remeasurement of loss allowances	-14	10	30	26
Originations or purchases	20	0	0	20
Derecognitions	-5	-16	-17	-37
Write-offs	-	-	-17	-17
Closing balance 31 March	**107**	**232**	**766**	**1,104**

Group

Total Allowance for Credit Losses	**31 Mar 2018** Stage 1	Stage 2	Stage 3	Total
Opening balance 1 January	**105**	**269**	**780**	**1,154**
Provision for credit losses				
Transfer to (from) stage 1	4	-4	0	-
Transfer to (from) stage 2	-1	-3	4	-
Transfer to (from) stage 3	-6	2	3	-
Net remeasurement of loss allowances	-7	4	33	30
Originations or purchases	14	0	0	14
Derecognitions	-4	-14	-17	-35
Write-offs	-	-	-18	-18
Closing balance 31 March	**104**	**255**	**784**	**1,143**

Parent Bank

Individual write-downs (NOKm)	**31 Mar 2017** RM	CM	Total
Individual write-downs to cover loss on loans and guarantees at 1.1	28	597	625
- Actual losses during the period for which provisions for individual impairment losses have been made previously	2	146	148
- Reversal of provisions from previous periods	2	6	8
+ Increased write-downs on provisions previously written down	0	79	79
+ Write-downs on provisions not previously written down	-2	10	8
Individual write-downs to cover loss on loans and guarantees at period end *)	**23**	**534**	**557**

*) Individually assessed impairment write-downs on guarantees, totalling NOK 6.2m, are shown in the balance sheet as a liability under 'Other liabilities'

Collective write-downs (NOKm)	**31 Mar 2017** RM	CM	Total
Collective write-downs to cover loss on loans, guarantees at 1.1	90	228	318
Period's collective write-downs to cover loss on loans, guarantees etc	-	10	10
Collective write-downs to cover loss on loans and guarantees at period end	**90**	**238**	**328**

Group

Individual write-downs (NOKm)	**31 Mar 2017** RM	CM	Total
Individual write-downs to cover loss on loans and guarantees at 1.1	31	607	638
- Actual losses during the period for which provisions for individual impairment losses have been made previously	2	146	148
- Reversal of provisions from previous periods	2	6	8
+ Increased write-downs on provisions previously written down	0	79	79
+ Write-downs on provisions not previously written down	-2	10	8
Individual write-downs to cover loss on loans and guarantees at period end *)	**26**	**544**	**570**

*) Individually assessed impairment write-downs on guarantees, totalling NOK 6.2m, are shown in the balance sheet as a liability under 'Other liabilities'

Collective write-downs (NOKm)	**31 Mar 2017** RM	CM	Total
Collective write-downs to cover loss on loans, guarantees at 1.1	100	239	339
Period's collective write-downs to cover loss on loans, guarantees etc	1	10	11
Collective write-downs to cover loss on loans and guarantees at period end	**100**	**249**	**349**

Note 8 - Gross Loans

Parent Bank

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 18	94,352	9,931	1,560	105,843
Transfer to stage 1	1,005	-999	-6	-
Transfer to stage 2	-1,189	1,205	-16	-
Transfer to stage 3	-6	-56	62	-
Net increase/decrease amount excisting loans	-1,870	33	-45	-1,881
New loans	9,034	0	6	9,041
Derecognitions	-5,357	-763	-12	-6,132
Balance at 31 March 18	**95,969**	**9,353**	**1,549**	**106,871**

Group

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 18	99,564	10,855	1,652	112,071
Transfer to stage 1	948	-946	-2	-
Transfer to stage 2	-1,023	1,029	-5	-
Transfer to stage 3	-4	-50	54	-
Net increase/decrease amount excisting loans	-1,878	31	-45	-1,892
New loans	9,446	4	6	9,456
Derecognitions	-5,650	-799	-13	-6,461
Balance at 31 March 18	**101,403**	**10,123**	**1,647**	**113,174**

