

# Investor Relations

Supplementary information

First Quarter 2014



# **SpareBank 1 SMN**

## **7467 Trondheim**

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### **Information on the Internet**

SpareBank 1 SMN's home page

Hugin-Online

ECC information in general

[www.smn.no](http://www.smn.no)

[www.huginonline.no](http://www.huginonline.no)

[www.egenkapitalbevis.no](http://www.egenkapitalbevis.no)

### **Financial Calendar 2014**

1 <sup>st</sup> quarter 2014	9 May	2014
2 <sup>nd</sup> quarter 2014	13 August	2014
3 <sup>rd</sup> quarter 2014	30 October	2014

## Contents

<b>1. SpareBank 1 SMN overview</b> .....	<b>- 3 -</b>
1.1. Financial highlights .....	- 3 -
1.2. Business description .....	- 4 -
1.3. Credit ratings .....	- 6 -
1.4. Equity capital certificate (MING) .....	- 7 -
<b>2. Financial results</b> .....	<b>- 11 -</b>
2.1. Main figures .....	- 11 -
2.2. Net interest income .....	- 12 -
2.3. Commission income .....	- 15 -
2.4. Operating expenses .....	- 17 -
<b>3. Loans to customers</b> .....	<b>- 19 -</b>
3.1. Distribution of loans by industry .....	- 19 -
3.2. Risk profile and write-downs .....	- 20 -
<b>4. Capital Adequacy</b> .....	<b>- 25 -</b>
<b>5. Funding</b> .....	<b>- 28 -</b>
<b>6. Financial results</b> .....	<b>- 30 -</b>
<b>7. Segment information</b> .....	<b>- 33 -</b>
7.1. Extract from income statement .....	- 33 -
7.2. Retail Market .....	- 35 -
7.3. SME .....	- 37 -
7.4. Corporate .....	- 39 -
7.6. Markets .....	- 41 -
7.7. Subsidiaries .....	- 42 -
<b>8. Development last ten years</b> .....	<b>- 44 -</b>

## 1. SpareBank 1 SMN overview

### 1.1. Financial highlights

#### January - March 2014

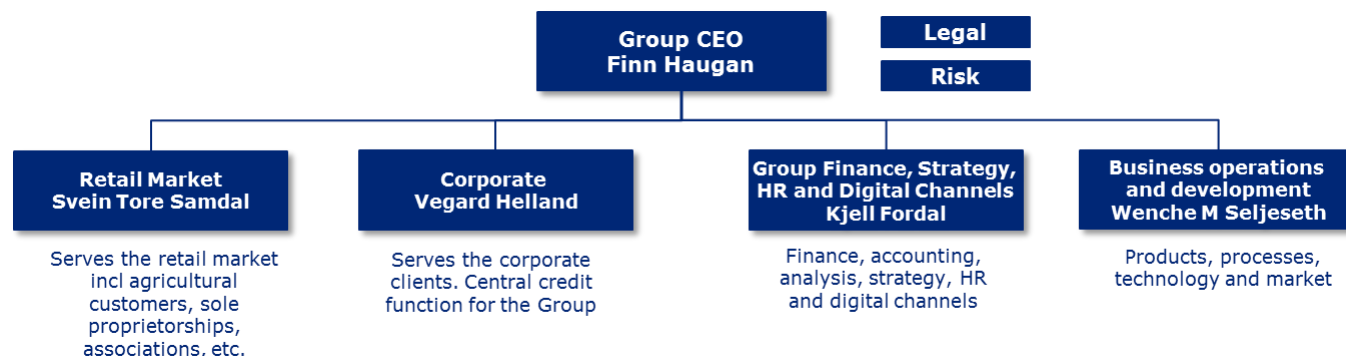
(Consolidated figures. Figures in parentheses refer to the same period of 2013 unless otherwise stated).

- Profit before tax and inv. held for sale: NOK 597m (390m)
- Net profit: NOK 500m (321m)
- Return on equity: 17.7 per cent (12.7 per cent)
- 12-month growth in lending: 4.4 per cent (9.7 per cent)
- 12-month growth in deposits: 4.1 per cent (7.4 per cent)
- Common equity tier 1 ratio: 11.1 per cent (10.4 per cent)
- Earnings per EC: NOK 2.48 (1.55)

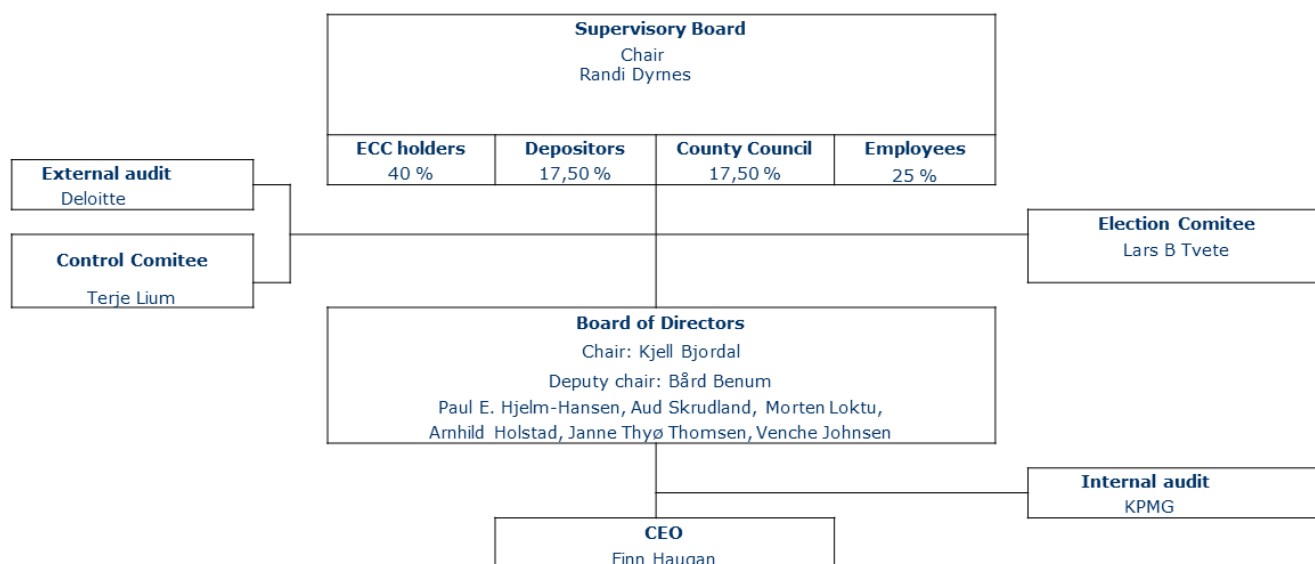
## 1.2. Business description

SpareBank 1 SMN is Mid-Norway's largest bank with assets totalling NOK 111.6 billion at the end of March 2014. Head office is in Trondheim and the Group employs about 1,157 FTEs.

SpareBank 1 SMN is now organized in four business areas:



## Overall organization



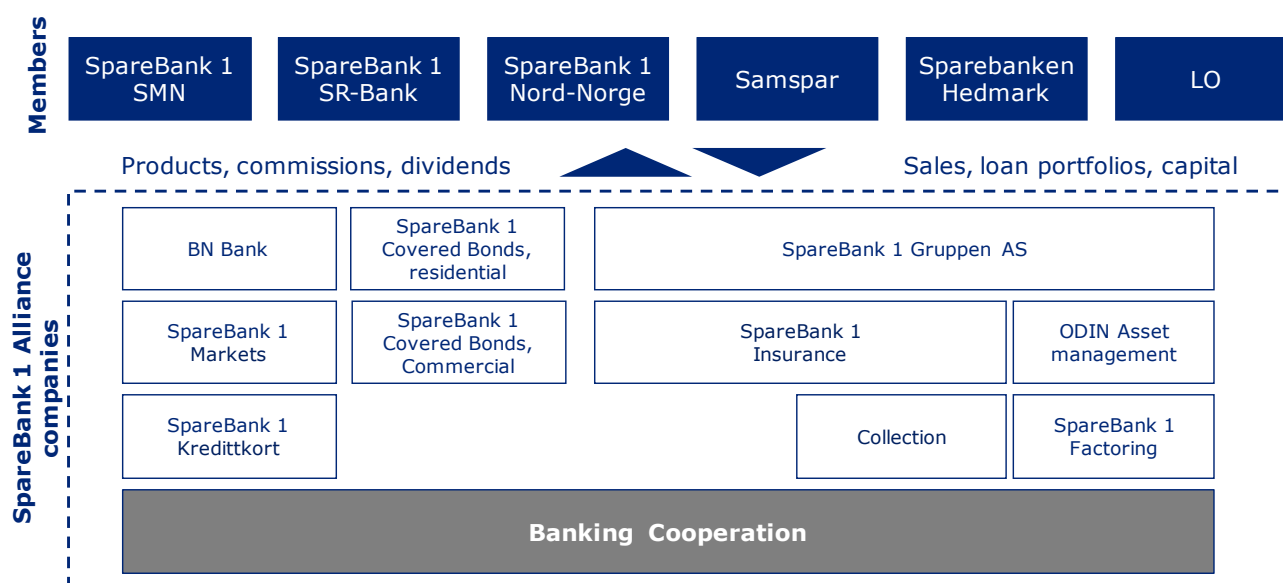
### SpareBank 1 SMN: Subsidiaries



### SpareBank 1 Group

The SpareBank 1 banks operate an alliance and develop product companies through the jointly owned holding company SpareBank 1 Gruppen. The paramount objective of the SpareBank 1 Alliance is to assure the individual bank's independence and regional identity through strong competitiveness, profitability and financial soundness. The Alliance is among the largest providers of financial services in Norway and a full-fledged alternative to traditional financial groups.

### SpareBank 1 Alliance Structure



### 1.3. Credit ratings

<i>Moody's</i>	<b>Today's rating</b>	<b>Year end</b>				
		<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Outlook	Stable	Stable	Rating(s) ) under review	Stable	Stable	Negative
Issuer Rating	A2	A2	A2	A1	A1	A1
Bank Deposits	A2/P-1	A2/P-1	A2/P-1	A1/P-1	A1/P-1	A1/P-1
Bank Financial Strength	C-	C-	C-	C-	C-	C-
Senior Unsecured	A2	A2	A2	A1	A1	A1
Subordinate	Baa3	Baa3	Baa3	A2	A2	A2

<i>Fitch</i>	<b>Today's rating</b>	<b>Year end</b>				
		<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Outlook	Stable	Stable	Stable	Stable	Negative	Negative
Long-term IDR	A-	A-	A-	A-	A	A
Short-term IDR	F2	F2	F2	F2	F1	F1
Support rating	3	3	3	3	3	3
Individual rating	B/C	B/C	B/C	B/C	B/C	B/C



## 1.4. Equity capital certificate (MING)

The key figures are corrected for issues.

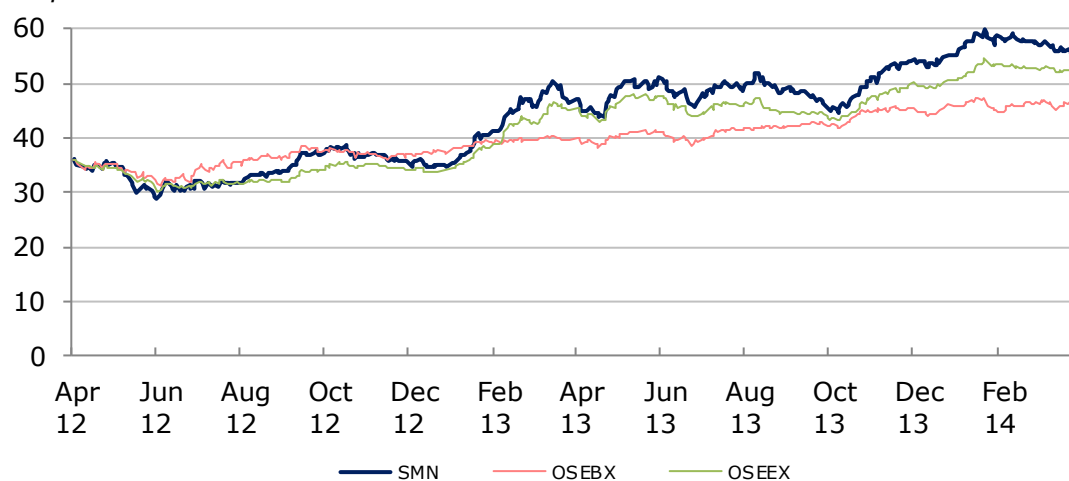
31 March 2014 the price of the Bank's ECC was NOK 53.75 (NOK 46.90). Earnings per ECC were NOK 2.48 (NOK 1.55). Book value per ECC was NOK 56.39 (NOK 50.32) as of end first quarter 2014.

### Key figures

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2013	2012
	2014	2013	2013	2013	2013	2014	2013		
ECC price	53,75	55,00	45,70	46,50	46,90	53,75	46,90	55,00	34,80
Number of certificates issued, millions	129,83	129,83	129,83	129,83	129,83	129,83	129,83	129,83	129,83
Booked equity capital per ECC (incl. dividend)	56,39	55,69	53,76	51,66	50,32	56,39	50,32	55,69	50,09
Adjusted profit per ECC	2,48	1,79	2,18	1,43	1,55	2,48	1,55	6,92	5,21
P/E per ECC	5,42	7,68	5,23	8,13	7,55	5,42	7,55	7,95	6,68
P/B equity capital	0,95	0,99	0,85	0,90	0,93	0,95	0,93	0,99	0,69

### Stock price compared with OSEBX and OSEEX

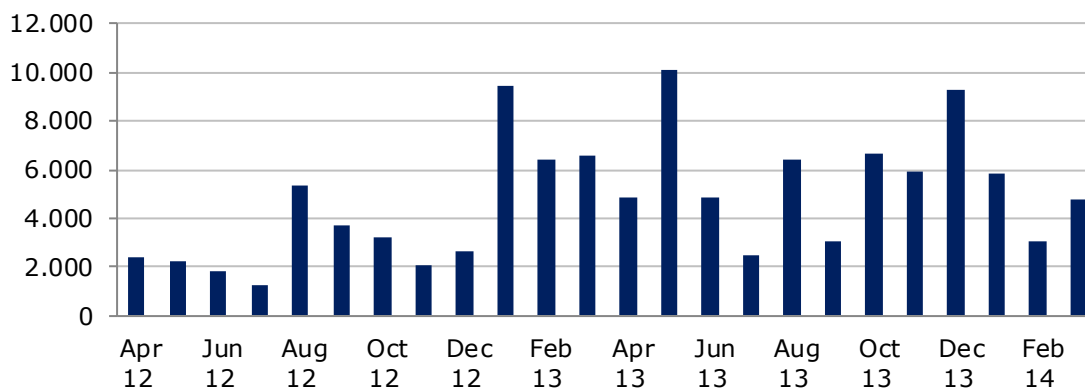
1 Apr 2012 to 31 Mar 2014



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

### Trading statistics<sup>1)</sup>

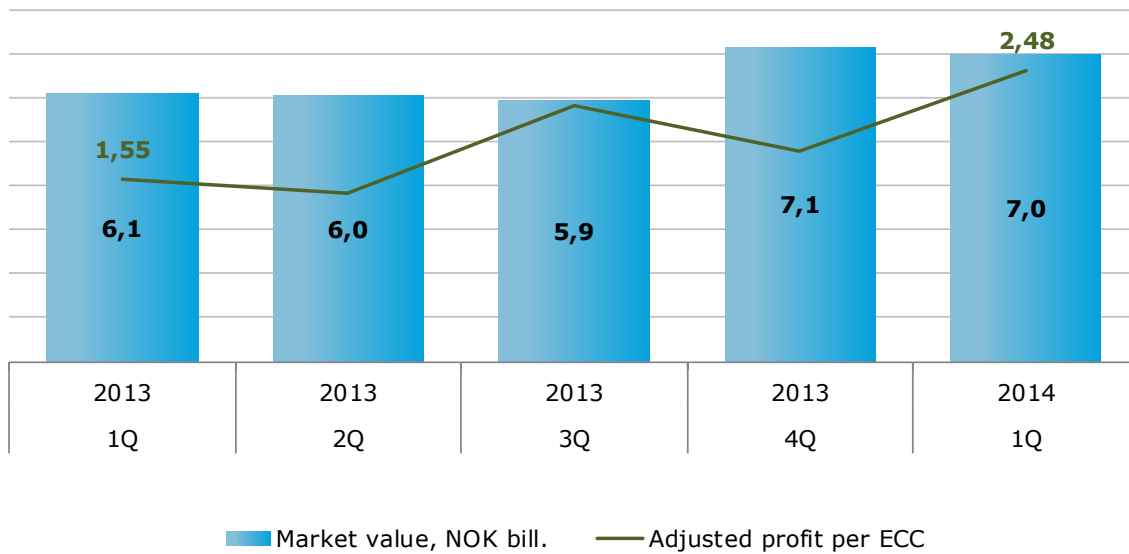
1 Apr 2012 to 31 Mar 2014



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



### Market value and profit per ECC



### Equity certificates ratio (parent bank)

(in NOK million)	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Mar. 2013	31 Dec. 2012
ECC capital	2.597	2.597	2.597	2.597	2.597	2.597
Dividend equalisation reserve	2.496	2.496	1.889	1.889	1.889	1.889
Premium reserve	895	895	895	895	895	895
Unrealised gains reserve	126	126	69	69	69	69
<b>A. The equity certificate owner's capital</b>	<b>6.114</b>	<b>6.114</b>	<b>5.449</b>	<b>5.449</b>	<b>5.449</b>	<b>5.449</b>
Saving bank reserve	3.276	3.276	2.944	2.944	2.944	2.944
Unrealised gains reserve	69	69	38	38	38	38
<b>B. The saving bank reserve</b>	<b>3.345</b>	<b>3.345</b>	<b>2.982</b>	<b>2.982</b>	<b>2.982</b>	<b>2.982</b>
Provision for gifts	-	124	-	-	-	30
Recommended dividends	-	227	-	-	-	195
<b>Equity ex. profit</b>	<b>9.459</b>	<b>9.811</b>	<b>8.431</b>	<b>8.431</b>	<b>8.431</b>	<b>8.656</b>
Equity certificates ratio A/(A+B)	64,64 %	64,64 %	64,64 %	64,64 %	64,64 %	64,64 %
Equity certificates ratio for distribution	64,64 %	64,64 %				63,33 %

*20 largest ECC holders*

<b>Owner</b>	<b>Number</b>	<b>Ownership in %</b>
Odin Norge	4.042.430	3,11 %
Sparebankstiftelsen SpareBank 1 SMN	3.965.391	3,05 %
Verdipapirfondet DNB Norge (IV)	3.499.298	2,70 %
Pareto Aksje Norge	3.372.208	2,60 %
Odin Norden	2.854.979	2,20 %
Vind LV AS	2.736.435	2,11 %
Frank Mohn AS	2.359.388	1,82 %
Skandinaviska Enskilda Banken AB	2.197.613	1,69 %
VPF Nordea Norge verdi	2.109.924	1,63 %
MP Pensjon PK	2.058.415	1,59 %
Danske Invest Norske Aksjer Inst. II	1.888.867	1,45 %
Stenshagen Invest	1.693.384	1,30 %
State Street Bank and Trust CO (nominee)	1.592.711	1,23 %
Verdipapirfondet Fondsfinans Spar	1.450.000	1,12 %
Pareto Aktiv	1.418.600	1,09 %
Forsvarets Personellservice	1.397.746	1,08 %
The Bank of New York Mellon (nominee)	1.396.463	1,08 %
Odin Europa SMB	1.326.937	1,02 %
DNB Livsforsikring ASA	1.260.694	0,97 %
Danske Invest Norske Aksjer Instit. I	1.143.523	0,88 %
<b>Total 20 largest shareholders</b>	<b>43.765.006</b>	<b>33,71 %</b>
Others	86.071.437	66,29 %
<b>Total</b>	<b>129.836.443</b>	<b>100,00 %</b>

### *ECC capital history*

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

## 2. Financial results

### Accounting principles

SpareBank 1 SMN prepares and presents its quarterly accounts in compliance with the Stock Exchange Regulations, Stock Exchange Rules and International Financial Reporting Standards (IFRS), including IAS 34, Interim Financial Reporting. As from 2007 the company accounts are also prepared and presented under IFRS. This entails that investments in associates and subsidiaries are recognised using the cost method. For this reason results recorded by associates and subsidiaries are not included in the parent bank's accounts. Further, the Group has in this quarterly report mainly used the same accounting principles and calculation methods as in the latest annual report and accounts [Exceptions, see Note 1 – Accounting Principles in the Quarterly Report]. 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 2013.