Note 9 - Distribution of customer deposits by sector/industry

Parent Bank				Group		
31 Dec 2017	31 Mar 2017	31 Mar 2018	(NOKm)	31 Mar 2018	31 Mar 2017	31 Dec 2017
3,061	2,847	3,194	Agriculture, forestry, fisheries, hunting	3,194	2,847	3,061
1,021	1,533	1,103	Sea farming industries	1,103	1,533	1,021
2,736	2,671	2,433	Manufacturing	2,433	2,671	2,736
3,046	2,191	3,191	Construction, power and water supply	3,191	2,191	3,046
4,152	3,416	3,699	Retail trade, hotels and restaurants	3,699	3,416	4,152
1,269	1,445	1,360	Maritime sector	1,360	1,445	1,269
4,595	4,626	4,653	Property management	4,444	4,384	4,405
6,429	5,729	6,326	Business services	6,326	5,729	6,429
5,846	5,859	5,978	Transport and other services provision	5,577	5,382	5,414
11,284	9,419	10,908	Public administration	10,908	9,419	11,284
2,127	1,735	1,808	Other sectors	1,670	1,405	1,863
45,565	**41,470**	**44,654**	**Total**	**43,905**	**40,421**	**44,678**
31,797	29,754	32,033	Wage earners	32,033	29,754	31,797
77,362	**71,224**	**76,686**	**Total deposits**	**75,937**	**70,176**	**76,476**

Note 10 - Net interest income

Parent bank				Group		
	January - March			January - March		
2017	2017	2018	(NOKm)	2018	2017	2017
			Interest income			
137	32	37	Interest income from loans to and claims on central banks and credit institutions	14	9	44
3,150	768	786	Interest income from loans to and claims on customers	879	842	3,476
284	76	64	Interest income from money market instruments, bonds and other fixed income securities	63	75	281
-	-	-	Other interest income	7	5	23
3,571	**876**	**887**	**Total interest income**	**962**	**931**	**3,825**
			Interest expense			
133	37	32	Interest expenses on liabilities to credit institutions	34	37	137
654	158	170	Interest expenses relating to deposits from and liabilities to customers	168	154	636
668	168	158	Interest expenses related to the issuance of securities	158	168	668
95	23	19	Interest expenses on subordinated debt	19	24	97
-0	-0	0	Other interest expenses	3	2	13
49	12	13	Guarantee fund levy	13	12	49
1,599	**397**	**391**	**Total interest expense**	**394**	**398**	**1,600**
1,972	**478**	**496**	**Net interest income**	**568**	**533**	**2,225**

Note 11 - Operating expenses

Parent bank				Group		
	January - March			January - March		
2017	2017	2018	(NOKm)	2018	2017	2017
203	53	52	IT costs	71	69	266
17	5	3	Postage and transport of valuables	4	6	22
50	11	10	Marketing	26	24	104
50	12	15	Ordinary depreciation	29	26	102
118	29	29	Operating expenses, real properties	37	27	118
77	12	12	Purchased services	28	30	139
118	30	30	Other operating expense	47	44	192
634	**153**	**152**	**Total other operating expenses**	**241**	**227**	**943**

Note 12 - Other assets

Parent Bank				Group		
31 Dec 2017	31 Mar 2017	31 Mar 2018	(NOKm)	31 Mar 2018	31 Mar 2017	31 Dec 2017
-	27	-	Deferred tax asset	163	196	178
115	113	111	Fixed assets	257	891	263
61	80	39	Earned income not yet received	105	118	104
35	486	51	Accounts receivable, securities	377	841	322
158	198	158	Pensions	171	208	171
333	267	187	Other assets	567	649	615
703	**1,171**	**546**	**Total other assets**	**1,641**	**2,903**	**1,654**

Note 13 - Other liabilities

Parent Bank				Group		
31 Dec 2017	31 Mar 2017	31 Mar 2018	(NOKm)	31 Mar 2018	31 Mar 2017	31 Dec 2017
21	0	21	Deferred tax	82	33	81
337	-38	317	Payable tax	324	4	367
9	8	9	Capital tax	9	8	9
70	44	225	Accrued expenses and received, non-accrued income	549	362	444
112	317	228	Provision for accrued expenses and commitments	228	317	112
24	26	24	Pension liabilities	24	26	24
88	71	130	Drawing debt	130	71	88
16	197	25	Creditors	109	253	82
0	646	1,162	Debt from securities	1,327	954	162
-	-	-	Equity Instruments	80	217	244
232	668	845	Other liabilities	969	735	311
909	**1,939**	**2,986**	**Total other liabilites**	**3,832**	**2,979**	**1,923**