### 2.1. Main figures

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2013	2012
	2014	2013	2013	2013	2013	2014	2013		
Net interest	412	436	434	403	343	412	343	1.616	1.477
Commission income and other income	385	382	367	396	317	385	317	1.463	1.139
Net return on financial investments	257	156	135	49	162	257	162	502	451
<b>Total income</b>	<b>1.055</b>	<b>974</b>	<b>937</b>	<b>849</b>	<b>822</b>	<b>1.055</b>	<b>822</b>	<b>3.580</b>	<b>3.067</b>
<b>Total operating expenses</b>	<b>441</b>	<b>465</b>	<b>406</b>	<b>436</b>	<b>414</b>	<b>441</b>	<b>414</b>	<b>1.722</b>	<b>1.654</b>
<b>Result before losses</b>	<b>614</b>	<b>508</b>	<b>530</b>	<b>413</b>	<b>407</b>	<b>614</b>	<b>407</b>	<b>1.859</b>	<b>1.414</b>
Loss on loans, guarantees etc.	17	32	30	21	17	17	17	101	58
<b>Result before tax</b>	<b>597</b>	<b>476</b>	<b>501</b>	<b>391</b>	<b>390</b>	<b>597</b>	<b>390</b>	<b>1.758</b>	<b>1.355</b>
Tax charge	99	110	98	102	77	99	77	388	295
Results investments held for sale, after tax	1	-4	31	-4	7	1	7	30	16
<b>Net profit</b>	<b>500</b>	<b>361</b>	<b>433</b>	<b>285</b>	<b>321</b>	<b>500</b>	<b>321</b>	<b>1.400</b>	<b>1.077</b>

### Balance sheet - condensed

Balance (in NOK million)	31 Mar.	31 Dec.	30 Sept.	30 Jun.	31 Mar.	31 Dec.
	2014	2013	2013	2013	2013	2012
Total assets	111.609	115.360	111.977	113.190	110.790	107.919
Average total assets (quarterly)	113.485	113.668	112.583	111.979	109.344	105.372
Gross loans to customers *	111.560	112.038	110.237	108.968	106.830	104.909
Deposits from customers	54.736	56.074	53.423	55.268	52.603	52.252
Total equity capital	11.389	11.242	10.863	10.439	10.170	10.082

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

### Key figures

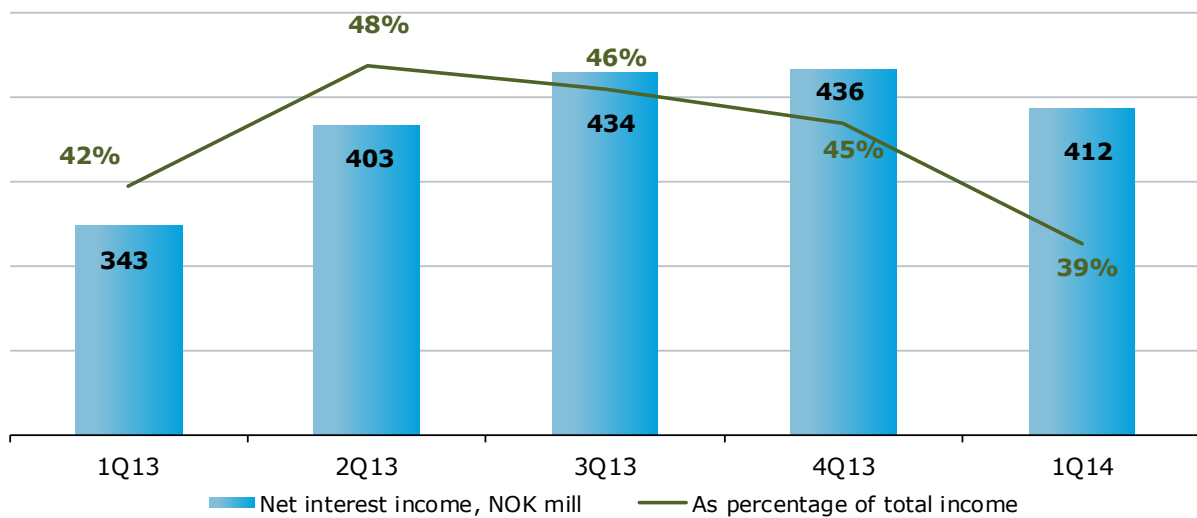
	1Q	4Q	3Q	2Q	1Q	31 Mar.		2013	2012
	2014	2013	2013	2013	2013	2014	2013		
Return on equity	17,7 %	13,1 %	16,3 %	11,1 %	12,7 %	17,7 %	12,7 %	13,3 %	11,7 %
Common Equity Tier 1 ratio	11,1 %	11,1 %	10,7 %	10,3 %	10,4 %	11,1 %	10,4 %	11,1 %	10,0 %
Cost/income ratio group	42 %	48 %	43 %	51 %	50 %	42 %	50 %	48 %	54 %
Growth in loans incl Boligkreditt and Næringskreditt last 12 months	4,4 %	6,8 %	6,7 %	8,4 %	9,7 %	4,4 %	9,7 %	6,8 %	10,2 %
Growth in deposits last 12 months	4,1 %	7,3 %	5,1 %	7,3 %	7,4 %	4,1 %	7,4 %	7,3 %	9,2 %
Deposits-to-loan ratio	69 %	70 %	67 %	70 %	69 %	69 %	69 %	70 %	70 %
Impairment losses ratio	0,06 %	0,12 %	0,11 %	0,08 %	0,06 %	0,06 %	0,06 %	0,09 %	0,06 %
Non-performing commitm. as % of gross loans	0,24 %	0,34 %	0,35 %	0,38 %	0,36 %	0,24 %	0,36 %	0,34 %	0,36 %
ECC price	53,75	55,00	45,70	46,50	46,90	53,75	46,90	55,00	34,80
Booked equity capital per ECC (incl. dividend)	56,39	55,69	53,76	51,66	50,32	56,39	50,32	55,69	50,09
Adjusted profit per ECC	2,48	1,79	2,18	1,43	1,55	2,48	1,55	6,92	5,21

## 2.2. Net interest income

### Net interest income

(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar. 2014	2013	2013	2012
Interest income	1.027	1.059	1.068	1.036	954	1.027	954	4.118	3.928
Interest expenses	615	624	634	633	611	615	611	2.502	2.451
<b>Net interest income</b>	<b>412</b>	<b>436</b>	<b>434</b>	<b>403</b>	<b>343</b>	<b>412</b>	<b>343</b>	<b>1.616</b>	<b>1.477</b>
<b>As percentage of total income</b>	<b>39 %</b>	<b>45 %</b>	<b>46 %</b>	<b>48 %</b>	<b>42 %</b>	<b>39 %</b>	<b>42 %</b>	<b>45 %</b>	<b>48 %</b>

### Development in net interest income



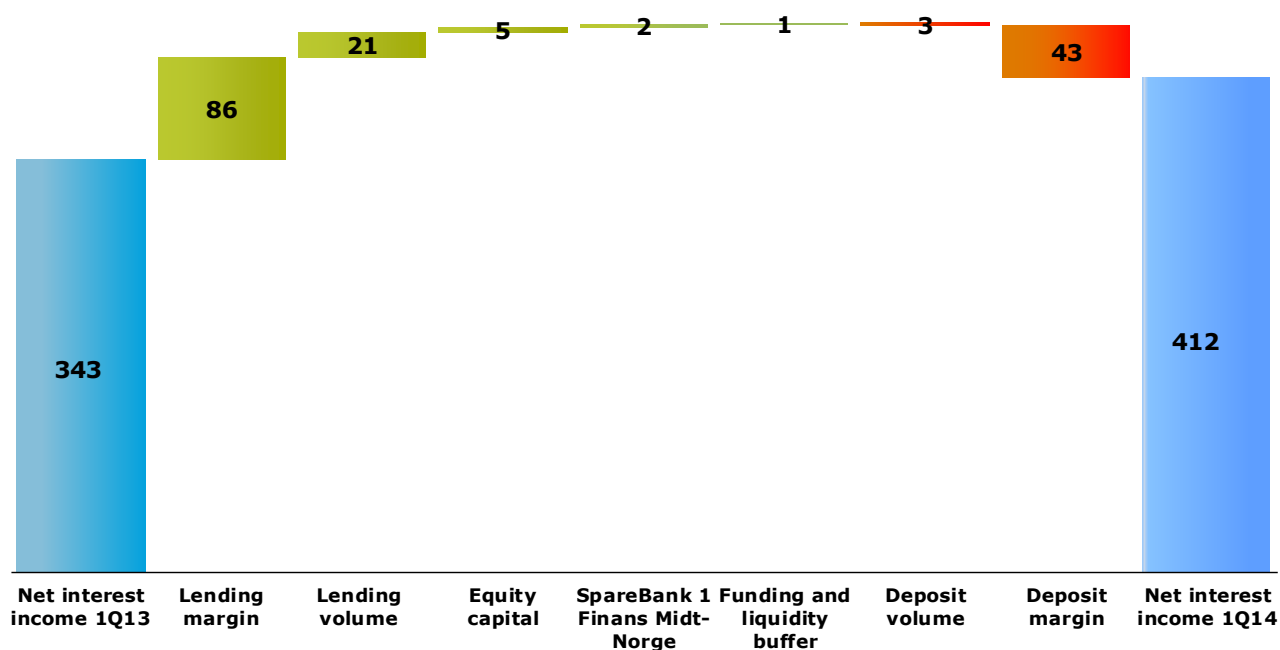
### Changes in interest income from lending and deposits

(in NOK million)	Volume	Margin	Total
Lending	21	86	107
Deposits	-3	-43	-45
<b>Total</b>	<b>18</b>	<b>43</b>	<b>61</b>

### Changes in net interest income

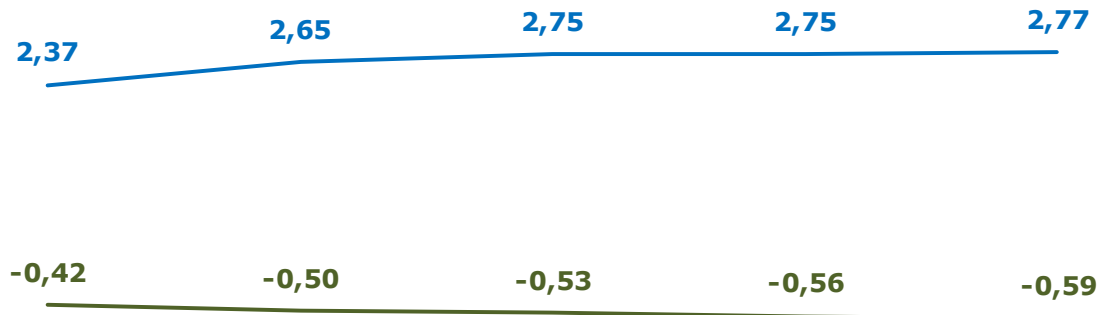
(in NOK million)

	2014	31 Mar. Change	2013
<b>Net interest income</b>	<b>412</b>	<b>69</b>	<b>343</b>
Equity capital		5	
Lending volume		21	
Deposit margin		-43	
SpareBank 1 Finans Midt-Norge		2	
Deposit volume		-3	
Lending margin		86	
Funding and liquidity buffer		1	
<b>Change</b>		<b>69</b>	



## Margin development

Definition margin: Average customer interest minus 3 months average nibor

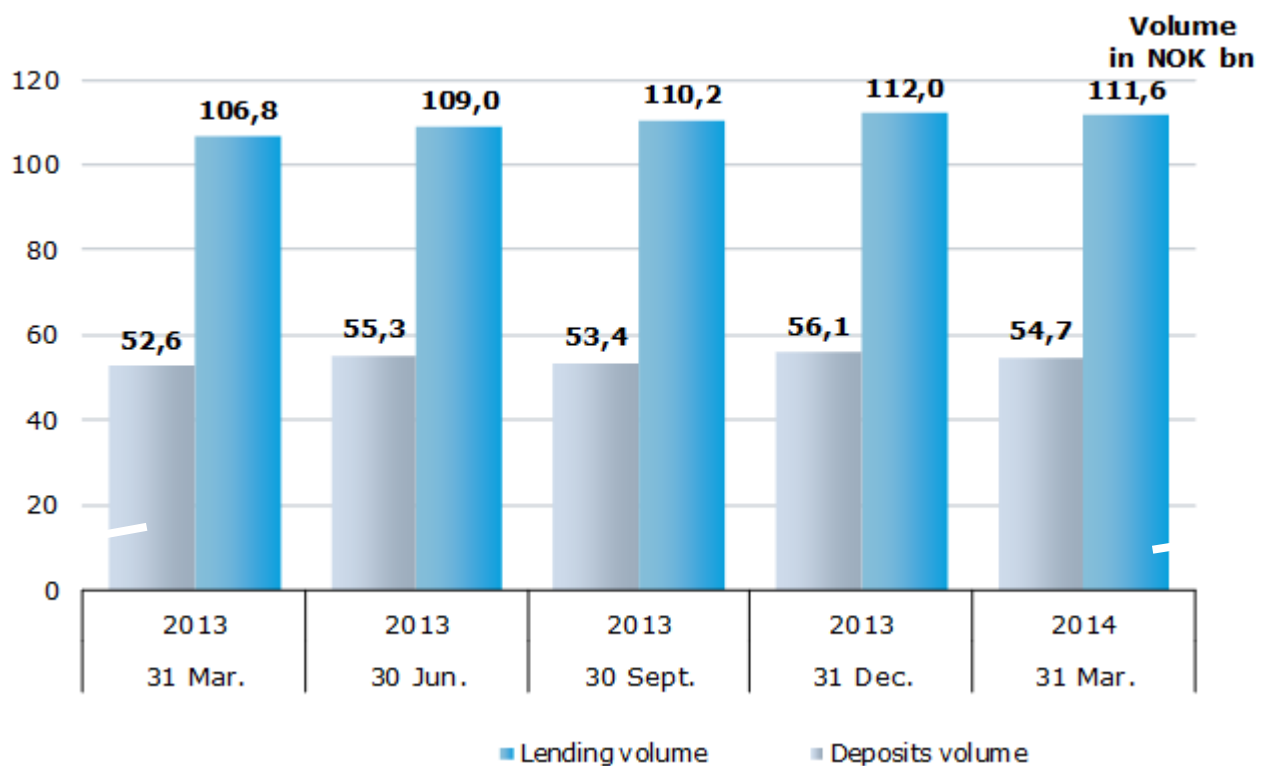


2013 31 Mar.	2013 30 Jun.	2013 30 Sept.	2013 31 Dec.	2014 31 Mar.
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— Lending margin

— Deposits margin

## Volume development



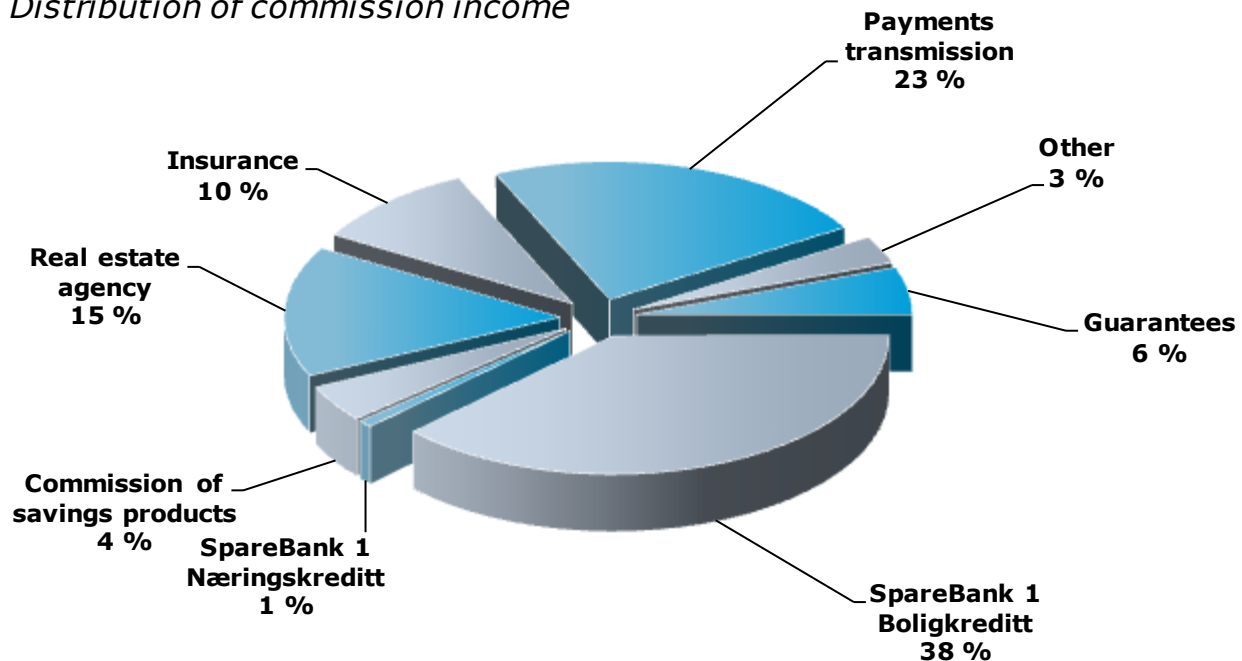


## 2.3. Commission income

### Total commission and other income

(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013	2012
						2014	2013		
Guarantees	18	18	15	20	14	18	14	67	37
SpareBank 1 Boligkreditt	120	117	112	102	84	120	84	414	201
SpareBank 1 Næringskreditt	3	3	2	2	1	3	1	8	4
Commission of savings products	14	15	16	14	12	14	12	57	49
Real estate agency	49	46	55	71	51	49	51	224	239
Insurance	31	32	32	31	29	31	29	124	122
Payments transmission	73	83	81	71	64	73	64	300	282
Other	10	9	11	12	8	10	8	37	31
<b>Total commissions income</b>	<b>318</b>	<b>323</b>	<b>324</b>	<b>323</b>	<b>262</b>	<b>318</b>	<b>262</b>	<b>1.230</b>	<b>966</b>
Operating- and sales income real estate	20	17	24	27	20	20	20	88	91
Accounting services	45	26	23	40	32	45	32	122	99
Other operating income	28	41	25	27	22	28	22	118	79
<b>Total other operating income</b>	<b>93</b>	<b>84</b>	<b>71</b>	<b>95</b>	<b>75</b>	<b>93</b>	<b>75</b>	<b>327</b>	<b>269</b>
Commission expenses	25	25	28	21	20	25	20	94	96
<b>Total commissions and other income</b>	<b>385</b>	<b>382</b>	<b>367</b>	<b>396</b>	<b>317</b>	<b>385</b>	<b>317</b>	<b>1.463</b>	<b>1.139</b>
<b>As percentage of total income</b>	<b>37 %</b>	<b>39 %</b>	<b>39 %</b>	<b>47 %</b>	<b>39 %</b>	<b>37 %</b>	<b>39 %</b>	<b>41 %</b>	<b>37 %</b>

### Distribution of commission income



## Change in commission and other income

(in NOK million)	2013	31 Mar. Change	2012
<b>Total</b>	<b>385</b>	<b>69</b>	<b>317</b>
Real estate agency		-2	
Other operating income		5	
Operating- and sales income real estate		0	
Accounting services		13	
Insurance		2	
Commission of savings products		2	
Commission expenses		-5	
Other		3	
Payments transmission		9	
Guarantees		4	
SpareBank 1 Boligkreditt		37	
SpareBank 1 Næringskreditt		1	

## Net return on financial investments, incl results from investments held for sale

(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar. 2014	31 Mar. 2013	2013	2012
Income from investment in related companies incl inv held for sale	<b>84</b>	<b>94</b>	<b>150</b>	<b>33</b>	<b>108</b>	<b>84</b>	<b>108</b>	<b>384</b>	<b>260</b>
<i>of which SpareBank 1 Gruppen AS</i>	46	56	74	18	61	46	61	210	94
<i>BN Bank ASA</i>	25	16	32	16	26	25	26	91	72
<i>SpareBank 1 Boligkreditt AS</i>	8	15	12	1	12	8	12	40	44
<i>SpareBank 1 Næringskreditt AS</i>	11	3	2	1	2	11	2	8	8
<i>SpareBank 1 Markets</i>	-4	-3				-4		-3	
<i>Other <sup>1)</sup></i>	-2	6	30	-3	7	-2	7	39	42
Capital gains/dividends, shares and ECCs <sup>2)</sup>	<b>156</b>	<b>69</b>	<b>19</b>	<b>2</b>	<b>24</b>	<b>156</b>	<b>24</b>	<b>114</b>	<b>24</b>
<i>of which dividends</i>	46	0	11	30	0	46	0	41	12
<i>capital gains on shares</i>	110	65	7	-25	18	110	18	64	13
<i>capital gains on ECCs</i>	0	4	1	-3	6	0	6	9	-1
Capital gains, bonds and derivatives	<b>-1</b>	<b>-26</b>	<b>-19</b>	<b>-14</b>	<b>11</b>	<b>-1</b>	<b>11</b>	<b>-49</b>	<b>57</b>
Net gain on trading and derivatives Markets	<b>20</b>	<b>15</b>	<b>16</b>	<b>25</b>	<b>25</b>	<b>20</b>	<b>25</b>	<b>81</b>	<b>126</b>
<b>Net return on financial investments</b>	<b>259</b>	<b>151</b>	<b>166</b>	<b>45</b>	<b>169</b>	<b>259</b>	<b>169</b>	<b>531</b>	<b>467</b>
<b>As percentage of total income</b>	<b>24 %</b>	<b>16 %</b>	<b>17 %</b>	<b>5 %</b>	<b>20 %</b>	<b>24 %</b>	<b>20 %</b>	<b>15 %</b>	<b>15 %</b>

1) These companies were essentially established to handle corporate exposures taken over from other entities.

2) Including net gain/losses from SpareBank 1 SMN Invest AS, which manages

## Change in net return on financial investments

(in NOK million)	2014	31 Mar. Change	2013
<b>Total</b>	<b>259</b>	<b>90</b>	<b>169</b>
Capital gains from bonds and derivatives		-12	
Capital gain, SMN Markets		-5	
Capital gains/dividends on shares and ECC's		131	
Income from investment in related companies, incl inv held for sale		-25	

## 2.4. Operating expenses

### Operating expenses

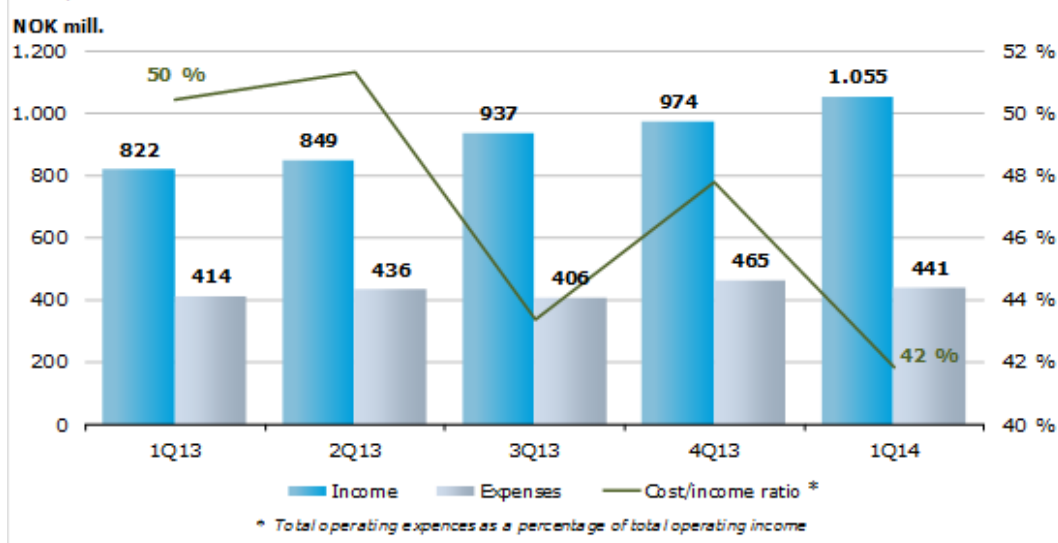
(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013	2012
						2014	2013		
Salary	197	182	175	189	191	197	191	737	733
Pension costs (defined benefit plan)	15	3	14	14	13	15	13	45	54
Employer's insurance contributions	7	0	4	6	4	7	4	14	11
Other personnel expenses	36	36	31	29	32	36	32	128	143
<b>Total personnel expenses</b>	<b>254</b>	<b>222</b>	<b>224</b>	<b>237</b>	<b>240</b>	<b>254</b>	<b>240</b>	<b>923</b>	<b>942</b>
EDP and telecommunication expenses	61	57	46	53	50	61	50	206	187
Postage and transportation services	7	8	7	7	7	7	7	29	28
Marketing	12	20	12	15	11	12	11	58	49
Operating exp. on properties and premises	22	45	24	25	24	22	24	118	101
Other external services	12	25	15	19	11	12	11	70	66
Other operating expenses	48	56	48	52	41	48	41	199	181
Depr./write-downs of fixed & intangible assets	26	33	28	28	30	26	30	118	102
<b>Other expenses</b>	<b>187</b>	<b>243</b>	<b>182</b>	<b>199</b>	<b>175</b>	<b>187</b>	<b>175</b>	<b>799</b>	<b>712</b>
<b>Total operating expenses</b>	<b>441</b>	<b>465</b>	<b>406</b>	<b>436</b>	<b>414</b>	<b>441</b>	<b>414</b>	<b>1.722</b>	<b>1.654</b>
Cost/income ratio	0,42	0,48	0,43	0,51	0,50	0,42	0,50	0,48	0,54
Cost/income ratio ex financial inv.	0,55	0,57	0,51	0,54	0,63	0,55	0,63	0,56	0,63
12-month cost growth*	6,5 %	4,1 %	3,3 %	6,9 %	4,2 %	6,5 %	4,2 %	4,1 %	11,6 %

\* Year to date.