Note 14 - Debt created by issue of securities and subordinated debt

Change in securities debt (NOKm)	31 Mar 2018	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2017
Bond debt, nominal value	41,062	3,597	2,840	-1,358	41,663
Value adjustments	75	-	-	-131	207
Accrued interest	273	-	-	-51	324
Total	**41,410**	**3,597**	**2,840**	**-1,541**	**42,194**

Change in subordinated debt and hybrid equity (NOKm)	31 Mar 2018	Issued	Fallen due/ Redeemed	Other changes	31 Dec 2017
Ordinary subordinated loan capital, nominal value	1,708	-	-	6	1,701
Hybrid equity, nominal value	450	-	-	-	450
Value adjustments	32	-	-	-9	40
Accrued interest	6	-	-	-4	10
Total	**2,195**	**-**	**-**	**-6**	**2,201**

Note 15 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

Level 1: Valuation based on quoted prices in an active market
Fair value of financial instruments that are traded in the active markets is based on market price on the balance sheet date. A market is considered active if market prices are easily and regularly available from a stock exchange, dealer, broker, industry group, price-setting service or regulatory authority, and these prices represent actual and regularly occurring market transactions at an arm's length. This category also includes quoted shares and Treasury bills.

Level 2: Valuation based on observable market data
Level 2 consists of instruments that are valued by the use of information that does not consist in quoted prices, but where the prices are directly or indirectly observable for the assets or liabilities concerned, and which also include quoted prices in non-active markets.

Level 3: Valuation based on other than observable data
If valuation data are not available for level 1 and 2, valuation methods are applied that are based on non-observable information.

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2018:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	4	3,275	-	3,278
- Bonds and money market certificates	2,485	16,312	-	18,797
- Equity instruments	1,559	103	440	2,101
- Fixed interest loans	-	43	3,195	3,238
Financial assets through other comprehensive income				
- Loans at fair value through other comprehensive income	-	-	56,988	56,988
- Equity instruments	-	-	63	63
Total assets	**4,048**	**19,732**	**60,685**	**84,465**
Liabilities				
Financial liabilities through profit/loss				
- Derivatives	9	2,961	-	2,970
- Equity instruments	79	1	-	80
Total liabilities	**88**	**2,962**	**-**	**3,050**

The following table presents the Group's assets and liabilities measured at fair value at 31 March 2017:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	10	4,691	-	4,701
- Bonds and money market certificates	2,504	16,200	-	18,704
- Equity instruments	1,079	-	537	1,616
- Fixed interest loans	-	43	3,717	3,760
Financial assets avaliable for sale				
- Equity instruments	-	-	60	60
Total assets	**3,593**	**20,934**	**4,314**	**28,841**
Liabilities				
Financial liabilities through profit/loss				
- Derivatives	13	3,496	-	3,509
- Equity instruments	213	3	-	217
Total liabilities	**226**	**3,500**	**-**	**3,726**

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2017:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	16	4,334	-	4,351
- Bonds and money market certificates	2,547	17,189	-	19,736
- Equity instruments	1,339	-	419	1,759
- Fixed interest loans	-	43	3,236	3,278
Financial assets avaliable for sale				
- Equity instruments	-	-	66	66
Total assets	**3,902**	**21,566**	**3,722**	**29,190**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	14	3,328	-	3,343
- Equity instruments	239	4	-	244
Total liabilities	**254**	**3,332**	**-**	**3,586**

The following table presents the changes in the instruments classified in level 3 as at 31 March 2018:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Loans at fair value through OCI	Equity instruments through OCI	Total
Closing balance 31 December	419	3,236	-	66	3,722
Implementation effect IFRS 9	2	-	56,743	-2	56,743
Opening balance 1 January	422	3,236	56,743	64	60,464
Investment in periode	22	366	4,598	-	4,986
Disposals in the periode	-8	-386	-4,353	-	-4,747
Expected credit loss on loans	-	-	-2	-	-2
Gain or loss on financial instruments	4	-21	2	-1	-15
Closing balance	**440**	**3,195**	**56,987**	**63**	**60,685**

The following table presents the changes in the instruments classified in level 3 as at 31 March 2017:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Equity instruments available for sale	Total
Opening balance 1 January	524	3,783	60	4,367
Investment in periode	4	154	-	158
Disposals in the periode	-	-232	-	-232
Gain or loss on financial instruments	9	12	-	21
Closing balance	**537**	**3,717**	**60**	**4,314**

The following table presents the changes in the instruments classified in level 3 as at 31 December 2017:

(NOKm)	Equity instruments through profit/loss	Fixed interest loans	Equity instruments available for sale	Total
Opening balance 1 January	524	3,783	60	4,367
Investment in periode	20	304	-	323
Disposals in the periode	-157	-849	-20	-1,026
Gain or loss on financial instruments	33	-2	27	57
Closing balance	**419**	**3,236**	**66**	**3,722**

Valuation method

The valuation method applied is adapted to each financial instrument, and is intended to utilise as much of the information that is available in the market as possible.

The method for valuation of financial instruments in level 2 and 3 is described in the following:

Fixed *interest loans to customers (level 3)*

The loans consist for the most part of fixed interest loans denominated in Norwegian kroner. The value of the fixed interest loans is determined such that agreed interest flows are discounted over the term of the loan by a discount factor that is adjusted for margin requirements. The discount factor is raised by 10 points when calculating sensitivity.

Loans at fair value through other comprehensive income (level 3)

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued based on carrying amounts and expected credit losses. Mortgages without significant increase in credit risk since initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With a doble likelihood of the worst case scenario in the expected credit loss model, the calculated fair value is reduced by NOK 4 million.

Short-term paper and bonds (level 2 and 3)

Valuation on level 2 is based for the most part on observable market information in the form of interest rate curves, exchange rates and credit margins for the individual credit and the bond's or certificate's characteristics. For paper valued under level 3 the valuation is based on indicative prices from a third party or comparable paper.

Equity instruments (level 3)

Shares that are classified to level 3 include essentially investments in unquoted shares. Among other a total of NOK 260 million in Private Equity investments, property funds, hedge funds and unquoted shares through the company SpareBank 1 SMN Invest AS. The valuations are in all essentials based on reporting from managers of the funds who utilise cash flow based models or multiples when determining fair value. The Group does not have full access to information on all the elements in these valuations and is therefore unable to determine alternative assumptions. Determination of fair value for the shares of Polaris Media is based on valuation undertaken by SpareBank 1 Markets. The latter is based on value-adjusted equity capital.

The owner interest in Visa Norge FLI is considered to be a financial asset and is classified to the category 'available for sale'. SpareBank 1 SMN has calculated the fair value of its portion of Visa Norge FLI at NOK 33.1 million. Sensitivity at level 3 measurement: Since the estimated value of Visa Norge is calculated by the association we do not have access to all significant inputs, but SpareBank 1 SMN has taken into account a liquidity discount on the shares of Visa Inc. of 20 per cent. Had this been adjusted to 25 per cent, the fair value measurement would have been 3.5 million lower.

Financial derivatives (level 2)

Financial derivatives at level 2 include for the most part currency futures and interest rate and exchange rate swaps. Valuation is based on observable interest rate curves. In addition the item includes derivatives related to FRAs. These are valued with a basis in observable prices in the market. Derivatives classified to level 2 also include equity derivatives related to SpareBank 1 Markets' market-making activities. The bulk of these derivatives refer to the most sold shares on Oslo Børs, and the valuation is based on the price of the actual/underlying share and observable or calculated volatility.

Sensitivity analyses, level 3

(NOKm)	Book value	Effect from change in reasonable possible alternative assumtions
Fixed interest loans	3,195	-8
Equity instruments through profit/loss*	440	-
Loans at fair value through other comprehensive income	56,988	-4
Equity instruments through other comprehensive income	63	-4

* As described above, the information to perform alternative calculations are not available

Note 16 - Liquidity risk

Liquidity risk is the risk that the group will be unable to refinance its debt or to finance asset increases. Liquidity risk management starts out from the group's overall liquidity strategy which is reviewed and adopted by the board of directors at least once each year. The liquidity strategy reflects the group's moderate risk profile.

The group mitigates liquidity risk by diversifying its funding across different markets, funding sources, maturities and instruments and through the use of long-term funding. Contingency plans exist both for the group and the SpareBank 1 alliance for managing the liquidity situation in periods of capital market turbulence. These plans address both bank-specific and systemic crises and a combination of the two. The group's objective is to survive twelve months of ordinary operations without access to fresh external funding while housing prices fall 30 per cent. In the same period minimum requirements to LCR shall be fulfilled.