### Change in operating expenses

(in NOK million)	2014	31 Mar. Change	2013
<b>Total</b>	<b>441</b>	<b>27</b>	<b>414</b>
Total personnel expenses		14	
Depr./write-downs of fixed & intangible assets		- 4	
EDP and telecommunication expenses		11	
Other operating expenses		6	
Operating exp. on properties and premises		- 2	
Other external services		0	
Marketing		1	
Postage and transportation services		- 0	

### Cost/income ratio

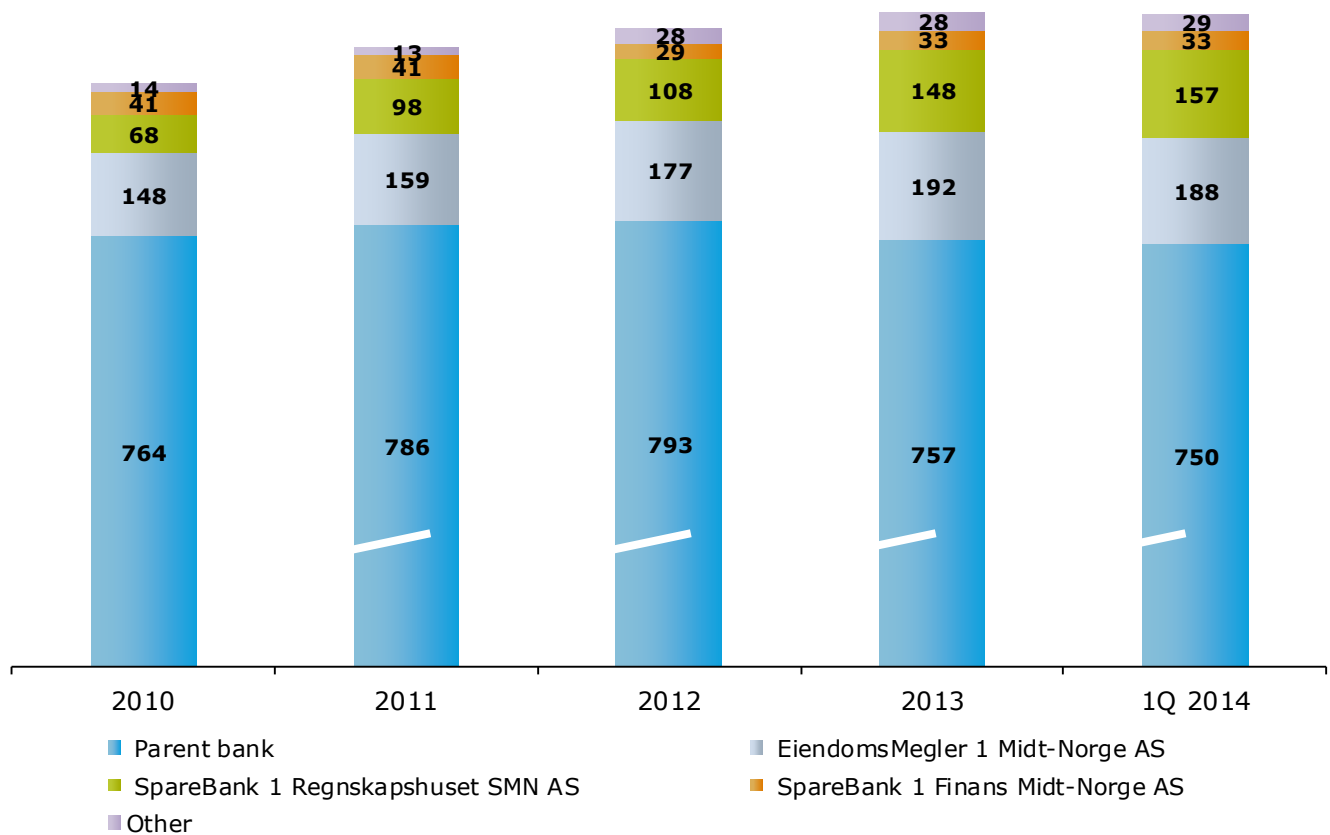


## Development of employees

<i>Employees in employment</i>	<b>1Q 2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Retail market	370	422	374	392	378
Corporate market	129	104	199	187	172
SpareBank 1 SMN Markets	33	34	42	40	33
Products and processes	155	138	120	112	128
Management and staff	64	59	59	55	53
<b>Parent bank</b>	<b>750</b>	<b>757</b>	<b>793</b>	<b>786</b>	<b>764</b>
EiendomsMegler 1 Midt-Norge AS	188	192	177	159	148
Allegro Finans AS	10	9	10	9	10
SpareBank 1 Finans Midt-Norge AS	33	33	29	41	41
SpareBank 1 Regnskapshuset SMN AS	157	148	108	98	68
SpareBank 1 Kvartalet and other	19	19	18	4	4
<b>Total</b>	<b>1.157</b>	<b>1.159</b>	<b>1.135</b>	<b>1.098</b>	<b>1.035</b>

The bank is reorganised as from 1 January 2013. Further adjustments are made in 2014. Figures for person-years worked in 2013 and 2014 are therefore not comparable with historical figures.

## Employees in employment



### 3. Loans to customers

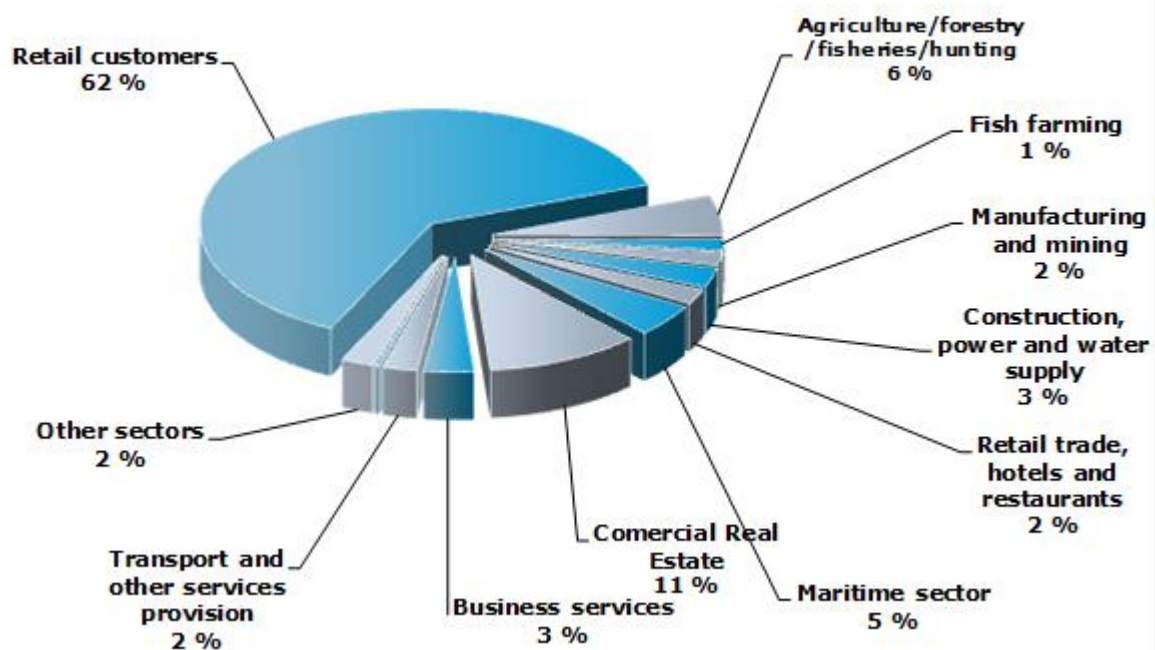
#### 3.1. Distribution of loans by industry

##### *Distribution of loans by industry*

(in NOK million)	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Mar. 2013	31 Dec. 2012
Agriculture/forestry/fisheries/hunting	6.351	6.359	6.210	6.025	6.031	6.129
Fish farming	1.621	2.463	2.479	2.175	2.226	2.447
Manufacturing and mining	2.030	2.142	2.145	2.435	2.396	2.349
Construction, power and water supply	3.105	3.207	3.525	3.571	3.446	3.504
Retail trade, hotels and restaurants	2.375	2.442	2.464	2.694	2.715	2.804
Maritime sector	5.099	5.402	5.347	5.561	5.774	5.739
Comercial Real Estate	12.016	12.118	11.978	12.052	12.056	11.710
Business services	3.889	3.867	3.636	3.687	3.776	3.258
Transport and other services provision	2.685	2.706	2.899	2.737	2.519	2.364
Public administration	293	423	252	195	230	215
Other sectors	2.566	2.395	1.952	1.989	1.763	1.801
<b>Gross loans in corporate market</b>	<b>42.030</b>	<b>43.523</b>	<b>42.887</b>	<b>43.123</b>	<b>42.930</b>	<b>42.322</b>
<b>Retail customers</b>	<b>69.530</b>	<b>68.515</b>	<b>67.350</b>	<b>65.846</b>	<b>63.900</b>	<b>62.587</b>
<b>Gross loans incl. Boligkr. and Næringskr.</b>	<b>111.560</b>	<b>112.038</b>	<b>110.237</b>	<b>108.968</b>	<b>106.830</b>	<b>104.909</b>
- Adv. of this Boligkreditt	30.961	30.514	29.502	29.382	29.789	29.348
- Adv. of this Næringskreditt	1.233	1.221	892	611	616	618
<b>Gross loans in balance sheet</b>	<b>79.366</b>	<b>80.303</b>	<b>79.842</b>	<b>78.976</b>	<b>76.425</b>	<b>74.943</b>

<b>Share of loans, corporate market</b>	<b>38 %</b>	<b>39 %</b>	<b>39 %</b>	<b>40 %</b>	<b>40 %</b>	<b>40 %</b>
<b>Share of loans, retail market</b>	<b>62 %</b>	<b>61 %</b>	<b>61 %</b>	<b>60 %</b>	<b>60 %</b>	<b>60 %</b>

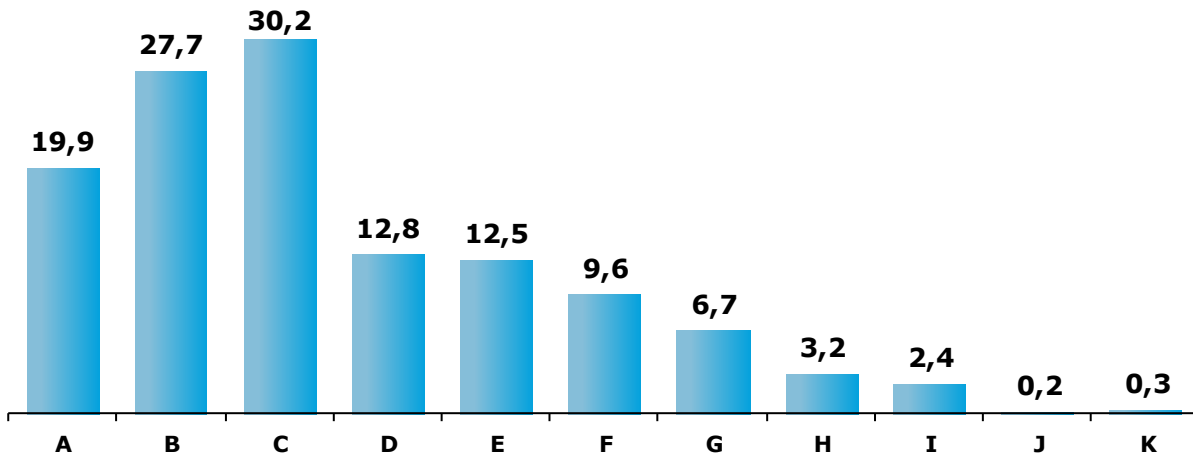
##### *Distribution of loans by industry*



### 3.2. Risk profile and write-downs

Actual risk profil, Exposure At Default

NOK billion



Risk classification in SpareBank 1 SMN

Risk class	PD* in percent		Corresponding ratingclass at Moody's
	Low	High	
A	0,01	0,10	AAA - A3
B	0,10	0,25	Baa1 - Baa2
C	0,25	0,50	Baa3
D	0,50	0,75	Ba1
E	0,75	1,25	Ba2
F	1,25	2,50	
G	2,50	5,00	Ba2 - B1
H	5,00	10,00	B1 - B2
I	10,00	99,99	B3 - caa3
J	Default		
K	Written down		

Risk class A represents the lowest risk and class K the highest risk.

\* Probability of default

Write-downs on loans and guarantees

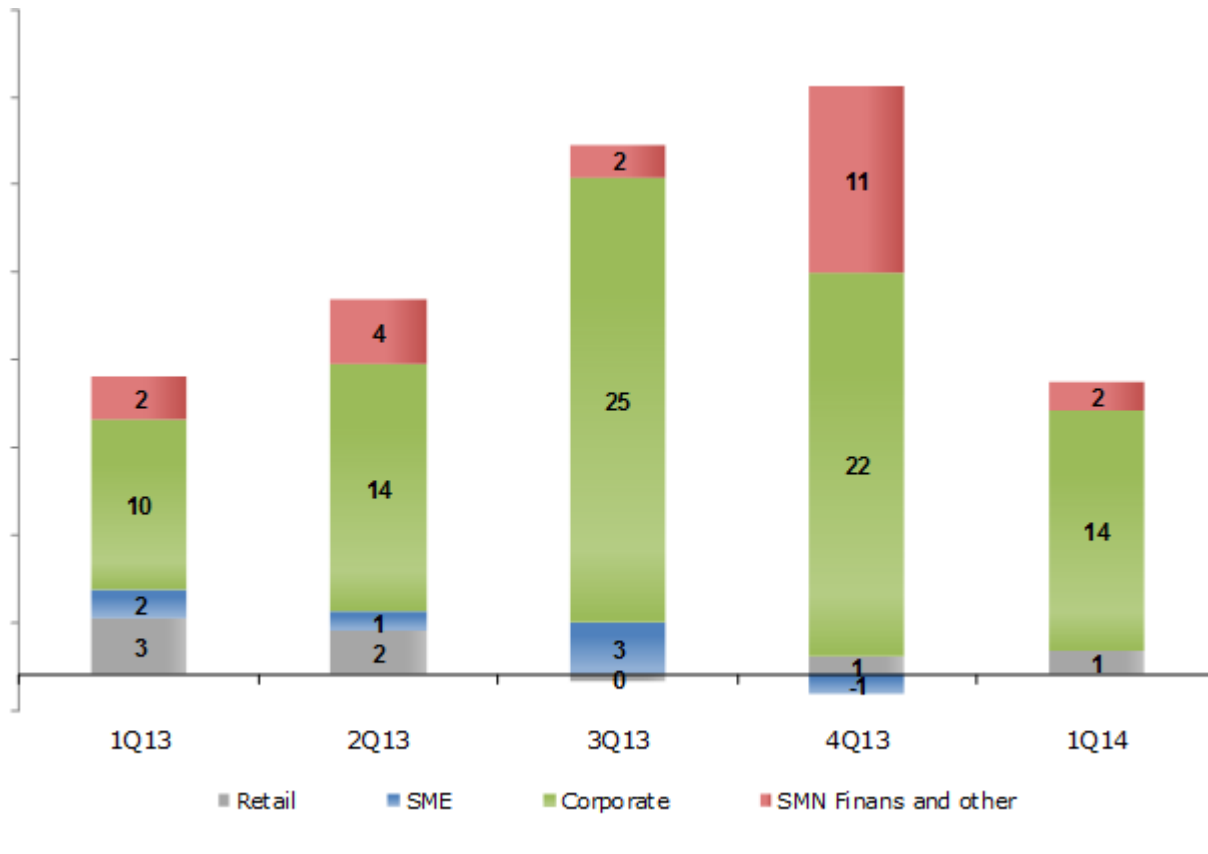
(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2013	2012
	2014	2013	2013	2013	2013	2014	2013		
Increase in and new individual write-downs	0	5	15	11	-2	0	-2	29	-28
Reassessments and recoveries	-17	-28	-15	-10	-19	-17	-19	-71	-81
Total individual write-downs	17	32	30	21	17	17	17	101	53
Change in group write-downs on loans	0	0	0	0	0	0	0	0	5
<b>Write-downs on loans and guarantees</b>	<b>17</b>	<b>32</b>	<b>30</b>	<b>21</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>101</b>	<b>58</b>
<b>As % of gross loans incl. Boligkreditt</b>	0,06 %	0,12 %	0,11 %	0,08 %	0,06 %	0,06 %	0,06 %	0,09 %	0,06 %



Loss on loans by segment

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2013
	2014	2013	2013	2013	2013	2014	2013	
Retail	1	1	0	2	3	1	3	6
SME *		-1	3	1	2		2	5
Corporate	14	22	25	14	10	14	10	71
SMN Finans and other	2	11	2	4	2	2	2	19
Collective write downs	0	0	0	0	0	0	0	0
<b>Total loss on loans</b>	<b>17</b>	<b>32</b>	<b>30</b>	<b>21</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>101</b>

\* As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively.





### Individual and collective write-downs

(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013	2012
						2014	2013		
Individual write-downs to cover loss on loans, guarantees at start of period	173	168	153	143	144	173	144	144	172
Write downs of loans previously subject to individual write down	3	4	1	7	3	3	3	15	4
Reversal of previous years' write downs	-2	-7	-4	-3	-4	-2	-4	-18	-13
Increase in write downs of commitments not previously subject to individual write down	16	10	30	12	19	16	19	71	43
Confirmed losses in the period on loans, guarantees etc., prev. subject to ind. write down	-16	-2	-12	-6	-21	-16	-21	-40	-63
Individual write downs to cover loss	173	173	168	153	143	173	143	173	144
Collective write downs to cover loss on loans, guarantees at start of period	295	295	295	295	295	295	295	295	290
Period's collective write down to cover loss on loans, guarantees etc.	0	0	0	0	0	0	0	0	5
Collective write downs to cover loss on loans, guarantees	295	295	295	295	295	295	295	295	295

### Loans and guarantees by industry

	Total	Very low risk	Low risk	Medium risk	High risk	Very high risk	Default and written down
Wage earners	74.686	58.238	10.584	4.018	776	853	217
Public administration	1.089	1.089	-	-	-	-	0
Agriculture and forestry	6.933	3.953	1.290	1.207	228	249	6
Sea farming industries	2.555	172	2.216	150	0	-	17
Manufacturing	2.558	716	842	806	154	13	26
Construction, power and water supply	4.289	1.312	812	1.568	270	246	81
Retail trade, hotels and restaurants	3.204	595	712	1.655	83	138	21
Maritime sector	548	190	173	88	97	-	-
Property management	13.248	4.408	4.025	3.822	668	259	66
Business services	5.373	1.862	720	1.844	356	557	34
Transport and other services provision	9.482	4.694	3.210	1.078	393	79	27
Finance	0	0	-	-	-	-	0
Other sectors	1.488	548	690	39	211	-	-
<b>1Q14</b>	125.453	77.777	25.275	16.275	3.238	2.395	493
<b>2013</b>	126.767	77.571	26.590	16.143	3.834	2.108	521
<b>2012</b>	120.010	71.896	24.459	17.174	4.374	1.629	479

### Write-down ratio

(in NOK million)	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Mar. 2013	31 Dec. 2012
Non-performing commitments (gross)	263	386	391	413	388	374
Impaired commitments (gross)	231	157	209	146	160	143
Gross non-performing and impaired commitments	494	543	600	559	548	517
Individual write-downs	173	173	168	153	143	145
Collective write-downs	295	295	295	295	295	295
Write-down ratio (%)	94,6 %	86,0 %	77,2 %	80,1 %	79,9 %	84,9 %

### Default in excess of 90 days

NOK million



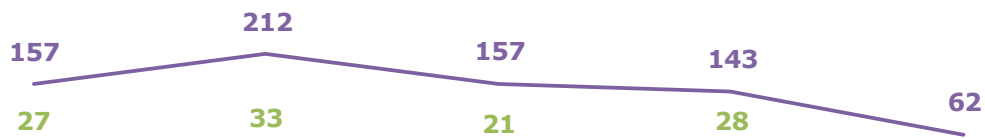
2013	2013	2013	2013	2014
1Q	2Q	3Q	4Q	1Q

— Retail\* > 90 d

\*As from 1 January 2014 the bank's SME portfolio is split up, and sole proprietorships, agricultural customers and associations etc are assigned to Retail Banking

### Default in excess of 90 days

NOK million



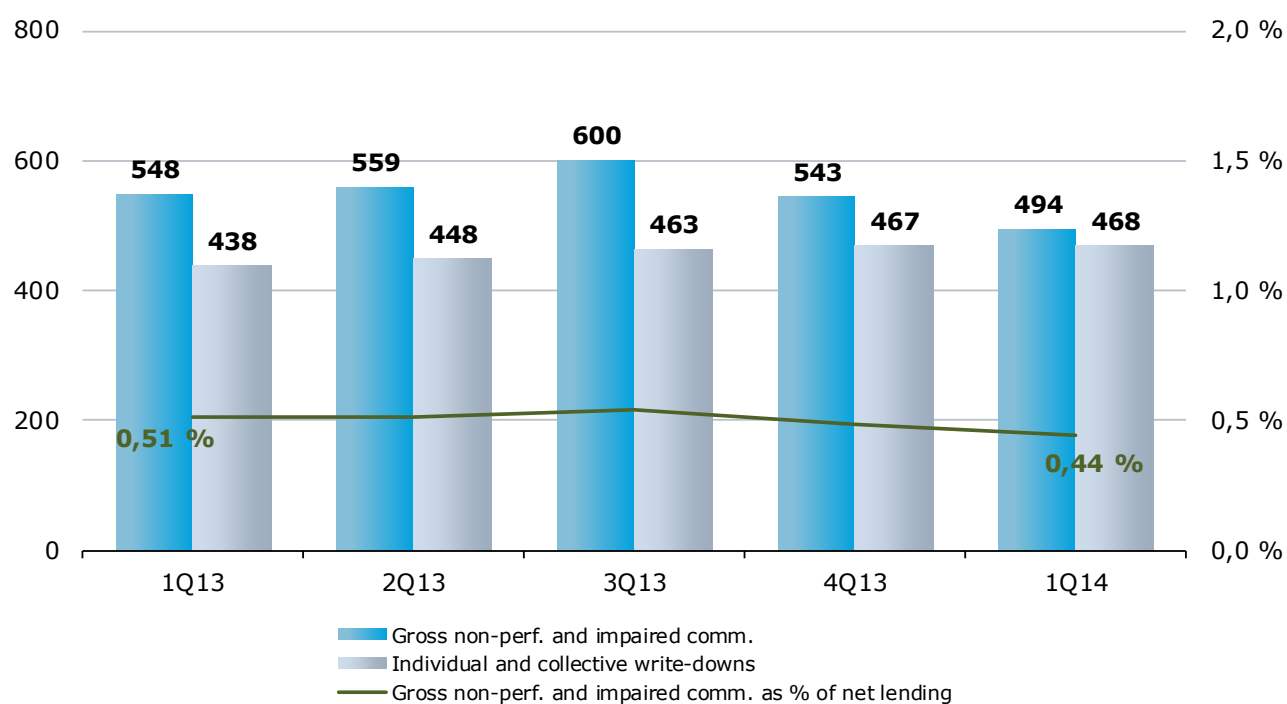
2013	2013	2013	2013	2014
1Q	2Q	3Q	4Q	1Q

— SME > 90 d — Corporates\* > 90 d

\* As from 1 January 2014 the bank's SME portfolio is split up and SME limited companies are assigned to Corporate Banking

### Net non-performing and impaired commitments

NOK million



## 4. Capital Adequacy

SpareBank 1 SMN has used IRB (Internal Rating Approach – Foundation) to calculate charges for credit risk since January 2007. Using IRB imposes wide-ranging requirements on the bank's organisation, competence, risk models and risk management systems. In June 2013 the bank applied for permission to switch to Advanced IRB for enterprise portfolios currently reported using the foundation approach. The effect of the risk weights under IRB is limited due to transitional rules set out in regulations issued by Finanstilsynet.