The average residual maturity on the portfolio of senior bonds and covered bonds at the end of the first quarter was 2.87 years. The overall LCR at the same point was 162 per cent and the average overall LCR in the quarter was 148 per cent. The LCR in Norwegian kroner at quarter-end was 130 and for euro there is net cash flows in.

Note 17 - Earnings per EC

(mill. kr)	January - March 2018	January - March 2017
Adjusted Net Profit to allocate between ECC owners and Savings Bank Reserve 1)	447	352
Allocated to ECC Owners 2)	286	225
Issues Equity Captial Certificates adjusted for own certificates	129,344,188	129,560,205
Earnings per Equity Captial Certificate	**2.21**	**1.74**

Adjusted Net Profit 1)	January - March 2018	January- March 2017
Net Profit for the group	466	367
adjusted for non-controlling interests share of net profit	-8	-6
Adjusted for Tier 1 capital holders share of net profit	-11	-9
Adjusted Net Profit	**447**	**352**

Equity capital certificate ratio (parent bank) 2)

(NOKm)	31 Mar 2018	31 Dec 2017
ECC capital	2,597	2,597
Dividend equalisation reserve	5,079	4,487
Premium reserve	895	895
Unrealised gains reserve	81	81
Other equity capital	-9	-
A. The equity capital certificate owners' capital	**8,643**	**8,060**
Ownerless capital	4,831	4,498
Unrealised gains reserve	45	45
Other equity capital	-5	-
B. The saving bank reserve	**4,871**	**4,543**
To be disbursed from gift fund	-	-
Dividend declared	-	-
Equity ex. profit	13,514	12,603
Equity capital certificate ratio A/(A+B)	**63.95 %**	**63.95 %**
Equity capital certificate ratio for distribution	**63.95 %**	**63.95 %**

Results from quarterly accounts

Group (NOKm)	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Interest income	962	989	959	945	931	917	874	896	910
Interest expenses	394	400	389	413	398	413	414	412	429
Net interest	**568**	**589**	**570**	**532**	**533**	**504**	**460**	**483**	**481**
Commission income	339	372	360	349	308	300	326	331	295
Commission expenses	36	49	46	38	35	35	34	36	28
Other operating income	239	206	168	227	182	149	120	154	134
Commission income and other income	**542**	**529**	**482**	**538**	**455**	**414**	**412**	**448**	**401**
Dividends	2	0	1	3	1	1	13	73	0
Income from investment in related companies	79	147	126	94	71	74	103	127	119
Net return on financial investments	99	108	108	35	66	153	157	71	53
Net return on financial investments	**180**	**256**	**235**	**131**	**138**	**228**	**274**	**271**	**172**
Total income	**1,290**	**1,374**	**1,287**	**1,202**	**1,126**	**1,146**	**1,145**	**1,203**	**1,054**
Staff costs	403	362	357	362	345	251	294	318	295
Other operating expenses	241	255	225	236	227	231	210	209	194
Total operating expenses	**645**	**618**	**582**	**598**	**571**	**482**	**504**	**528**	**489**
Result before losses	**645**	**756**	**705**	**604**	**555**	**664**	**641**	**675**	**565**
Loss on loans, guarantees etc.	48	78	88	86	89	99	130	118	170
Result before tax	**596**	**678**	**617**	**518**	**466**	**565**	**512**	**558**	**395**
Tax charge	131	122	118	111	99	102	87	88	75
Result investment held for sale, after tax	1	-4	-0	3	-0	7	-1	-1	-0
Net profit	**466**	**553**	**500**	**409**	**367**	**470**	**423**	**468**	**320**