As from Q2 2013 the measurement method for operational risk was changed from the basic approach to the standardised approach at the parent bank. At the group level, subsidiaries are still measured using the basic approach.

As from 1 July 2013 new buffer requirements have been introduced; see the Financial Institutions Act section 2-9e. As of 31 March 2014 the capital conservation buffer requirement is 2.5 per cent and the systemic risk buffer requirement is 2 per cent. These requirements are in addition to the requirement that own funds should constitute at least 4.5 per cent common equity tier 1 (CET1) capital, bringing the overall minimum CET1 requirement to 9 per cent.

Over the course of 2014 the systemic risk buffer requirement will increase by a further 1 percentage point, bringing the overall CET1 requirement as of 1 July 2014 to 10 per cent. As of 30 June 2015, a countercyclical buffer requirement of 1 percentage point will be applicable.

Hybrid capital denotes bonds with a nominal interest rate, but the bank is not obliged to pay interest in a period where dividends are not paid, and neither is the investor subsequently entitled to interest that has not been paid, i.e. interest does not accumulate. Hybrid capital characterized by moderate repayment incentives is approved as an element of tier 1 capital up to limit of 15 per cent of aggregate tier 1 capital. If, on the other hand, hybrid capital has no fixed term to maturity and has no repayment incentives, it may be included as an element of core capital up to limit of 35 per cent of aggregate core capital.

Finanstilsynet (Norway's FSA) can require hybrid capital to be written down in proportion with equity capital should the bank's tier 1 capital adequacy fall below 5 per cent or total capital adequacy falls below 8 per cent. Written-down amounts on hybrid capital must be written up before dividends can be paid to shareholders or before equity capital is written up. Hybrid capital is recognised as other long-term debt at amortised cost.

In connection with change requirements regarding the conditions for hybrid capital, hybrid capital that does not satisfy the new requirements over time will not be eligible for inclusion in other core capital. Such hybrid capital will be reduced by 20 per cent in 2014 and 10 per cent thereafter. As of 31 March 2014, SpareBank 1 SMN held NOK 450m in hybrid capital which will be subject to reduction.

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

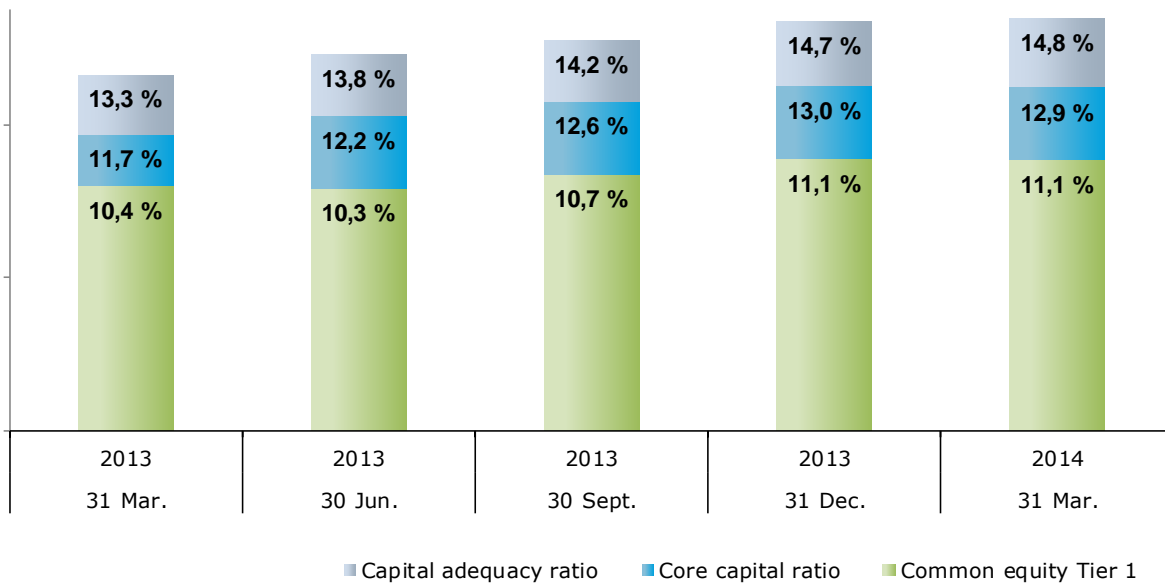
## Capital Adequacy

(in NOK million)	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Mar. 2013	31 Dec. 2012
Equity certificates capital	2.597	2.597	2.597	2.597	2.597	2.597
- Own equity certificates capital	0	0	0	0	0	0
Premium reserve	895	895	895	895	895	895
Equalisation reserve	2.496	2.496	1.889	1.889	1.889	1.889
Savings bank's reserve	3.276	3.276	2.944	2.944	2.944	2.944
Recommended dividends	0	227	0	0	0	195
Provision for gifts	0	124	0	0	0	30
Reserve for unrealised gains	206	206	123	123	123	123
Other equity and minority interest	1.419	1.421	1.377	1.386	1.402	1.370
Net profit	500	0	1.038	606	321	0
<b>Total book equity</b>	<b>11.389</b>	<b>11.242</b>	<b>10.863</b>	<b>10.439</b>	<b>10.170</b>	<b>10.042</b>
Deferred tax, goodwill and other intangible assets	-613	-582	-589	-531	-531	-674
Share of reserve for unrealised gains in associates	98	98	57	57	57	57
Deduction for allocated dividends	-4	-361	0	0	-6	-238
50 % deduction for subordinated capital in other financial institutio	-120	-106	-90	-93	-2	-2
50 % deduction for expected losses on IRB, net of write-downs	-259	-214	-210	-219	-193	-179
50 % capital adequacy reserve	-623	-595	-554	-500	-734	-703
Share of non-performing, non-amortized estimate deviations	-78	-107	-107	-107	-107	-49
Net profit	-500	0	-1.038	-606	-321	0
Year-to-date profit included in core capital (50%)	365	0	758	442	234	0
<b>Total common equity Tier one</b>	<b>9.655</b>	<b>9.374</b>	<b>9.089</b>	<b>8.882</b>	<b>8.568</b>	<b>8.254</b>
Fund bonds, hybrid capital	1.647	1.615	1.619	1.625	1.118	1.103
<b>Total core capital</b>	<b>11.303</b>	<b>10.989</b>	<b>10.707</b>	<b>10.508</b>	<b>9.686</b>	<b>9.357</b>
<b>Supplementary capital in excess of core capital</b>						
Fund bonds, hybrid capital in excess of 15 %	0	31	28	31	31	31
Perpetual subordinated capital	362	363	307	307	308	312
Dated subordinated capital	2.230	1.950	1.866	1.861	1.875	2.127
50 % deduction for subordinated capital in other financial institutio	-120	-106	-90	-93	-2	-2
50 % deduction for expected losses on IRB, net of write-downs	-259	-214	-210	-219	-193	-179
50 % capital adequacy reserve	-623	-595	-554	-500	-734	-703
<b>Total supplementary capital</b>	<b>1.591</b>	<b>1.428</b>	<b>1.346</b>	<b>1.386</b>	<b>1.285</b>	<b>1.586</b>
<b>Net subordinated capital</b>	<b>12.893</b>	<b>12.417</b>	<b>12.053</b>	<b>11.894</b>	<b>10.971</b>	<b>10.943</b>

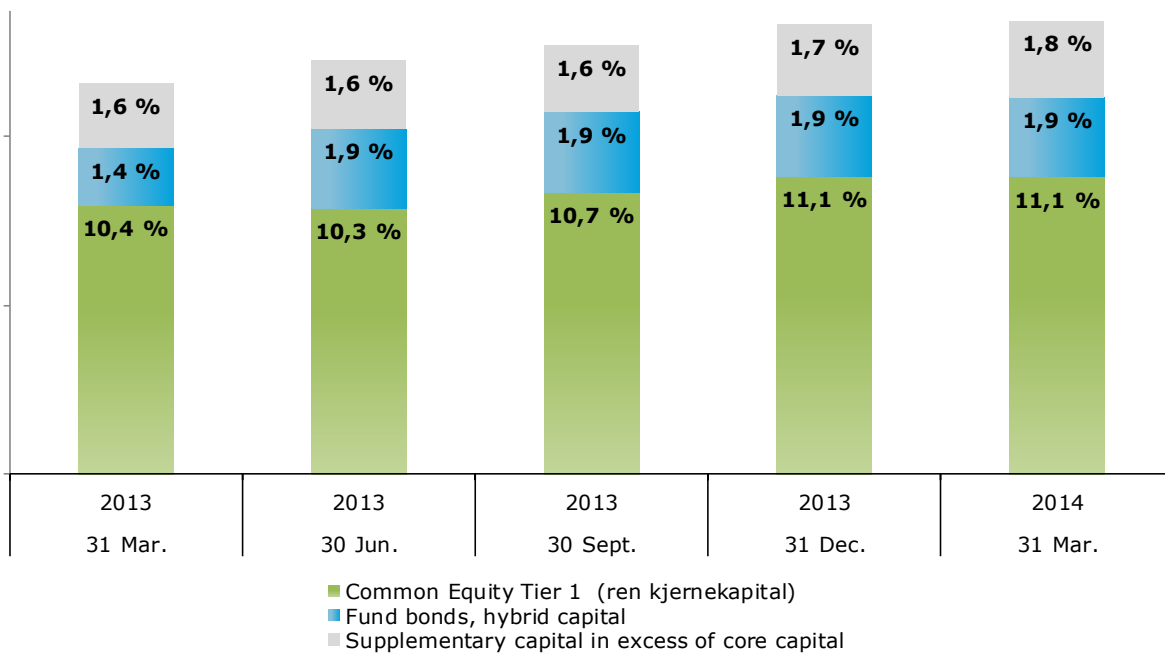
## Minimum requirements subordinated capital

(in NOK million)	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Mar. 2013	31 Dec. 2012
Involvement with specialised enterprises	1.508	1.573	1.592	1.672	1.661	1.654
Other corporations exposure	1.381	1.479	1.443	1.504	1.505	1.470
SME exposure	145	74	76	68	56	42
Retail mortgage exposure	1.153	628	591	613	583	560
Other retail exposure	43	33	35	37	28	30
Equity investments	0	0	0	0	0	0
<b>Total credit risk IRB</b>	<b>4.229</b>	<b>3.787</b>	<b>3.736</b>	<b>3.895</b>	<b>3.833</b>	<b>3.756</b>
Debt risk	281	224	225	255	257	205
Equity risk	3	10	13	13	15	15
Currency risk	0	0	0	0	0	0
Operational risk	416	398	398	398	438	420
Exposures calculated using the standardised approach	2.186	2.151	2.135	2.106	2.086	2.074
Deductions	-126	-119	-110	-102	-125	-120
Transitional arrangements	0	316	403	322	102	246
<b>Minimum requirements subordinated capital</b>	<b>6.989</b>	<b>6.767</b>	<b>6.802</b>	<b>6.886</b>	<b>6.606</b>	<b>6.596</b>
<b>Risk Weighted Assets (RWA)</b>	<b>87.361</b>	<b>84.591</b>	<b>85.019</b>	<b>86.079</b>	<b>82.578</b>	<b>82.446</b>
Common equity Tier 1	11,1 %	11,1 %	10,7 %	10,3 %	10,4 %	10,0 %
Core capital ratio	12,9 %	13,0 %	12,6 %	12,2 %	11,7 %	11,3 %
Capital adequacy ratio	14,8 %	14,7 %	14,2 %	13,8 %	13,3 %	13,3 %

Capital Adequacy

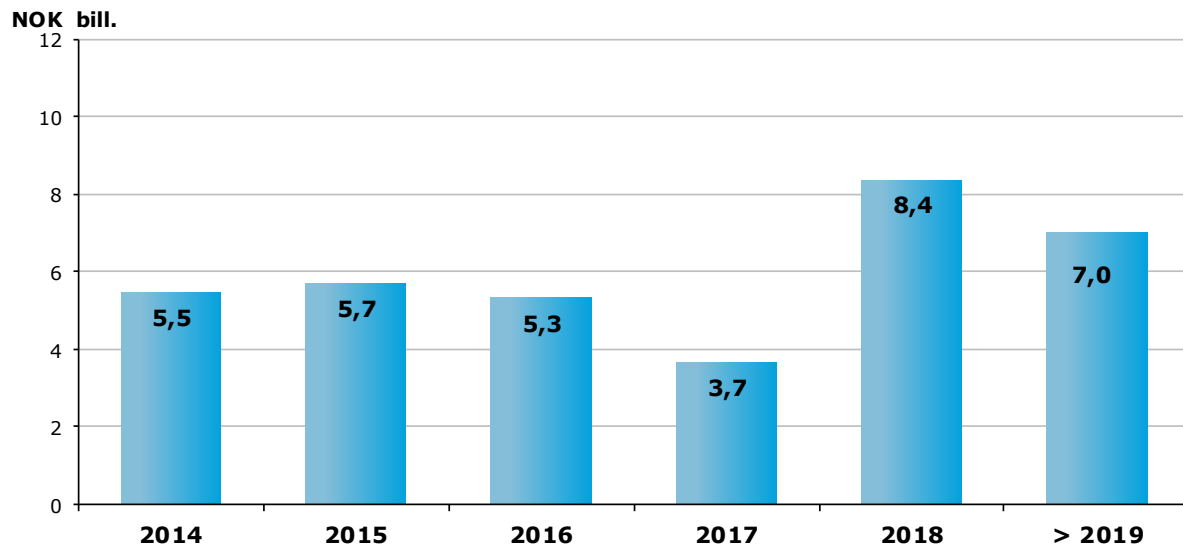


Capital Adequacy

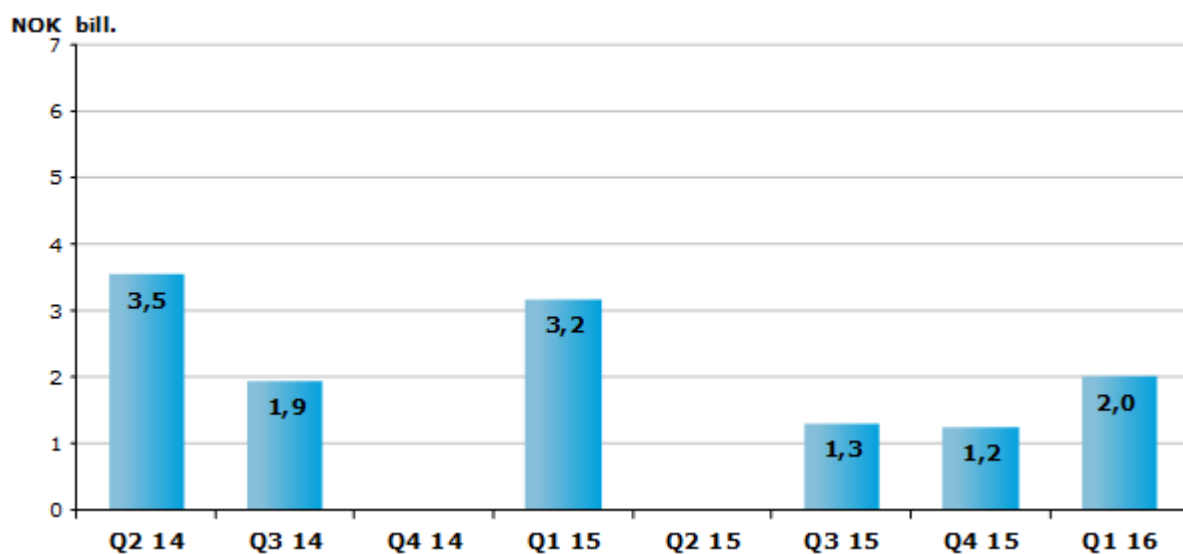


## 5. Funding

### Funding maturity dates



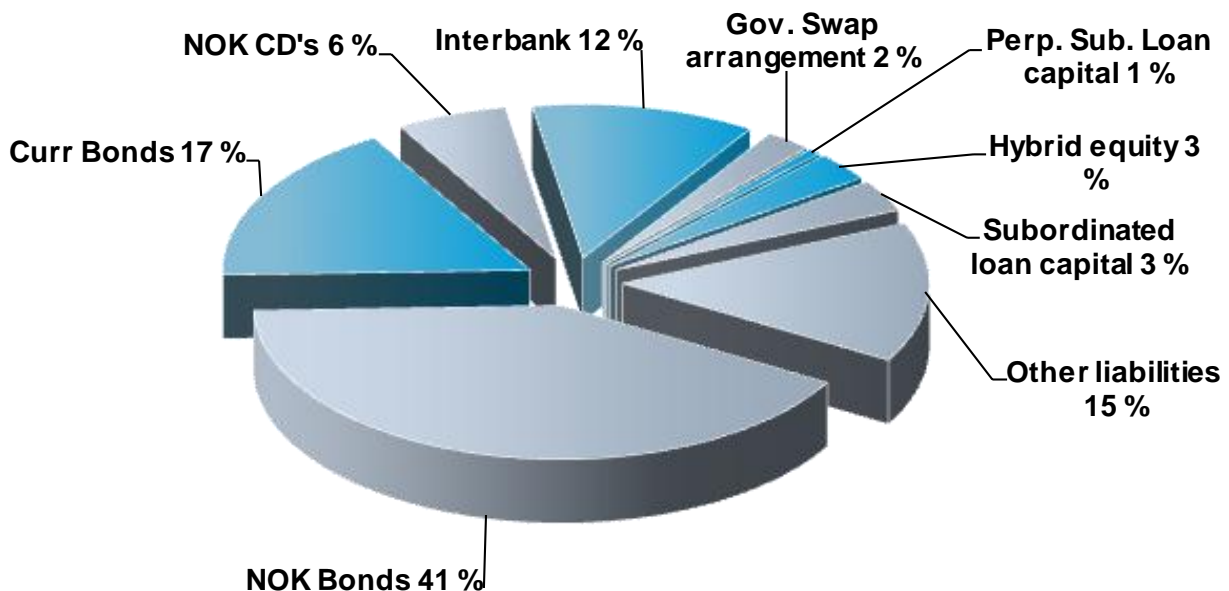
### Funding maturity dates over the next eight quarters





### Capital markets funding

(in NOK million)	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Mar. 2013	31 Dec. 2012
NOK Bonds	19.403	18.953	19.686	21.336	22.474	22.858
Curr Bonds	8.022	11.451	9.832	9.550	9.344	6.944
NOK CD's	2.750	2.750	112	109	654	706
Interbank	5.565	5.159	5.615	6.372	4.416	5.137
Loans from central bank	-	-	-	-	500	-
Gov. Swap arrangement	1.143	1.220	2.273	2.273	2.273	2.273
Perp. Sub. Loan capital	304	304	307	307	308	12
Hybrid equity	1.433	1.431	1.431	1.441	932	432
Subordinated loan capital	1.576	1.569	1.602	1.598	1.610	1.810
Other liabilities	6.942	5.830	7.952	5.846	6.732	5.938
<b>Total</b>	<b>47.137</b>	<b>48.667</b>	<b>48.812</b>	<b>48.830</b>	<b>49.244</b>	<b>46.110</b>



## 6. Financial results

### Financial results

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2013	2012
	2014	2013	2013	2013	2013	2014	2013		
Interest income	1.027	1.059	1.068	1.036	954	1.027	954	4.118	3.928
Interest expenses	615	624	634	633	611	615	611	2.502	2.451
<b>Net interest</b>	<b>412</b>	<b>436</b>	<b>434</b>	<b>403</b>	<b>343</b>	<b>412</b>	<b>343</b>	<b>1.616</b>	<b>1.477</b>
Commission income	318	323	323	323	262	318	262	1.230	968
Commission expenses	25	25	28	21	20	25	20	94	96
Other operating income	93	84	72	95	75	93	75	327	267
<b>Commission income and other income</b>	<b>385</b>	<b>382</b>	<b>367</b>	<b>396</b>	<b>317</b>	<b>385</b>	<b>317</b>	<b>1.463</b>	<b>1.139</b>
Dividends	46	0	11	30	0	46	0	41	12
Income from investment in related companies	82	98	120	36	101	82	101	355	244
Net return on financial investments	129	58	5	-17	61	129	61	106	195
<b>Net return on financial investments</b>	<b>257</b>	<b>156</b>	<b>135</b>	<b>49</b>	<b>162</b>	<b>257</b>	<b>162</b>	<b>502</b>	<b>451</b>
<b>Total income</b>	<b>1.055</b>	<b>974</b>	<b>937</b>	<b>849</b>	<b>822</b>	<b>1.055</b>	<b>822</b>	<b>3.580</b>	<b>3.067</b>
Staff costs	254	222	224	237	240	254	240	923	942
Administration costs	123	134	100	117	97	123	97	447	411
Other operating expenses	64	110	83	81	78	64	78	352	301
<b>Total operating expenses</b>	<b>441</b>	<b>465</b>	<b>406</b>	<b>436</b>	<b>414</b>	<b>441</b>	<b>414</b>	<b>1.722</b>	<b>1.654</b>
<b>Result before losses</b>	<b>614</b>	<b>508</b>	<b>530</b>	<b>413</b>	<b>407</b>	<b>614</b>	<b>407</b>	<b>1.859</b>	<b>1.414</b>
Loss on loans, guarantees etc.	17	32	30	21	17	17	17	101	58
<b>Result before tax</b>	<b>597</b>	<b>476</b>	<b>501</b>	<b>391</b>	<b>390</b>	<b>597</b>	<b>390</b>	<b>1.758</b>	<b>1.355</b>
Tax charge	99	110	98	102	77	99	77	388	295
Results investments held for sale, after tax	1	-4	31	-4	7	1	7	30	16
<b>Net profit</b>	<b>500</b>	<b>361</b>	<b>433</b>	<b>285</b>	<b>321</b>	<b>500</b>	<b>321</b>	<b>1.400</b>	<b>1.077</b>
Majority share	498	359	431	281	319	498	319	1.390	1.068
Minority interest	1	2	2	4	2	1	2	10	9

## Balance sheet

(in NOK million)	31 Mar. 2014	31 Dec. 2013	30 Sept. 2013	30 Jun. 2013	31 Mar. 2013	31 Dec. 2012
Cash and receivables from central banks	1.196	4.793	172	1.333	311	1.079
Deposits with and loans to credit institutions	1.086	1.189	988	2.140	1.854	3.012
Gross loans to customers before write-down	79.366	80.303	79.842	78.976	76.425	74.943
- Specified write-downs	-173	-173	-168	-153	-143	-144
- Write-downs by loan category	-295	-295	-295	-295	-295	-295
Net loans to and receivables from customers	78.898	79.836	79.379	78.528	75.988	74.504
Fixed-income CDs and bonds at fair value	17.623	16.887	19.192	19.402	20.318	17.164
Derivatives	3.205	3.050	2.609	2.784	3.113	3.100
Shares, units and other equity interests	1.108	1.030	995	981	761	777
Investment in related companies	4.787	4.624	4.440	4.294	4.518	4.573
Investments held for sale	62	113	118	145	474	486
Goodwill	521	495	491	491	490	482
Other assets	3.122	3.344	3.593	3.090	2.963	2.798
<b>Assets</b>	<b>111.609</b>	<b>115.360</b>	<b>111.977</b>	<b>113.190</b>	<b>110.790</b>	<b>107.975</b>
Deposits from credit institutions	6.710	6.379	7.888	8.644	7.188	7.410
Deposits from and debt to customers	54.736	56.074	53.423	55.268	52.603	52.252
Debt created by issue of securities	29.914	33.762	29.592	30.936	32.347	30.259
Derivatives	2.516	2.295	1.975	2.288	2.714	2.790
Other liabilities	3.036	2.303	4.862	2.236	2.886	2.070
Investments held for sale	0	0	32	31	31	72
Subordinated loan capital	3.308	3.304	3.341	3.345	2.850	3.040
<b>Total liabilities</b>	<b>100.220</b>	<b>104.118</b>	<b>101.114</b>	<b>102.750</b>	<b>100.620</b>	<b>97.892</b>
Equity capital certificate	2.597	2.597	2.597	2.597	2.597	2.597
Own holding of ECCs	0	0	0	0	0	0
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	2.496	2.496	1.889	1.889	1.889	1.889
Recommended dividends	0	227	0	0	0	195
Provision for gifts	0	124	0	0	0	30
Savings bank's reserve	3.276	3.276	2.944	2.944	2.944	2.944
Unrealised gains reserve	206	206	123	123	123	123
Other equity capital	1.357	1.354	1.312	1.323	1.340	1.343
Result of the period	500	0	1.038	606	321	0
Minority interests	62	67	65	63	62	67
<b>Total equity capital</b>	<b>11.389</b>	<b>11.242</b>	<b>10.863</b>	<b>10.439</b>	<b>10.170</b>	<b>10.082</b>
<b>Total liabilities and equity</b>	<b>111.609</b>	<b>115.360</b>	<b>111.977</b>	<b>113.190</b>	<b>110.790</b>	<b>107.975</b>

### Key figures

	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013	2012
						2014	2013		
Return on equity	17,7 %	13,1 %	16,3 %	11,1 %	12,7 %	17,7 %	12,7 %	13,3 %	11,7 %
Cost/income ratio group	42 %	48 %	43 %	51 %	50 %	42 %	50 %	48 %	54 %
Cost/income ratio group, ex. financial inv.	55 %	57 %	51 %	54 %	63 %	55 %	63 %	56 %	63 %
12-month cost growth	6,5 %	4,1 %	3,3 %	6,9 %	4,2 %	6,5 %	4,2 %	4,1 %	11,6 %
Gross loans to customers*	111.560	112.038	110.237	108.968	106.830	111.560	106.830	112.038	104.909
Growth in loans last 12 months*	4,4 %	6,8 %	6,7 %	8,4 %	9,7 %	4,4 %	9,7 %	6,8 %	10,2 %
Growth in loans this period*	-0,4 %	1,6 %	1,2 %	2,0 %	1,8 %	-0,4 %	1,8 %	6,8 %	10,2 %
Deposits from customers	54.736	56.074	53.423	55.268	52.603	54.736	52.603	56.074	52.252
Growth in deposits last 12 months	4,1 %	7,3 %	5,1 %	7,3 %	7,4 %	4,1 %	7,4 %	7,3 %	9,2 %
Growth in deposits this period	-2,4 %	5,0 %	-3,3 %	5,1 %	0,7 %	-2,4 %	0,7 %	7,3 %	9,2 %
Ordinary lending financed by ordinary deposits	69 %	70 %	67 %	70 %	69 %	69 %	69 %	70 %	70 %
Total assets	111.609	115.360	111.977	113.190	110.790	111.609	110.790	115.360	107.919
Average total assets (quarterly)	113.485	113.668	112.583	111.979	109.344	113.485	109.344	111.843	105.372
Employees in employment group	1.157	1.159	1.165	1.164	1.171	1.157	1.171	1.159	1.135
Employees in employment parent bank	750	757	772	764	772	750	772	757	793
Employees in employment subsidiaries	407	401	393	399	399	407	399	401	342
Number of branches	50	50	48	50	50	50	50	50	51
Lending margin	2,77	2,75	2,75	2,65	2,37	2,77	2,37	2,64	2,07
Deposit margin	(0,59)	(0,56)	(0,53)	(0,50)	(0,42)	(0,59)	(0,42)	(0,51)	(0,05)
Net other operating income of total income	37 %	39 %	39 %	47 %	39 %	37 %	39 %	41 %	37 %
Common Equity Tier 1 ratio	11,1 %	11,1 %	10,7 %	10,3 %	10,4 %	11,1 %	10,4 %	11,1 %	10,0 %
Capital adequacy ratio	14,8 %	14,7 %	14,2 %	13,8 %	13,3 %	14,8 %	13,3 %	14,7 %	13,3 %
Core capital ratio	12,9 %	13,0 %	12,6 %	12,2 %	11,7 %	12,9 %	11,7 %	13,0 %	11,3 %
Total core capital	11.303	10.989	10.707	10.508	9.686	11.303	9.686	10.989	9.357
Net subordinated capital	12.893	12.417	12.053	11.894	10.971	12.893	10.971	12.417	10.943
Impairment losses ratio	0,06 %	0,12 %	0,11 %	0,08 %	0,06 %	0,06 %	0,06 %	0,09 %	0,06 %
Non-performing commitm. as % of gross loans	0,24 %	0,34 %	0,35 %	0,38 %	0,36 %	0,24 %	0,36 %	0,34 %	0,36 %
Other doubtful commitm. as % of gross loans	0,21 %	0,14 %	0,19 %	0,13 %	0,15 %	0,21 %	0,15 %	0,14 %	0,14 %
ECC price	53,75	55,00	45,70	46,50	46,90	53,75	46,90	55,00	34,80
Number of certificates issued, millions	129,83	129,83	129,83	129,83	129,83	129,83	129,83	129,83	129,83
Booked equity capital per ECC (incl. dividend)	56,39	55,69	53,76	51,66	50,32	56,39	50,32	55,69	50,09
Adjusted profit per ECC	2,48	1,79	2,18	1,43	1,55	2,48	1,55	6,92	5,21
P/E per ECC	5,42	7,68	5,23	8,13	7,55	5,42	7,55	7,95	6,68
P/B equity capital	0,95	0,99	0,85	0,90	0,93	0,95	0,93	0,99	0,69

\* Gross loans to customers includes Sparebank1 Boligkreditt and Sparebank 1 Næringskreditt

## 7. Segment information

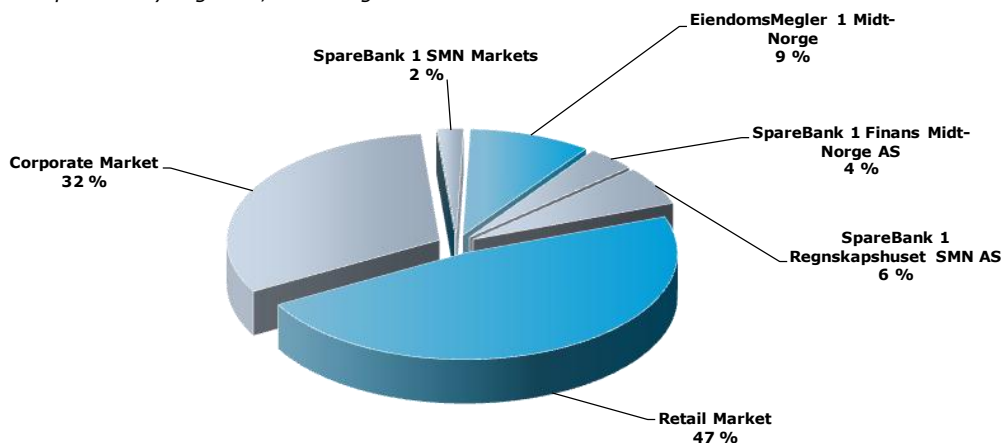
As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively. Limited companies are transferred to Corporate Banking. Sole proprietorships, agricultural customers and associations etc are transferred to Retail Banking. Historical data have not been reworked owing to the difficulty of reconstructing such data at a sufficiently precise level. In the segment information, historical data for Retail customers are exclusive sole proprietorships, agricultural customers and associations. Historical data for Corporate customers are the former Large Corporates. The SME portfolio is treated as a separate business line in figures for 2013.

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

### 7.1. Extract from income statement

Group (in NOK million)	Retail Market	Corporate Market	SpareBank 1 SMN Markets	EiendomsMegler 1 Midt-Norge	SpareBank 1 Finans Midt-Norge AS	SpareBank 1 Regnskapshuset SMN AS	SpareBank 1 Gruppen	BN Bank	Uncollated	Total
Net interest	197	206	-3	-1	32	0	-	-	-20	412
Allocated	9	14	0	-	-	-	-	-	-23	-
<b>Total interest income</b>	<b>206</b>	<b>220</b>	<b>-2</b>	<b>-1</b>	<b>32</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-43</b>	<b>412</b>
Commission income and other income	194	38	8	79	-0	50	-	-	18	385
Net profit on financial investments	0	9	11	-	0	-	46	25	168	259
<b>Total income</b>	<b>400</b>	<b>267</b>	<b>17</b>	<b>78</b>	<b>31</b>	<b>50</b>	<b>46</b>	<b>25</b>	<b>142</b>	<b>1.055</b>
<b>Total operating expenses</b>	<b>204</b>	<b>84</b>	<b>16</b>	<b>75</b>	<b>13</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>441</b>
<b>Ordinary operating profit</b>	<b>196</b>	<b>182</b>	<b>1</b>	<b>3</b>	<b>19</b>	<b>7</b>	<b>46</b>	<b>25</b>	<b>135</b>	<b>614</b>
Loss on loans, guarantees etc.	1	14	-	-	2	-	-	-	-0	17
<b>Result before tax incl investments held for sale</b>	<b>195</b>	<b>169</b>	<b>1</b>	<b>3</b>	<b>17</b>	<b>7</b>	<b>46</b>	<b>25</b>	<b>137</b>	<b>598</b>
<b>Post-tax return on equity</b>	<b>36,3 %</b>	<b>16,5 %</b>								<b>17,7 %</b>
<b>Balance sheet</b>										
Loans and advances to customers	73.735	33.436	-	-	3.376	-	-	-	1.013	111.560
adv. of this to Boligkreditt and Næringskreditt	-31.054	-1.138	-	-	-	-	-	-	-3	-32.194
Individual allowance for impairment on loan	-28	-128	-	-	-17	-	-	-	0	-173
Group allowance for impairment on loan	-90	-188	-	-	-16	-	-	-	-	-295
Other assets	279	140	-	281	12	140	1.161	1.213	29.485	32.711
<b>Total assets</b>	<b>42.842</b>	<b>32.123</b>	<b>-</b>	<b>281</b>	<b>3.355</b>	<b>140</b>	<b>1.161</b>	<b>1.213</b>	<b>30.495</b>	<b>111.609</b>
Deposits to customers	29.432	24.740	-	-	-	-	-	-	565	54.736
Other liabilities and equity	13.411	7.383	-	281	3.355	140	1.161	1.213	29.930	56.873
<b>Total liabilities</b>	<b>42.842</b>	<b>32.123</b>	<b>-</b>	<b>281</b>	<b>3.355</b>	<b>140</b>	<b>1.161</b>	<b>1.213</b>	<b>30.495</b>	<b>111.609</b>

Income specified by segment, excluding financial investments



As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively. Limited companies are transferred to Corporate Banking. Sole proprietorships, agricultural customers and associations etc are transferred to Retail Banking. Figures for Q1 2014 are therefore not directly comparable with historical figures.

#### Interest income, Retail Market, Corporate Market and SME

(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013
						2014	2013	2013
Retail	197	172	172	151	134	197	134	630
Corporate	206	186	185	177	148	206	148	695
SME	-	71	74	70	69	-	69	284
<b>Net interest income</b>	<b>404</b>	<b>429</b>	<b>430</b>	<b>399</b>	<b>350</b>	<b>404</b>	<b>350</b>	<b>1.608</b>

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

<b>Lending</b> (in percentage)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013
						2014	2013	2013
Retail	2,71	2,62	2,63	2,49	2,20	2,71	2,20	2,50
Corporate	3,03	2,93	2,93	2,90	2,53	3,03	2,53	2,82
SME	-	3,46	3,48	3,41	3,23	-	3,23	3,40
<b>Total</b>	<b>2,77</b>	<b>2,75</b>	<b>2,75</b>	<b>2,65</b>	<b>2,37</b>	<b>2,78</b>	<b>2,37</b>	<b>2,64</b>

<b>Deposits</b> (in percentage)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013
						2014	2013	2013
Retail	-0,50	-0,48	-0,39	-0,33	-0,26	-0,50	-0,26	-0,37
Corporate	-0,61	-0,68	-0,67	-0,70	-0,56	-0,61	-0,56	-0,65
SME	-	-0,36	-0,32	-0,24	-0,20	-	-0,20	-0,29
<b>Total</b>	<b>-0,59</b>	<b>-0,56</b>	<b>-0,53</b>	<b>-0,50</b>	<b>-0,42</b>	<b>0,59</b>	<b>0,42</b>	<b>-0,51</b>

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

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

<b>Lending*</b> (in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013
						2014	2013	2013
Retail	73.735	63.518	62.233	60.832	59.155	73.735	59.155	63.518
Corporate	33.436	31.920	31.775	32.420	32.569	33.436	32.569	31.920
SME	-	9.055	9.124	8.827	8.602	-	8.602	9.055
<b>Total</b>	<b>107.171</b>	<b>104.492</b>	<b>103.131</b>	<b>102.079</b>	<b>100.326</b>	<b>107.171</b>	<b>100.326</b>	<b>104.492</b>

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

<b>Deposits</b> (in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013
						2014	2013	2013
Retail	29.432	24.185	23.880	24.186	22.799	29.432	22.799	24.185
Corporate	24.740	21.544	19.330	20.201	18.901	24.740	18.901	21.544
SME	-	8.734	8.641	8.640	8.768	-	8.768	8.734
<b>Total</b>	<b>54.171</b>	<b>54.463</b>	<b>51.852</b>	<b>53.427</b>	<b>50.557</b>	<b>54.171</b>	<b>50.467</b>	<b>54.463</b>

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

(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013
						2014	2013	2013
Retail	194	200	194	173	138	194	138	705
Corporate	47	35	52	29	24	47	24	140
SME	-	21	19	20	20	-	20	80
<b>Total</b>	<b>240</b>	<b>256</b>	<b>266</b>	<b>222</b>	<b>182</b>	<b>240</b>	<b>182</b>	<b>925</b>



## 7.2. Retail Market

The Retail Market is responsible for all activity directed at the region's retail customers. The Retail Market provides personal financial advice. The Retail Market aims to attract and retain customers by developing a strong product range, first class advisers, unique accessibility and excellent customer handling. As from 1 January 2014 sole proprietorships, agricultural customers and associations are assigned to Retail Banking. Figures for Q1 2014 are therefore not directly comparable with historical figures.

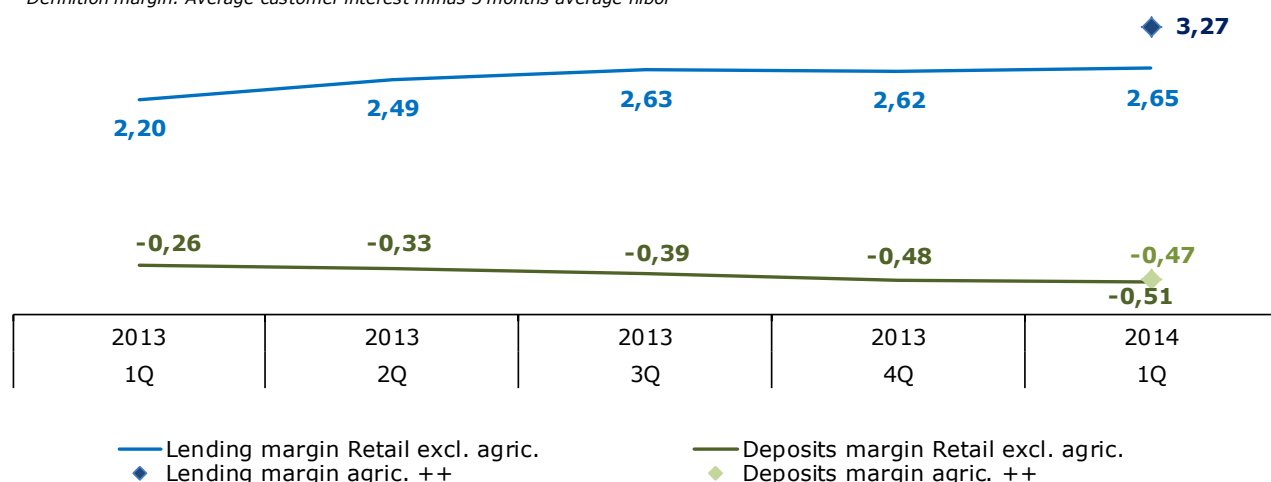
### Business description

<i>Facts about the business area</i>	<b>31 Mar. 2014</b>
Lending volume	73.735
Deposits volume	29.432
No. of active customers	195.866
FTEs	370

<i>Financial performance</i> (in NOK million)	<b>1Q 2014</b>	<b>4Q 2013</b>	<b>3Q 2013</b>	<b>2Q 2013</b>	<b>1Q 2013</b>	<b>31 Mar.</b>		<b>2013</b>
Net interest income lending	148	126	121	99	86	148	86	431
Net interest income deposits	50	47	51	53	48	50	48	199
Net interest income allocated capital	9	4	2	2	3	9	3	11
<b>Total interest income</b>	<b>206</b>	<b>177</b>	<b>174</b>	<b>154</b>	<b>137</b>	<b>206</b>	<b>137</b>	<b>641</b>
Net guarantee commission, incl. Boligkreditt	124	128	112	102	84	124	84	426
Net commission of savings products	8	10	12	10	7	8	7	38
Net commission insurance services	25	25	25	33	15	25	15	99
Net commission payment trans. services	37	36	45	28	32	37	32	141
Other commission income	0	0	0	0	0	0	0	0
<b>Net fee and commission income</b>	<b>194</b>	<b>200</b>	<b>194</b>	<b>173</b>	<b>137</b>	<b>194</b>	<b>137</b>	<b>704</b>
Net profit on financial investments	0	0	0	0	0	0	0	1
<b>Total income</b>	<b>400</b>	<b>377</b>	<b>368</b>	<b>327</b>	<b>274</b>	<b>400</b>	<b>274</b>	<b>1.346</b>
<b>Total operating expenses*</b>	<b>204</b>	<b>168</b>	<b>149</b>	<b>161</b>	<b>164</b>	<b>204</b>	<b>164</b>	<b>641</b>
<b>Results</b>	<b>196</b>	<b>209</b>	<b>219</b>	<b>166</b>	<b>110</b>	<b>196</b>	<b>110</b>	<b>705</b>
Loss on loans, guarantees etc.	1	1	0	2	3	1	3	6
<b>Results before tax</b>	<b>195</b>	<b>208</b>	<b>220</b>	<b>164</b>	<b>107</b>	<b>195</b>	<b>107</b>	<b>699</b>
*) Includes both direct and distributed expenses								
<b>Post-tax return on equity (annualized)</b>						<b>36,3 %</b>	<b>25,2 %</b>	<b>38,7 %</b>