Key figures from quarterly accounts

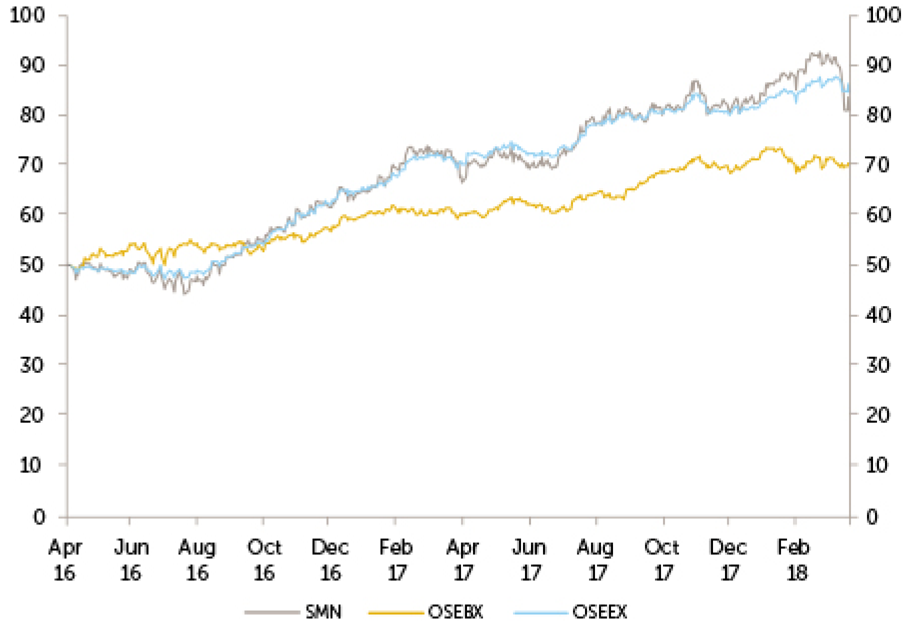
Group (NOKm)	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Profitability									
Return on equity per quarter [1]	11.2%	13.4%	12.5%	10.5%	9.4%	12.2%	11.3%	12.9%	8.9%
Cost-income ratio [1]	50 %	45 %	45 %	50 %	51 %	42 %	44 %	44 %	46 %
Balance sheet figures									
Gross loans to customers	113,174	112,071	110,695	107,358	104,117	102,325	99,569	97,790	95,331
Gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt	151,065	148,784	147,146	143,800	140,038	137,535	134,462	132,583	129,520
Deposits from customers	75,937	76,476	73,086	75,559	70,176	67,168	66,290	67,031	63,851
Total assets	152,083	153,254	146,913	149,449	142,042	138,080	139,815	141,145	134,345
Average total assets	152,668	150,083	148,181	145,746	140,061	138,948	140,480	137,745	133,129
Growth in loans incl. SB1 Boligkreditt and SB1 Næringskredtt last 12 months [1]	7.9 %	8.2 %	9.4 %	8.5 %	8.1 %	8.0 %	6.6 %	6.5 %	5.4 %
Growth in deposits last 12 months	8.2 %	13.9 %	10.3 %	12.7 %	9.9 %	4.8 %	4.2 %	1.3 %	5.4 %
Losses and defaults in % of gross loans incl. SB1 Boligkreditt and SB1 Næringskreditt									
Impairment losses ratio [1]	0.13 %	0.22 %	0.24 %	0.24 %	0.26 %	0.28 %	0.39 %	0.36 %	0.53 %
Non-performing commitm. as a percentage of gross loans [1]	0.19 %	0.19 %	0.18 %	0.18 %	0.15 %	0.16 %	0.16 %	0.19 %	0.16 %
Other doubtful commitm. as a percentage of gross loans [1]	0.90 %	0.80 %	0.83 %	0.80 %	0.77 %	1.07 %	1.01 %	0.90 %	0.32 %
Solidity									
Common equity tier 1	14.6 %	14.6 %	14.6 %	14.9 %	14.7 %	14.8 %	14.2 %	13.9 %	13.5 %
Core capital ratio	16.3 %	16.6 %	16.6 %	16.8 %	16.7 %	16.8 %	16.2 %	16.0 %	15.5 %
Capital adequacy ratio	18.2 %	18.6 %	19.0 %	19.0 %	18.9 %	19.2 %	18.7 %	18.5 %	18.0 %
Core capital	15,697	15,707	15,718	15,526	15,149	14,956	14,646	14,455	14,131
Net equity and related capital	17,518	17,629	18,004	17,552	17,183	17,072	16,921	16,733	16,409
Liquidity Coverage Ratio (LCR)	162 %	164 %	124 %	160 %	136 %	129 %	138 %	149 %	110 %
Leverage Ratio	7.3 %	7.2 %	7.4 %	7.2 %	7.3 %	7.4 %	7.1 %	6.7 %	6.7 %
Key figures ECC									
ECC share price at end of period (NOK)	80.90	82.25	81.25	71.75	66.50	64.75	55.75	46.70	52.75
Number of certificates issued, millions [1]	129.38	129.38	129.40	129.54	129.48	129.64	129.66	129.47	129.47
Booked equity capital per ECC (including dividend) [1]	76.53	78.81	79.18	75.40	72.31	73.35	74.71	71.53	68.38
Profit per ECC, majority [1]	2.21	2.63	2.42	1.92	1.74	2.21	2.00	2.22	1.50
Price-Earnings Ratio [1]	9.16	7.81	8.40	9.32	9.58	7.32	6.97	5.26	8.81
Price-Book Value Ratio [1]	1.06	1.04	1.03	0.95	0.92	0.88	0.75	0.65	0.77