### Development in margin

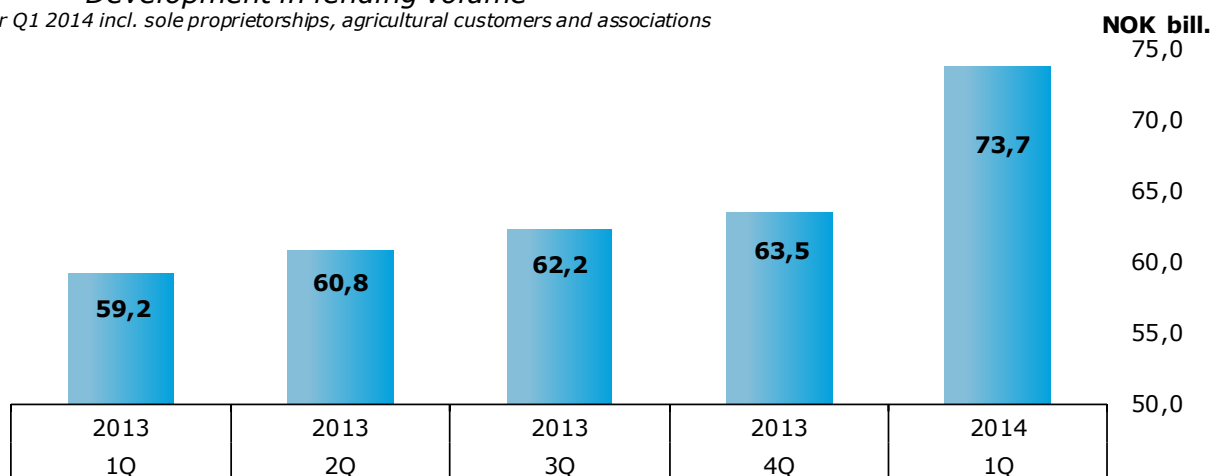
Definition margin: Average customer interest minus 3 months average nibor





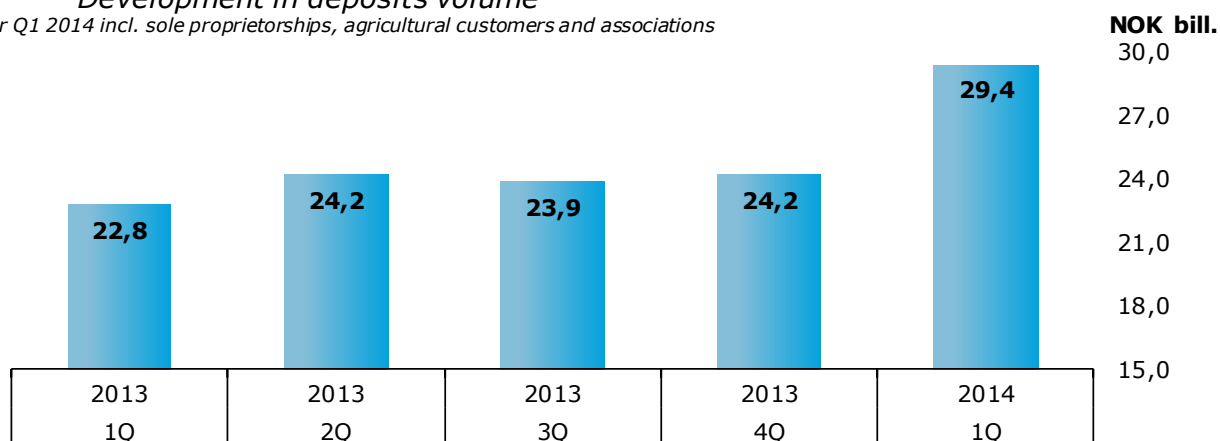
### Development in lending volume

Figures for Q1 2014 incl. sole proprietorships, agricultural customers and associations



### Development in deposits volume

Figures for Q1 2014 incl. sole proprietorships, agricultural customers and associations



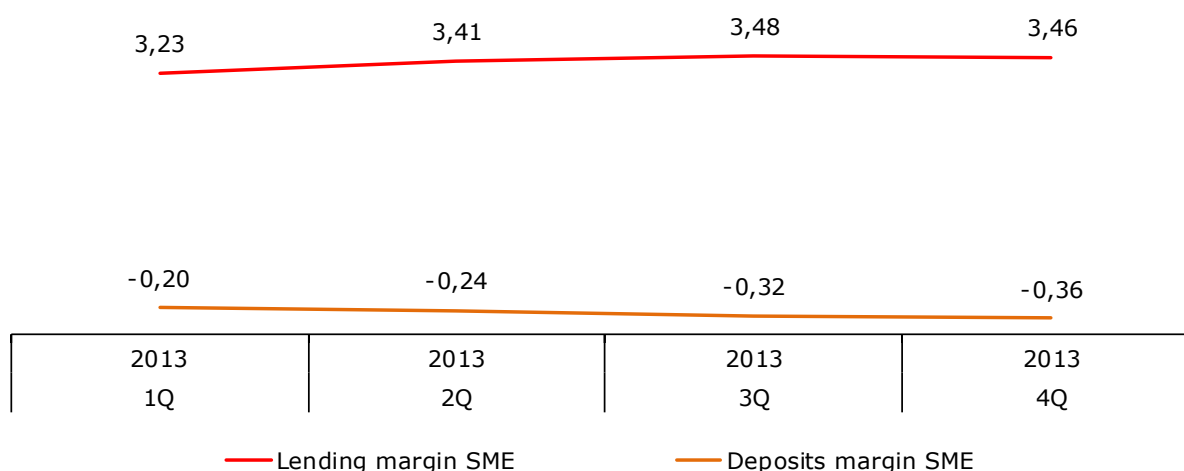
### 7.3. SME

The SME segment consists of costumers with an exposure size of +/- NOK 8m. As from 1 January 2014 the bank's SME portfolio is split up and assigned to Retail Banking and Corporate Banking respectively. This table shows historical data for the SME segment in 2013, and will no longer be updated.

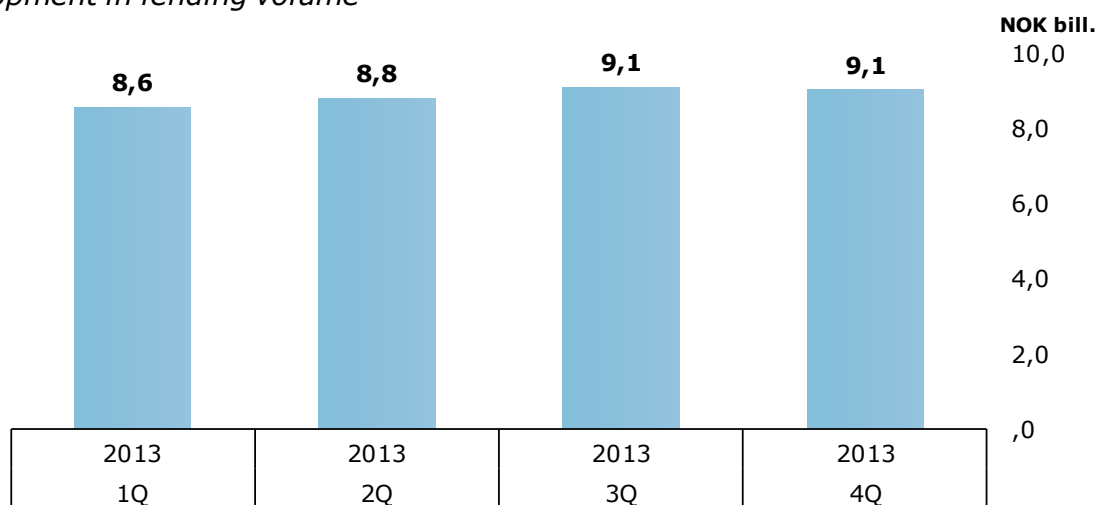
<i>Financial performance</i>	4Q	3Q	2Q	1Q	
(in NOK million)	2013	2013	2013	2013	2013
Net interest income lending	51	53	49	47	200
Net interest income deposits	20	21	22	21	84
Net interest income allocated capital	1	1	1	0	3
<b>Total interest income</b>	<b>72</b>	<b>74</b>	<b>72</b>	<b>69</b>	<b>286</b>
Net guarantee commision, incl. Boligkreditt	4	5	5	4	18
Net commision of savings products	4	2	1	1	8
Net commision insurance services	4	5	5	4	18
Net commision payment trans. services	9	8	8	9	35
<b>Net fee and commission income</b>	<b>21</b>	<b>20</b>	<b>19</b>	<b>19</b>	<b>79</b>
Net profit on financial investments	-	0	0	1	1
<b>Total income</b>	<b>93</b>	<b>94</b>	<b>91</b>	<b>88</b>	<b>366</b>
<b>Total operating expences*</b>	<b>58</b>	<b>31</b>	<b>34</b>	<b>34</b>	<b>156</b>
<b>Results</b>	<b>35</b>	<b>63</b>	<b>58</b>	<b>54</b>	<b>209</b>
Loss on loans, guarantees etc.	-1	3	1	2	5
<b>Results before tax</b>	<b>36</b>	<b>60</b>	<b>57</b>	<b>53</b>	<b>205</b>
*) Includes both direct and distributed expences					
<b>Post-tax return on equity (annualized)</b>					<b>29,4 %</b>

#### Development in margin

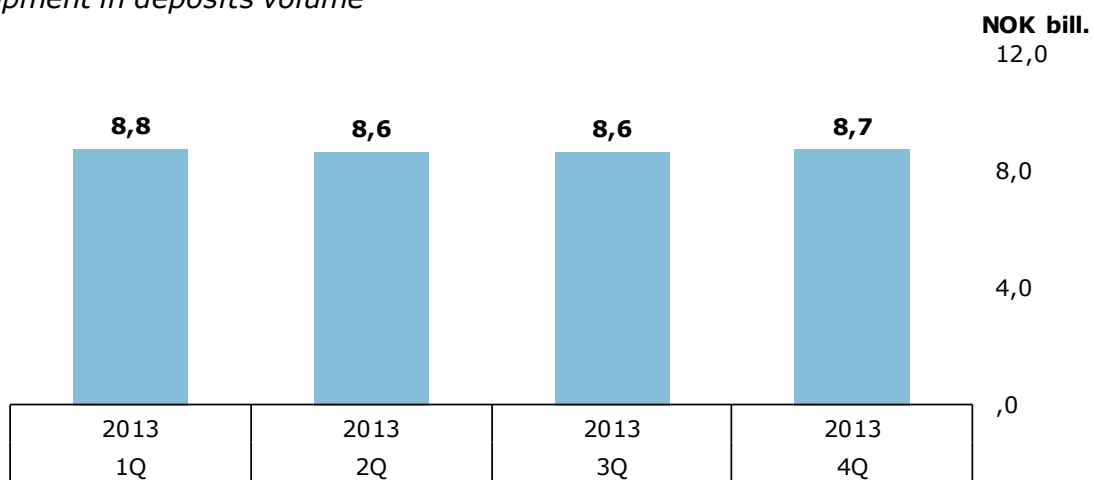
Definition margin: Average customer interest minus 3 months average nibor



*Development in lending volume*



*Development in deposits volume*



## 7.4. Corporate

The Corporate segment is responsible for activity regarding the banks's corporate customers. As from 1 January 2014 the bank's SME portfolio is split up, and limited companies are transferred to the Corporate Market (former Large Corporates). Figures for 2013 are the former Large Corporates.

### Business description

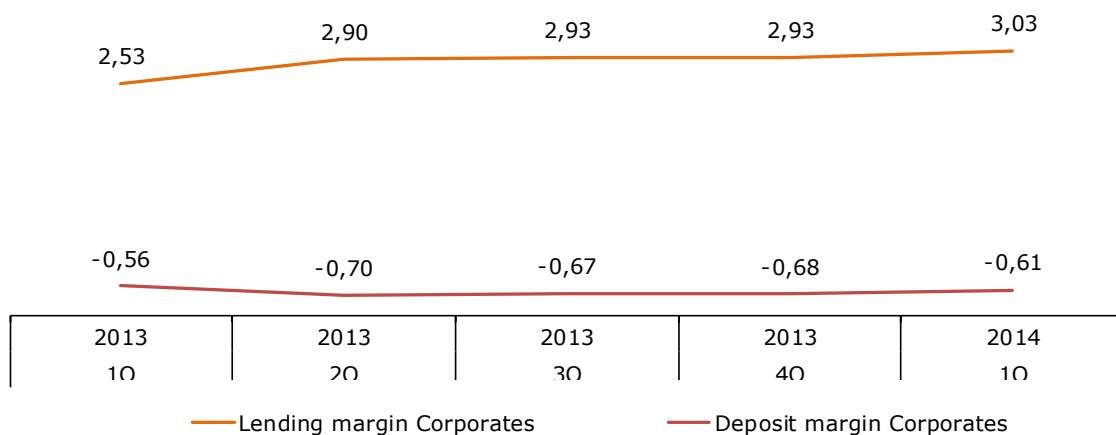
Facts about the business area	31 Mar. 2014
Lending volume	33.436
Deposits volume	24.740
No. of active customers	6.578
FTEs	129

### Financial performance

(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar. 2014	31 Mar. 2013	2013
Net interest income lending	171	158	155	150	121	171	121	583
Net interest income deposits	36	27	30	27	27	36	27	112
Net interest income allocated capital	14	15	1	11	8	14	8	34
<b>Total interest income</b>	<b>220</b>	<b>200</b>	<b>185</b>	<b>188</b>	<b>156</b>	<b>220</b>	<b>156</b>	<b>729</b>
Net guarantee commission, incl. Boligkreditt	15	16	10	18	10	15	10	53
Net commission of savings products	1	0	0	0	0	1	0	1
Net commission insurance services	5	1	1	1	1	5	1	4
Net commission payment trans. services	17	15	4	3	9	17	9	31
Other commission income	0	1	1	0	0	0	0	2
<b>Net fee and commission income</b>	<b>38</b>	<b>33</b>	<b>16</b>	<b>22</b>	<b>20</b>	<b>38</b>	<b>20</b>	<b>91</b>
Net profit on financial investments	9	2	38	3	6	9	4	49
<b>Total income</b>	<b>267</b>	<b>235</b>	<b>239</b>	<b>213</b>	<b>182</b>	<b>267</b>	<b>180</b>	<b>869</b>
<b>Total operating expenses*</b>	<b>84</b>	<b>72</b>	<b>47</b>	<b>77</b>	<b>61</b>	<b>84</b>	<b>61</b>	<b>257</b>
<b>Results</b>	<b>182</b>	<b>163</b>	<b>193</b>	<b>136</b>	<b>120</b>	<b>182</b>	<b>119</b>	<b>612</b>
Loss on loans, guarantees etc.	14	22	25	14	10	14	10	71
<b>Results before tax</b>	<b>169</b>	<b>141</b>	<b>167</b>	<b>122</b>	<b>111</b>	<b>169</b>	<b>109</b>	<b>541</b>
*) Includes both direct and distributed expenses								
<b>Post-tax return on equity (annualized)</b>						<b>16,5 %</b>	<b>10,9 %</b>	<b>12,8 %</b>

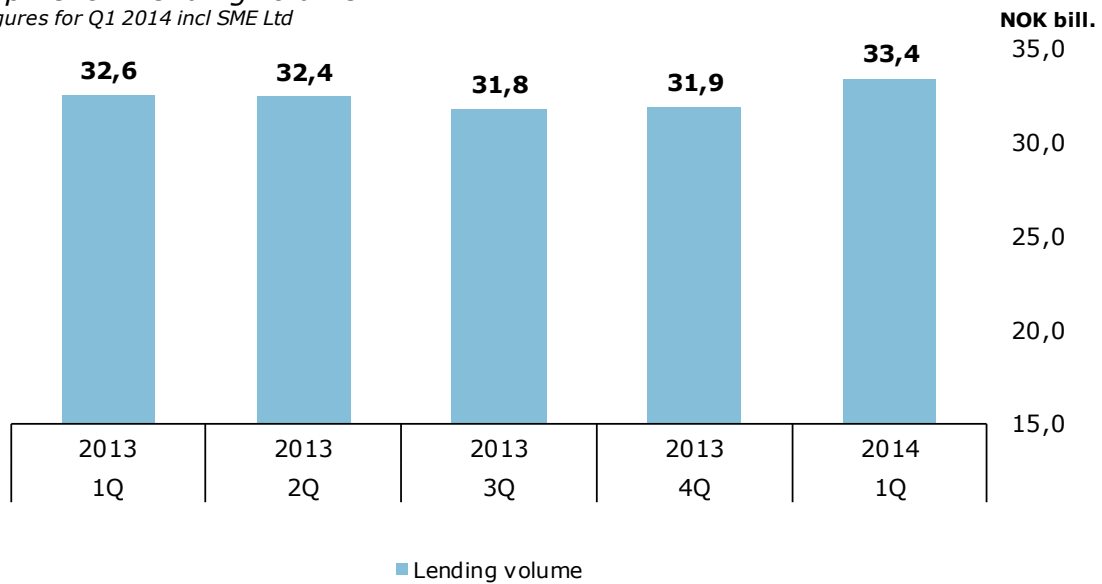
### Development in margin

Definition margin: Average customer interest minus 3 months average nibor. Figures for Q1 2014 incl SME Ltd. Figures for 2013 are Large Corporates



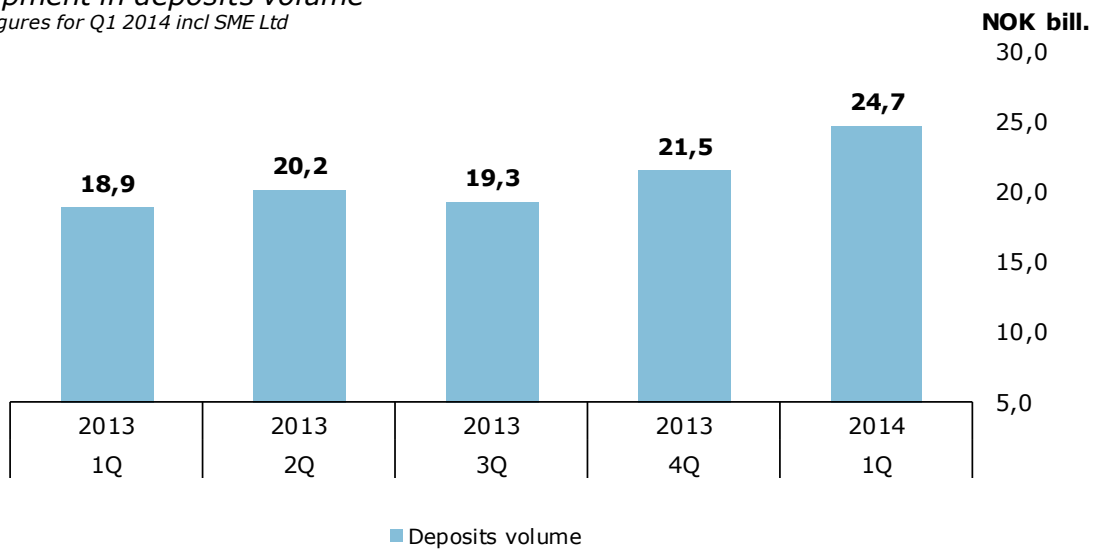
### Development in lending volume

Figures for Q1 2014 incl SME Ltd



### Development in deposits volume

Figures for Q1 2014 incl SME Ltd

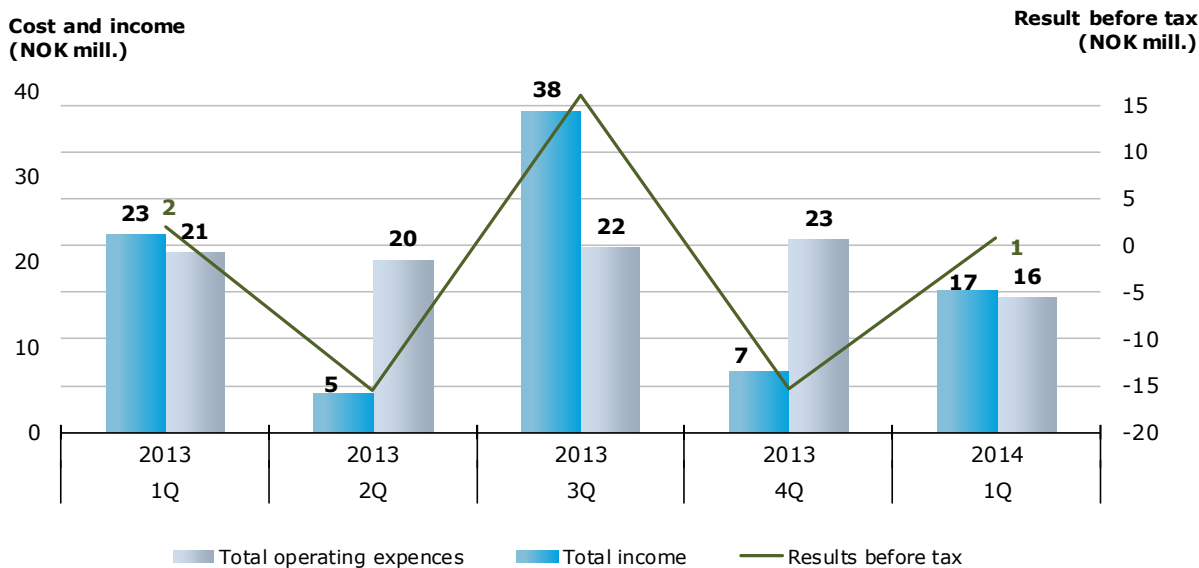


## 7.6. Markets

SpareBank 1 SMN Markets is considered as a separate business line within the Group. It comprises two income generating units: Fixed income/Foreign exchange and Securities along with Back Office and Mid Office. As from the fourth quarter 2013, SpareBank 1 SMN's corporate business was transferred to SpareBank 1 Markets.

### SpareBank 1 SMN Markets

<i>Financial performance</i> (in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013
						2014	2013	
Net interest income	-3	-5	12	3	-5	-3	-5	5
Net interest income allocated capital	0	-0	-0	-0	-	0	-	-1
<b>Total interest income</b>	<b>-2</b>	<b>-5</b>	<b>12</b>	<b>3</b>	<b>-5</b>	<b>-2</b>	<b>-5</b>	<b>4</b>
Net fee and commission income	8	3	6	12	7	8	7	29
Capital gain/Agjo Securities	11	9	20	-10	21	11	21	40
<b>Total income</b>	<b>17</b>	<b>7</b>	<b>38</b>	<b>5</b>	<b>23</b>	<b>17</b>	<b>23</b>	<b>73</b>
<b>Total operating expenses</b>	<b>16</b>	<b>23</b>	<b>22</b>	<b>20</b>	<b>21</b>	<b>16</b>	<b>21</b>	<b>85</b>
<b>Results</b>	<b>1</b>	<b>-15</b>	<b>16</b>	<b>-16</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>-13</b>
Loss on loans, guarantees etc.	-	-	-	-	-	-	-	-
<b>Results before tax</b>	<b>1</b>	<b>-15</b>	<b>16</b>	<b>-16</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>-13</b>



## 7.7. Subsidiaries

### EiendomsMegler 1 Midt-Norge AS

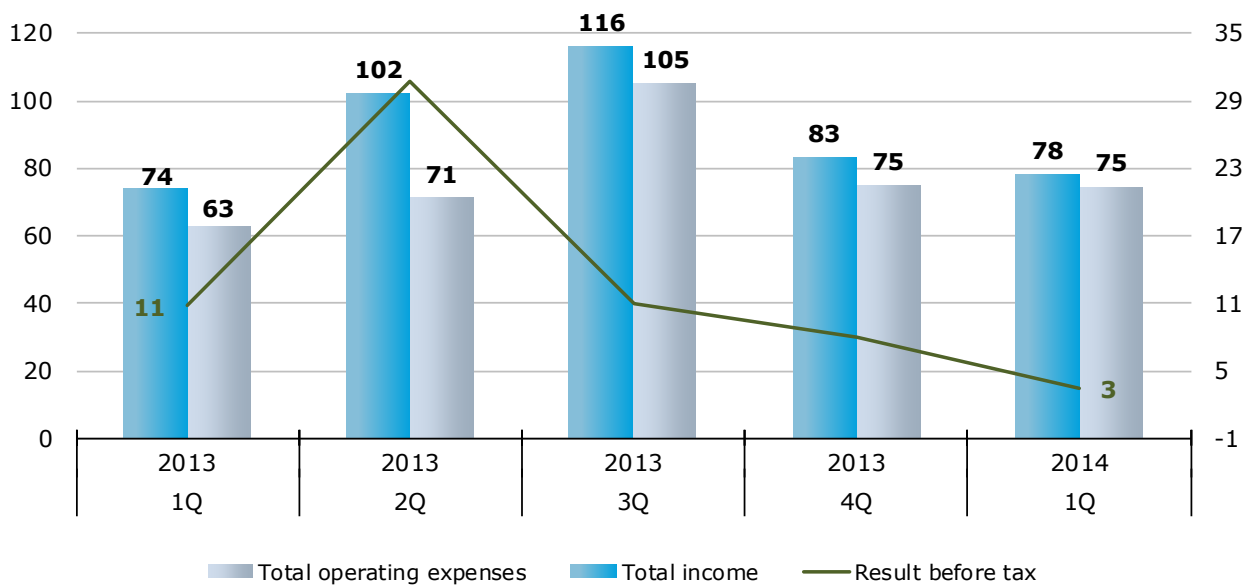
EiendomsMegler 1 Midt-Norge has a solid market-leader position in Nord-Trøndelag and Sør-Trøndelag as well as Møre and Romsdal. The company is owned by SpareBank 1 SMN (87 per cent), SpareBank 1 Nordvest (7.6 per cent) and SpareBank 1 Søre Sunnmøre (5.4 per cent).

#### Financial performance

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2013
	2014	2013	2013	2013	2013	2014	2013	
Net interest	-1	4	1	1	1	-1	1	7
Commission income and other income	79	79	115	101	73	79	73	368
<b>Total income</b>	<b>78</b>	<b>83</b>	<b>116</b>	<b>102</b>	<b>74</b>	<b>78</b>	<b>74</b>	<b>375</b>
<b>Total operating expenses</b>	<b>75</b>	<b>75</b>	<b>105</b>	<b>71</b>	<b>63</b>	<b>75</b>	<b>63</b>	<b>314</b>
<b>Result before tax</b>	<b>3</b>	<b>8</b>	<b>11</b>	<b>31</b>	<b>11</b>	<b>3</b>	<b>11</b>	<b>61</b>

Cost and income (NOK mill.)

Result before tax (NOK mill.)





## SpareBank 1 Finans Midt-Norge AS

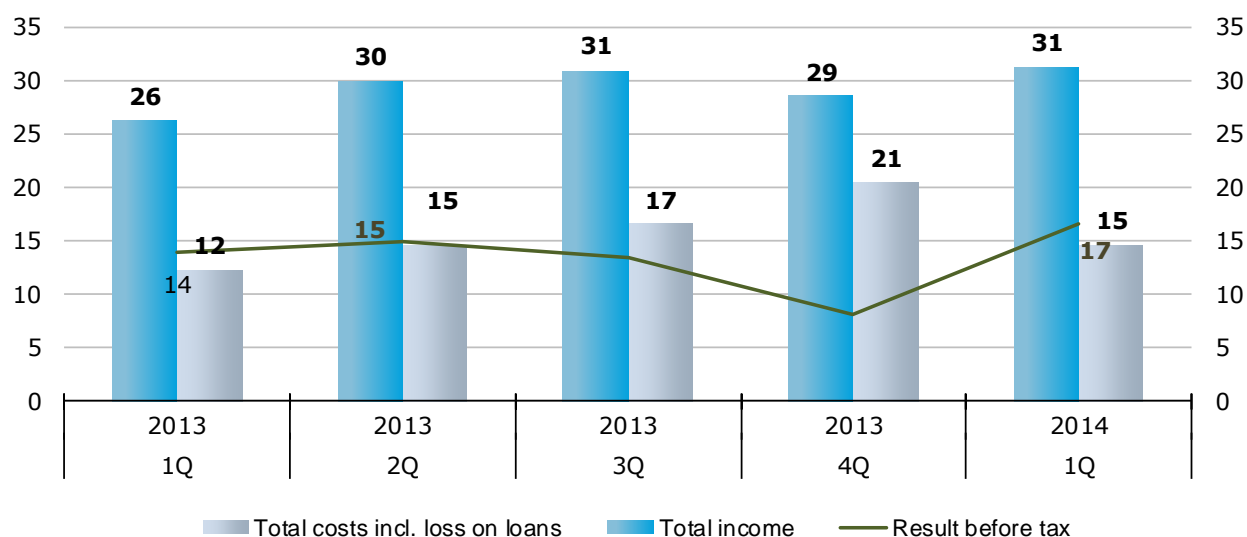
SpareBank 1 Finans Midt-Norge is the region's leading finance company and an active partner for businesses. SpareBank 1 Finans Midt-Norge emphasises local competence, and works for greater value creation in Trøndelag and Nordvestlandet. The company services the market through its own sales operation and through the Bank's offices and suppliers.

The company is owned by SpareBank 1 SMN (90.9 per cent), SpareBank 1 Nordvest and SpareBank 1 Søre Sunnmøre (9.9 per cent).

### Financial performance

(in NOK million)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	31 Mar.		2013
						2014	2013	
<b>Total interest income</b>	<b>32</b>	<b>29</b>	<b>26</b>	<b>33</b>	<b>30</b>	<b>32</b>	<b>30</b>	<b>118</b>
Commission income and other income	-0	-1	5	-4	-3	-0	-3	-3
Net profit on financial investments	0	0	-	0	-	0	-	0
<b>Total income</b>	<b>31</b>	<b>29</b>	<b>31</b>	<b>30</b>	<b>26</b>	<b>31</b>	<b>26</b>	<b>116</b>
<b>Total operating expenses</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>13</b>	<b>10</b>	<b>45</b>
<b>Ordinary operating profit</b>	<b>19</b>	<b>16</b>	<b>19</b>	<b>19</b>	<b>16</b>	<b>19</b>	<b>16</b>	<b>70</b>
Loss on loans, guarantees etc.	2	9	5	4	2	2	2	20
Total costs incl. loss on loans	15	21	17	15	12	15	12	65
<b>Result before tax</b>	<b>17</b>	<b>8</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>17</b>	<b>14</b>	<b>51</b>

### Cost and income (NOK mill.)



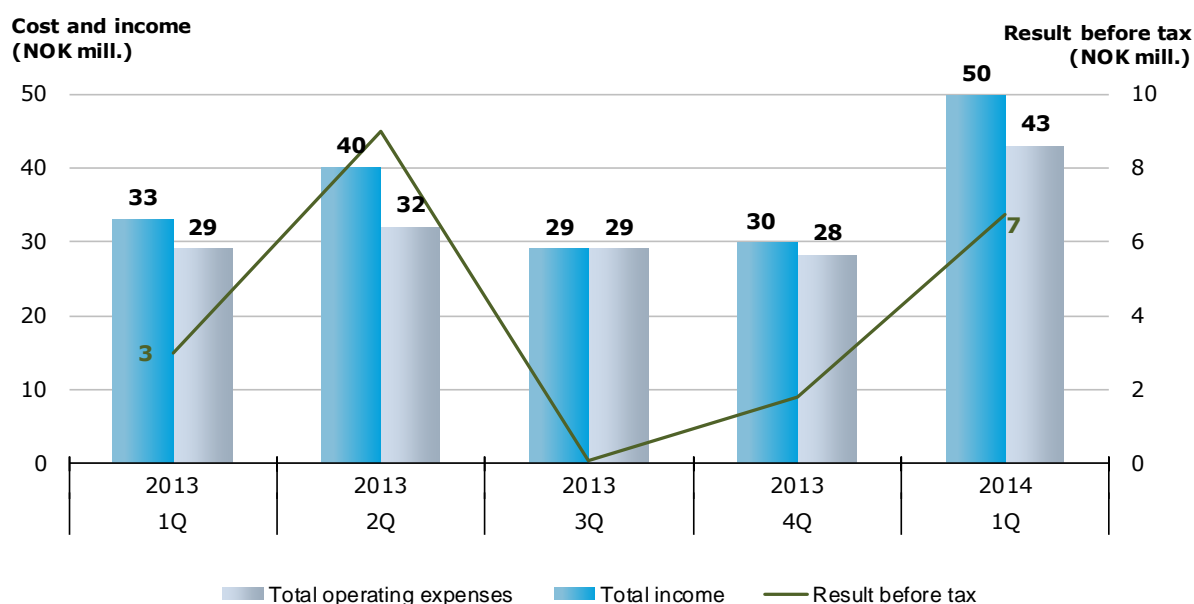
## SpareBank 1 Regnskapshuset SMN AS

SpareBank 1 Regnskapshuset SMN is a wholly-owned subsidiary of SpareBank 1 SMN. In collaboration with other SpareBank 1 banks, SpareBank 1 Regnskapshuset SMN has launched a nationwide drive in the accounting business through SpareBank 1 Regnskapshuset. SpareBank 1 Regnskapshuset intends to be one of Norway's leading actors in the accounting industry by building up a national accounting enterprise based on regional ownership, strong links to the owner banks and closeness to the market.

SpareBank 1 Regnskapshuset SMN took over six accounting firms in 2013. Two further accounting firms were acquired in the first quarter of 2014. The strategy of growth through acquisitions represents a consolidation of a fragmented accounting industry.

### Financial performance

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2013
	2014	2013	2013	2013	2013	2014	2013	
Total interest income	0	-0	-0	-0	0	0	0	-0
Commission income and other income	50	31	29	40	33	50	33	133
Net profit on financial investments	-	-	-	-	-	-	-	-0
<b>Total income</b>	<b>50</b>	<b>30</b>	<b>29</b>	<b>40</b>	<b>33</b>	<b>50</b>	<b>33</b>	<b>132</b>
<b>Total operating expenses</b>	<b>43</b>	<b>28</b>	<b>29</b>	<b>32</b>	<b>29</b>	<b>43</b>	<b>29</b>	<b>118</b>
<b>Result before tax</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>9</b>	<b>3</b>	<b>7</b>	<b>3</b>	<b>14</b>



## 8. Development last ten years

### Financial results

(in NOK million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net interest	877	974	1.024	1.139	1.350	1.325	1.317	1.392	1.477	1.616
Commission income and other income	443	537	580	671	610	756	855	919	1.139	1.463
Net return on financial investments	65	276	419	332	207	596	410	434	451	502
<b>Total income</b>	<b>1.385</b>	<b>1.787</b>	<b>2.022</b>	<b>2.142</b>	<b>2.167</b>	<b>2.677</b>	<b>2.582</b>	<b>2.746</b>	<b>3.067</b>	<b>3.580</b>
Staff costs	379	485	512	583	623	725	583	810	942	923
Other operating expenses	350	421	478	519	571	528	557	672	712	799
<b>Total operating expenses</b>	<b>729</b>	<b>906</b>	<b>990</b>	<b>1.102</b>	<b>1.194</b>	<b>1.253</b>	<b>1.140</b>	<b>1.482</b>	<b>1.654</b>	<b>1.722</b>
<b>Result before losses</b>	<b>655</b>	<b>881</b>	<b>1.032</b>	<b>1.039</b>	<b>975</b>	<b>1.424</b>	<b>1.441</b>	<b>1.264</b>	<b>1.414</b>	<b>1.859</b>
Loss on loans, guarantees etc.	81	-38	-84	-6	202	277	132	27	58	101
<b>Result before tax</b>	<b>574</b>	<b>919</b>	<b>1.116</b>	<b>1.045</b>	<b>773</b>	<b>1.147</b>	<b>1.309</b>	<b>1.236</b>	<b>1.355</b>	<b>1.758</b>
Tax charge	144	199	219	200	156	210	260	255	295	388
Results investments held for sale, after tax							-27	43	16	30
<b>Net profit</b>	<b>430</b>	<b>720</b>	<b>898</b>	<b>846</b>	<b>617</b>	<b>937</b>	<b>1.022</b>	<b>1.024</b>	<b>1.077</b>	<b>1.400</b>

### Balance sheet

(in NOK million)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cash and loans to and claims on credit institutions	1.541	2.123	2.323	3.878	4.548	1.260	2.532	4.075	4.091	5.981
CDs, bonds and other interest-bearing securities	2.566	4.133	5.602	7.246	12.036	19.302	22.948	21.485	25.614	25.591
Gross loans to customers before write-downs	34.226	45.280	52.819	59.178	64.016	61.782	69.847	73.105	74.943	80.303
- Specified write-downs	-290	-236	-147	-116	-215	-219	-222	-172	-144	-173
- Write-downs by loan category	-314	-278	-184	-185	-245	-289	-290	-290	-295	-295
Other assets	775	3.304	2.765	1.502	4.540	2.704	3.182	3.252	3.766	3.952
<b>Assets</b>	<b>38.505</b>	<b>54.327</b>	<b>63.178</b>	<b>71.503</b>	<b>84.679</b>	<b>84.541</b>	<b>97.997</b>	<b>101.455</b>	<b>107.975</b>	<b>115.360</b>
Deposits from credit institutions	48	1.029	2.766	5.346	9.000	11.310	13.062	9.118	7.410	6.379
Deposits from and debt to customers	20.725	27.048	30.136	32.434	35.280	37.227	42.786	47.871	52.252	56.074
Debt created by issue of securities	13.048	18.036	21.911	23.950	29.680	24.070	29.625	31.306	33.121	36.057
Other liabilities	822	2.876	1.799	2.265	2.045	1.876	1.922	2.122	2.070	2.303
Subordinated loan capital	1.347	1.667	2.383	2.648	3.156	3.875	2.758	2.690	3.040	3.304
Total equity capital	2.515	3.671	4.183	4.860	5.518	6.183	7.846	8.348	10.082	11.242
<b>Total liabilities and equity</b>	<b>38.505</b>	<b>54.327</b>	<b>63.178</b>	<b>71.503</b>	<b>84.679</b>	<b>84.541</b>	<b>97.997</b>	<b>101.455</b>	<b>107.975</b>	<b>115.360</b>

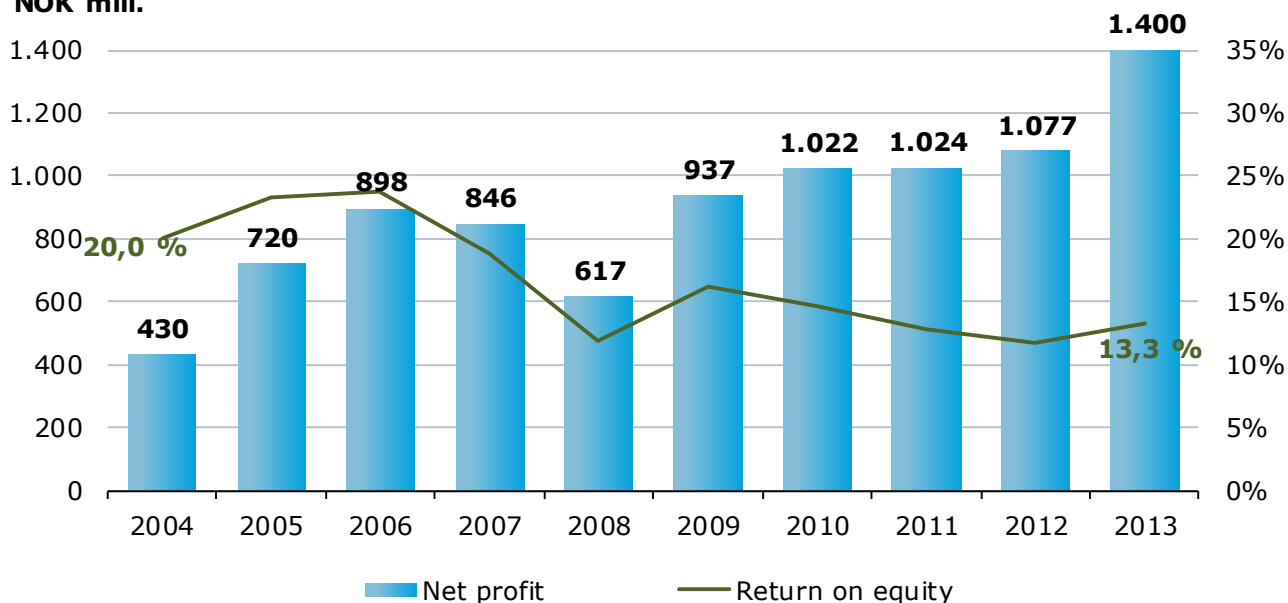
### Key figures

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Return on equity	20,0 %	23,3 %	23,7 %	18,9 %	11,9 %	16,2 %	14,6 %	12,8 %	11,7 %	13,3 %
Cost/income ratio group	52,7 %	50,7 %	49,0 %	51,7 %	55,0 %	46,8 %	44,2 %	54,0 %	53,9 %	48,1 %
Cost/income ratio group, ex. financial inv.	60,0 %	61,7 %	61,1 %	60,8 %	60,2 %	52,5 %	52,5 %	64,1 %	63,2 %	55,9 %
Cost/income ratio parent bank	48,5 %	50,0 %	47,6 %	52,4 %	55,3 %	47,2 %	40,2 %	50,5 %	47,5 %	40,2 %
12-month cost growth	-0,5 %	24,3 %	9,3 %	11,8 %	7,9 %	4,9 %	-9,0 %	30,0 %	11,6 %	4,1 %
Gross loans to customers*	34.226	45.280	52.819	61.910	71.317	77.429	87.665	95.232	104.909	112.038
Gross loans in retail market	21.491	29.032	33.808	38.872	42.679	45.157	49.619	55.034	62.587	68.515
Gross loans in corporate market	12.735	16.248	19.011	23.038	28.638	32.272	38.046	40.198	42.322	43.523
Growth in loans last 12 months*	5,1 %	32,3 %	16,6 %	17,2 %	15,2 %	8,6 %	13,2 %	8,6 %	10,2 %	6,8 %
Deposits from customers	20.725	27.048	30.136	32.434	35.280	37.227	42.786	47.871	52.252	56.074
Deposits from retail market	11.256	14.080	15.408	16.070	17.566	17.898	19.052	20.860	22.279	24.185
Deposits from corporate market	9.469	12.968	13.967	16.363	17.715	19.330	23.734	27.011	29.973	30.278
Growth in deposits last 12 months	4,3 %	30,5 %	11,4 %	7,6 %	8,8 %	5,5 %	14,9 %	11,9 %	9,2 %	7,3 %
Ordinary lending financed by ordinary deposit	60,6 %	59,7 %	57,1 %	54,8 %	55,1 %	60,3 %	61,3 %	65,5 %	69,7 %	69,8 %
Total assets	38.505	54.327	63.178	71.503	84.679	84.541	97.997	102.479	107.975	115.360
Average total assets	36.965	47.753	56.434	67.202	75.820	86.679	91.317	98.465	105.372	111.843
Employees in employment group	637	806	841	931	982	1.016	1.035	1.098	1.135	1.159
Employees in employment parent bank	510	669	661	723	750	767	764	786	793	757
Employees in employment subsidiaries	127	137	180	208	232	250	271	312	342	401
Net other operating income of total income	32,0 %	30,1 %	28,7 %	31,3 %	28,2 %	28,2 %	33,1 %	33,5 %	37,1 %	40,8 %
Common Equity Tier 1 ratio	9,1 %	7,5 %	7,5 %	7,4 %	7,1 %	7,7 %	9,3 %	8,9 %	10,0 %	11,1 %
Capital adequacy ratio	12,7 %	10,9 %	11,9 %	12,1 %	11,9 %	13,6 %	13,0 %	12,0 %	13,3 %	14,7 %
Core capital ratio	10,9 %	8,8 %	8,6 %	8,4 %	8,1 %	10,4 %	10,9 %	10,4 %	11,3 %	13,0 %
Total core capital	2.773	3.073	3.614	4.019	4.967	6.730	7.283	7.856	9.357	10.989
Net subordinated capital	3.239	3.808	5.229	5.762	7.312	8.730	8.646	9.055	10.943	12.417
Impairment losses ratio	-0,01 %	-0,09 %	-0,03 %	-0,01 %	0,21 %	0,31 %	0,16 %	0,03 %	0,06 %	0,09 %
Non-perf. commitm. as % of gross loans	1,03 %	0,78 %	0,41 %	0,39 %	0,46 %	0,49 %	0,57 %	0,36 %	0,36 %	0,34 %
Other doubtful commitm. as % of gross loans	0,91 %	0,60 %	0,51 %	0,37 %	1,33 %	0,57 %	0,24 %	0,21 %	0,14 %	0,14 %