[1] Defined as alternative performance measures, see attachment to the quarterly report

Equity capital certificates

Stock price compared with OSEBX and OSEEX

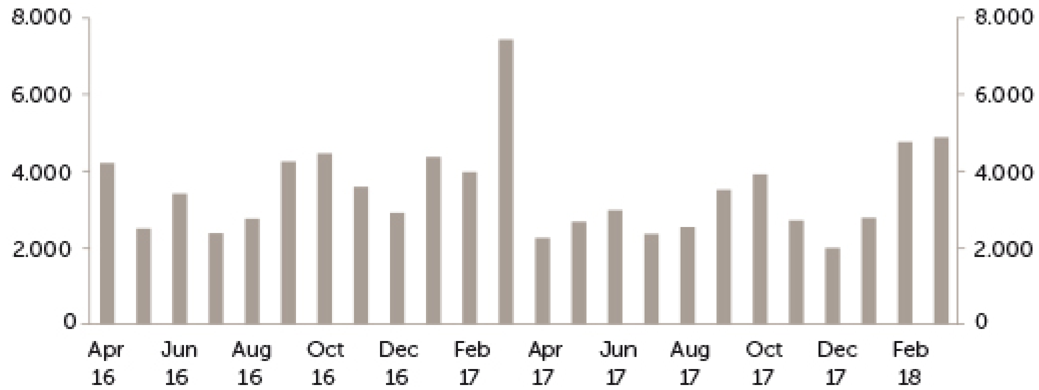
1 April 2016 to 31 March 2018



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

Trading statistics

1 April 2016 to 31 March 2018



Total number of ECs traded (1000)

20 largest ECC holders	Number	Share
VPF Nordea Norge Verdi	6,422,299	4.95 %
State Street Bank and Trust CO (nominee)	4,347,180	3.35 %
Sparebankstiftelsen SMN	3,965,391	3.05 %
VPF Odin Norge	3,542,919	2.73 %
VPF Danske Invest Norske Aksjer Inst. II	3,303,849	2.54 %
JP Morgan Chase Bank (nominee)	2,720,452	2.10 %
Verdipapirfondet DNB Norge (IV)	2,425,608	1.87 %
State Street Bank and Trust CO (nominee)	2,315,337	1.78 %
VPF Pareto Aksje Norge	2,281,288	1.76 %
VPF Alfred Berg Gambak	1,924,604	1.48 %
Pareto AS	1,821,202	1.40 %
Morgan Stanley And Co Intl plc	1,781,469	1.37 %
VPF Danske Invest Norske Aksjer Inst. I	1,779,692	1.37 %
JP Morgan Chase Bank (nominee)	1,722,083	1.33 %
Forsvarets Personellservice	1,717,046	1.32 %
MP Pensjon PK	1,568,771	1.21 %
VPF Nordea Kapital	1,438,701	1.11 %
JP Morgan Securities	1,366,608	1.05 %
VPF Storebrand Norge I	1,345,665	1.04 %
VPF Nordea Avkastning	1,289,111	0.99 %
The 20 largest ECC holders in total	**49,079,275**	**37.80 %**
Others	80,757,168	62.20 %
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 about one half of the owner capital's share of the net profit for the year should be disbursed in dividends and, similarly, that about 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.

Deloitte AS
Dyre Halses gate 1A
NO-7042 Trondheim
Norway

Tel: +47 73 87 69 00
www.deloitte.no

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 2018

We have reviewed the accompanying balance sheet of the parent company and the group as of March 31 2018 for SpareBank 1 SMN and the related statements of income for the parent company and the group, 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 2018, 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, 4 May 2018
Deloitte AS

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