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

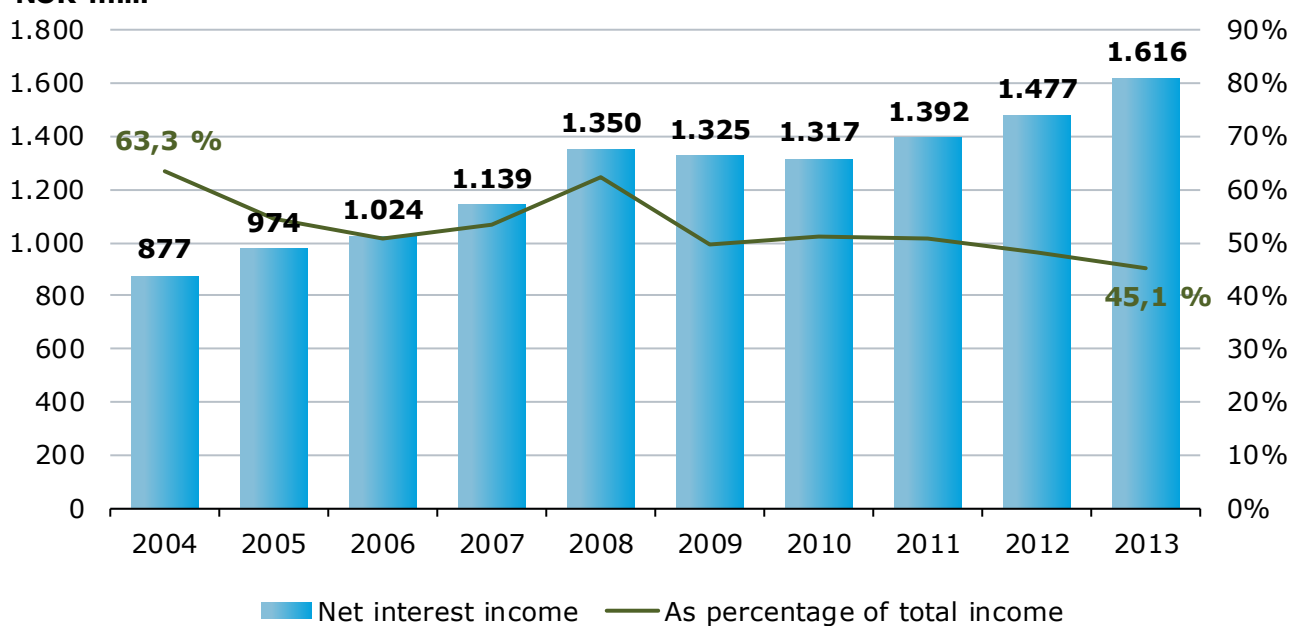
### Net profit and return on equity

NOK mill.

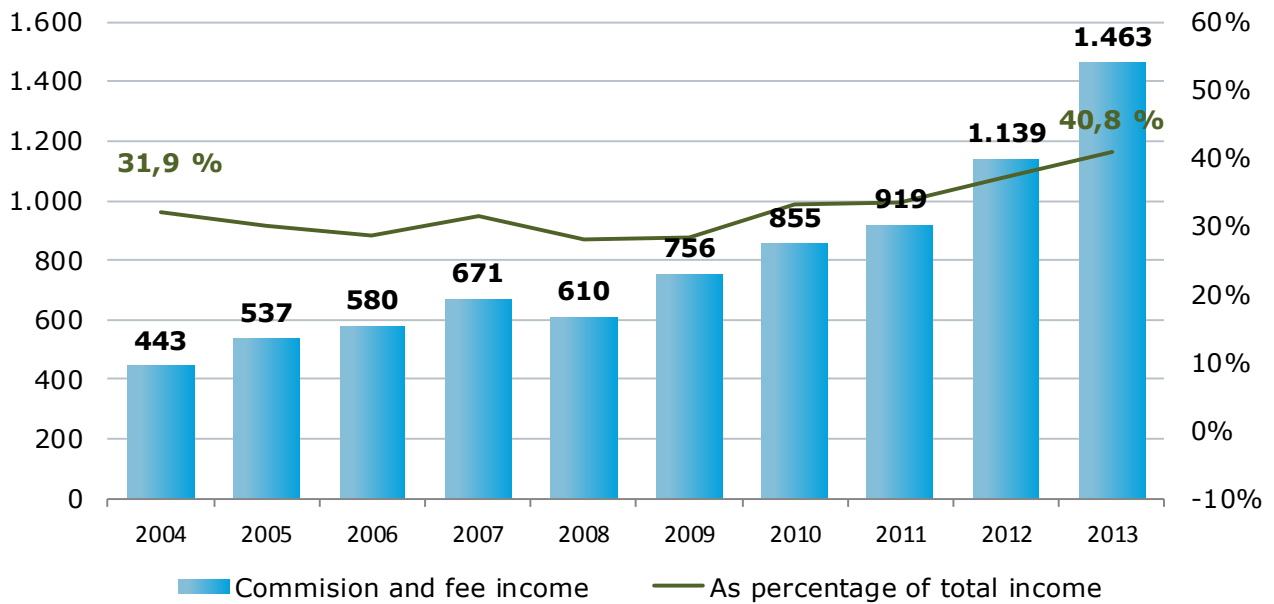


### Development in net interest income

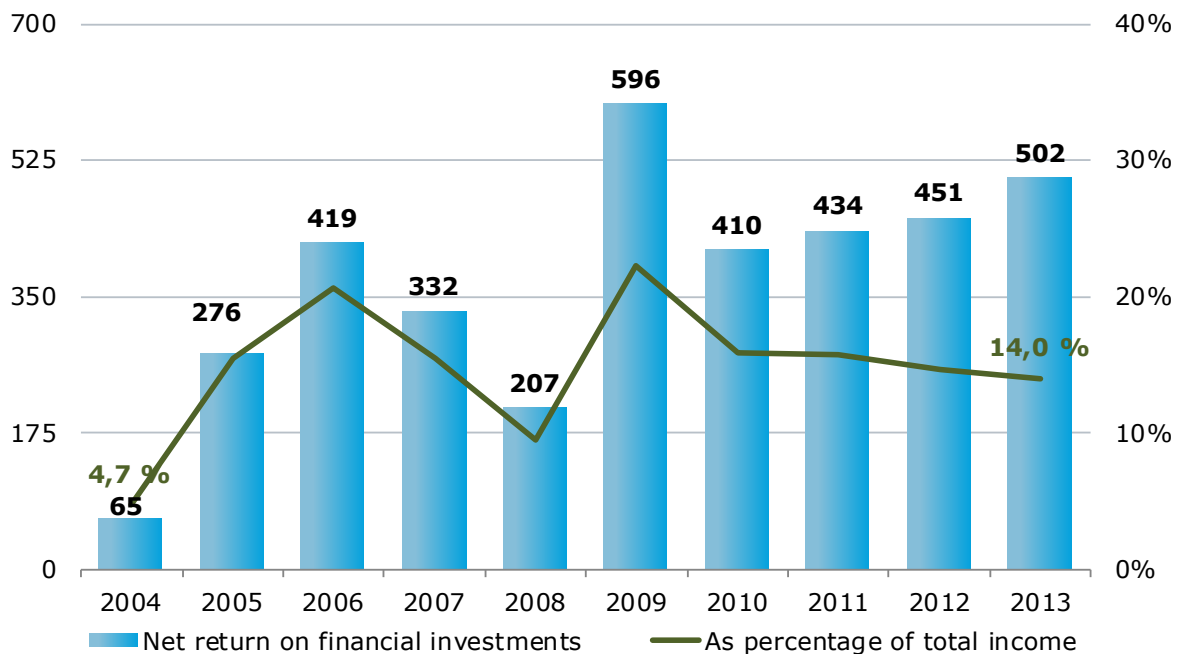
NOK mill.



*Development in commission income and other income*

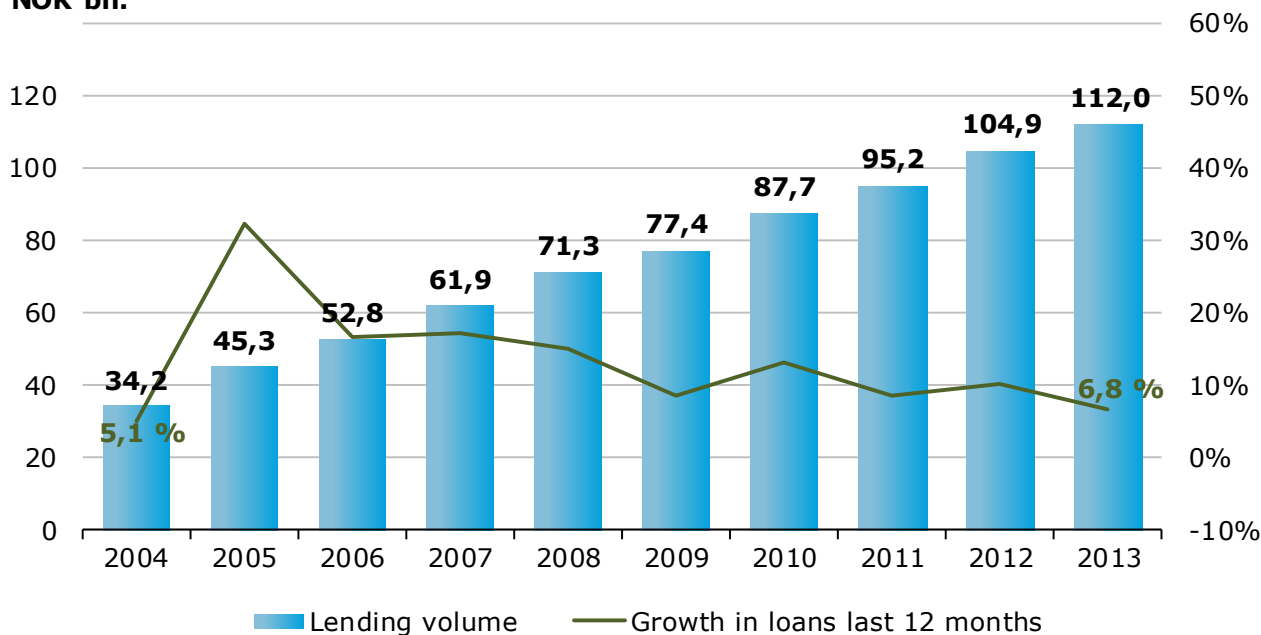


*Development in net return on financial investments*



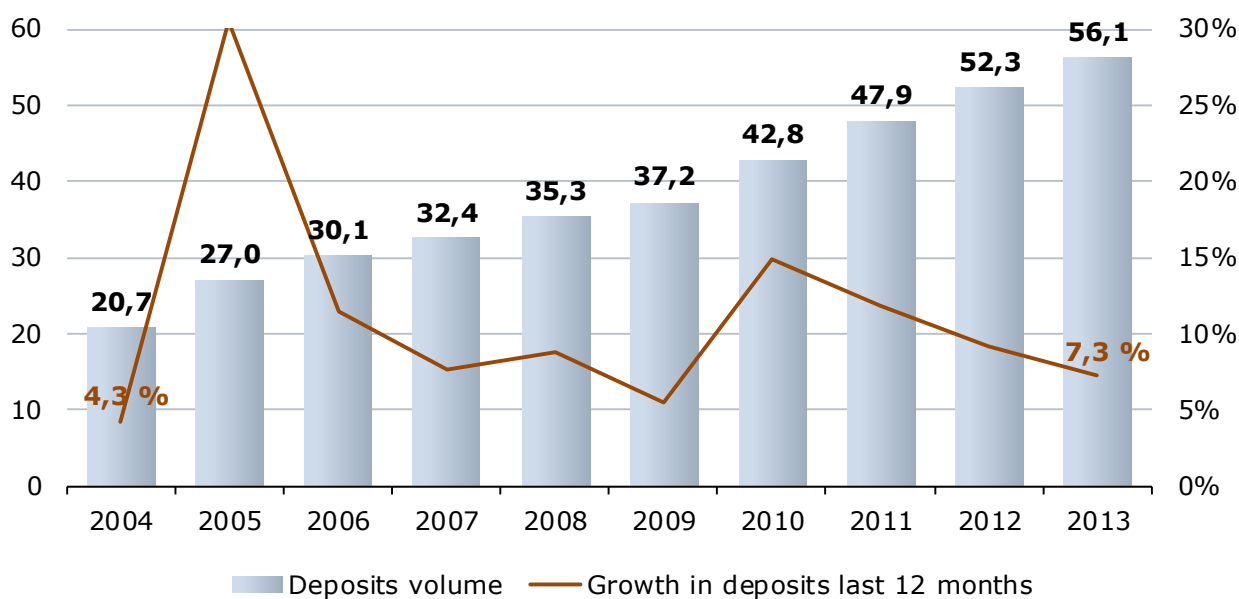
Volume development, Lending\*

NOK bn.



Volume development, Deposits\*

NOK bn.

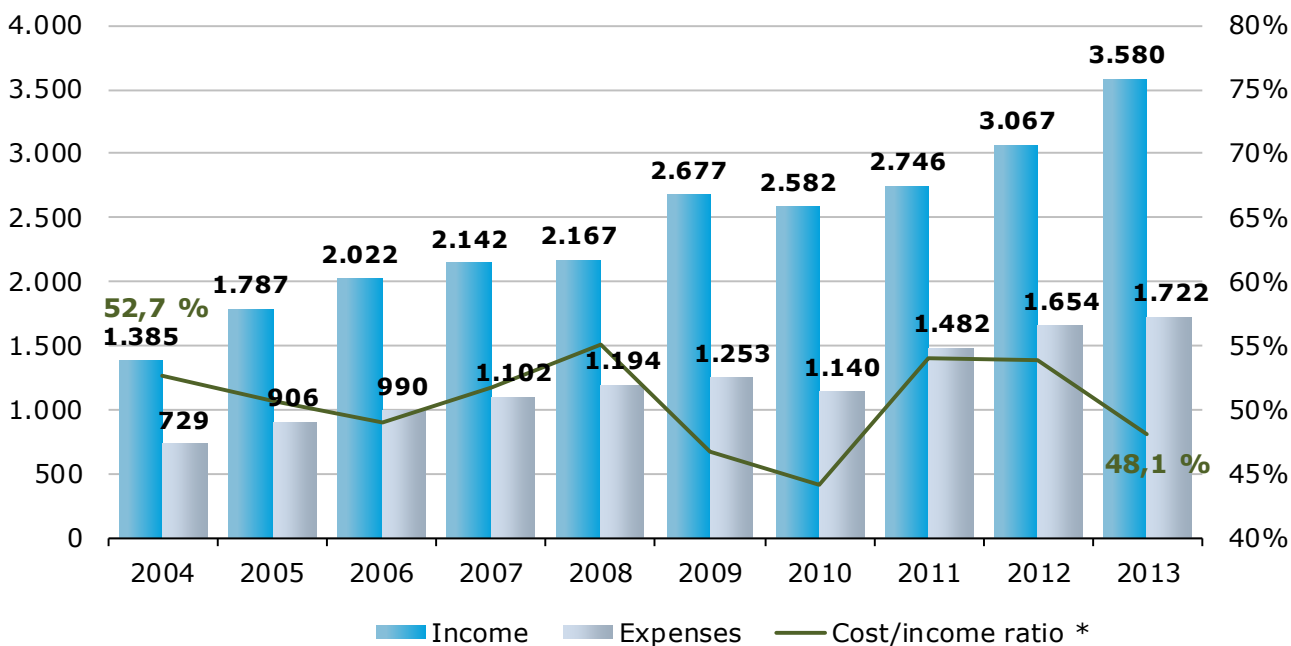


\*) The strong growth in 2005 in lending and deposits is related to the acquisition of 100 per cent of Romsdals Fellesbank.



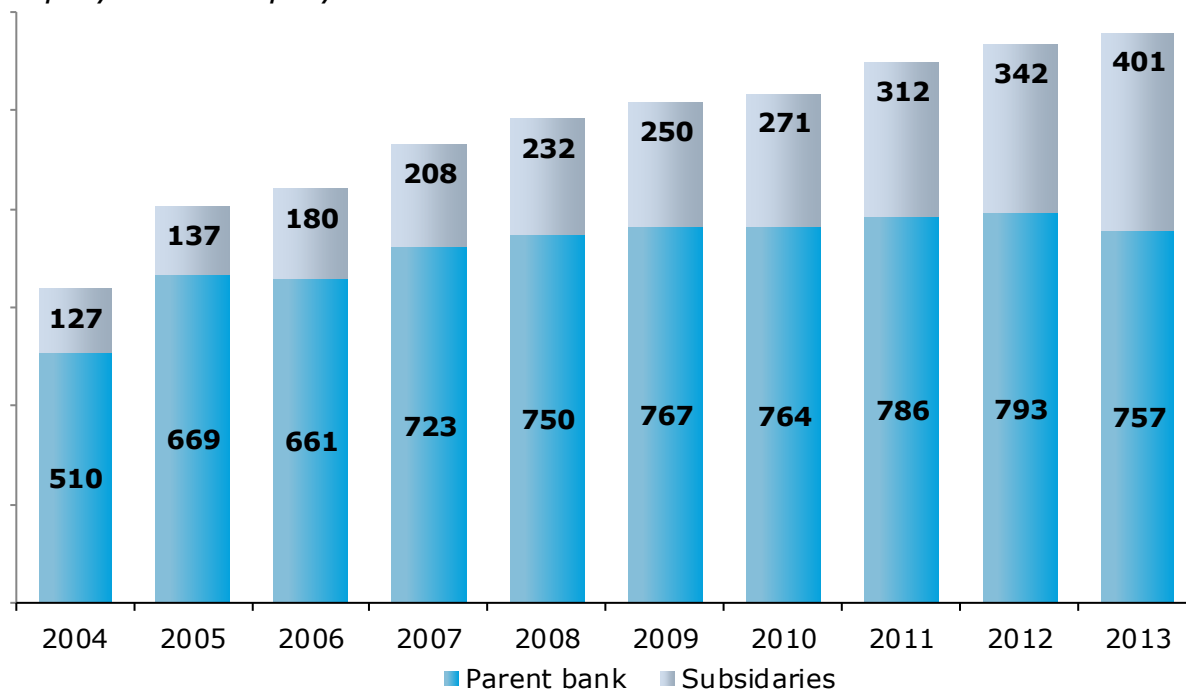
### Cost/income ratio

NOK mill.

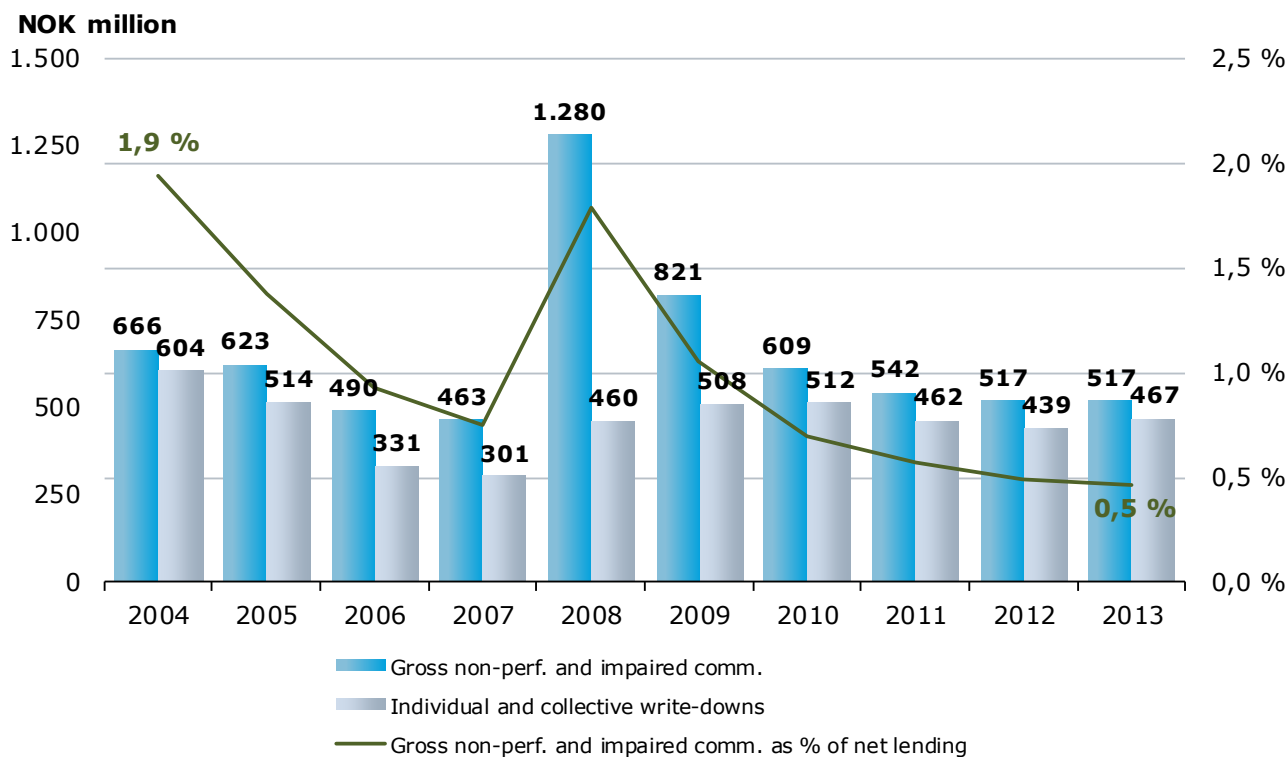


\* Total operating expenses as a percentage of total operating income

### Employees in employment



### Net non-performing and impaired commitments



### Capital Adequacy

