

Investor Relations

Supplementary information

Third Quarter 2017



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SpareBank 1 SMN's home page www.smn.no

ECC information in general www.egenkapitalbevis.no

Financial Calendar 2017

3rd quarter 2017 27 October 2017

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1. SpareBank 1 SMN

1.1. Financial highlights

January- September 2017

(Consolidated figures. Figures in parentheses refer to the same period of 2016 unless otherwise stated).

- Profit before tax and inv. held for sale: NOK 1,568 million (NOK 1,430 million)
- Net profit: NOK 1,250 million (NOK 1,185 million)
- Return on equity: 10.8 per cent (11.0 per cent)
- 12-month growth in lending (incl. SB1 Boligkreditt and SB1 Næringskreditt): 9.4 per cent (6.6 per cent)
- 12-month growth in deposits: 10.3 per cent (4.2 per cent)
- Loan losses: NOK 263 million (NOK 417 million)
- Common equity tier 1 ratio: 14.7 per cent (14.3 per cent)
- Earnings per EC: NOK 6.06 (5.70)

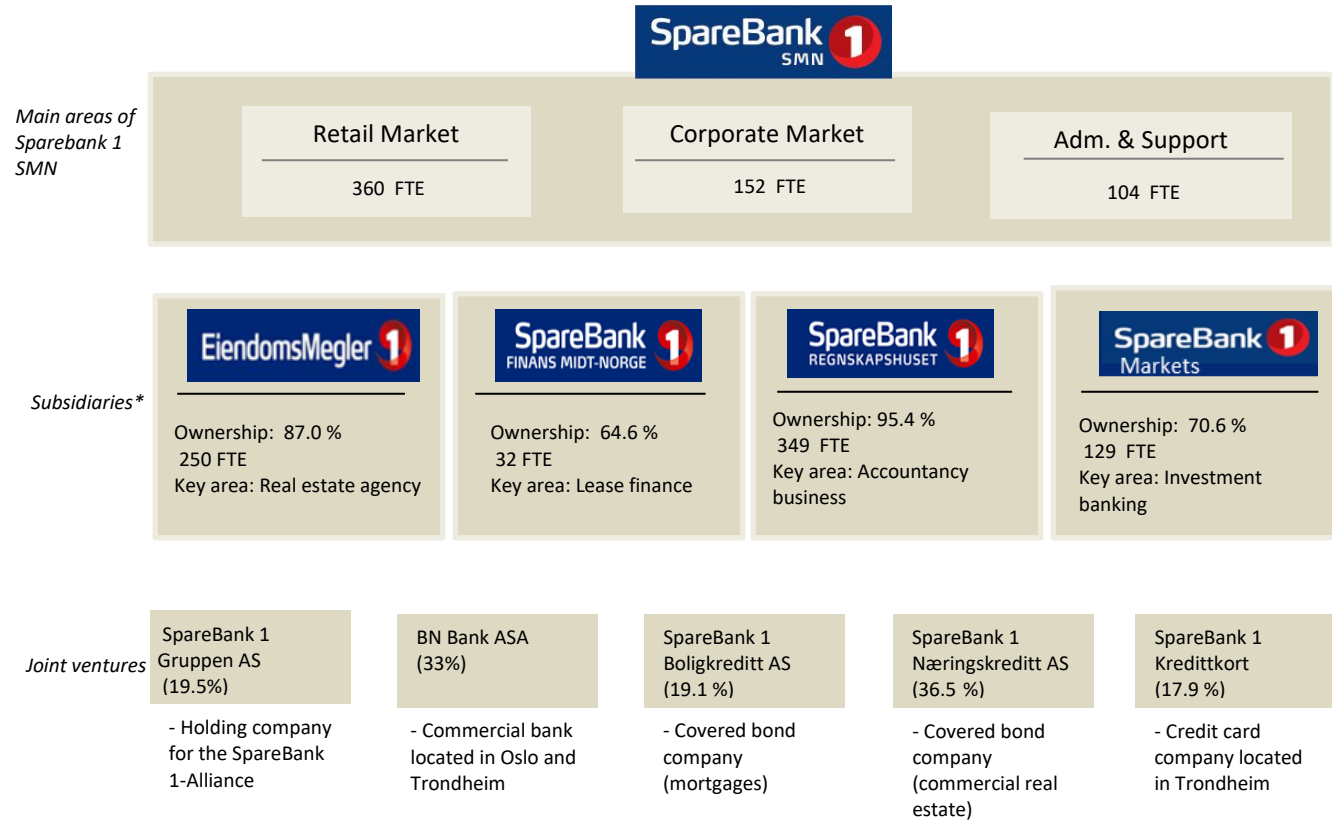
Third quarter 2017

- Profit before tax and inv. held for sale: NOK 607 million (NOK 500 million)
- Net profit: NOK 491 million (NOK 414 million)
- Return on equity: 12.5 % per cent (11.3 %per cent)
- Loan losses: NOK 88 million (NOK 130 million), including individual write downs of NOK 92 million (NOK 156 million), and collective write downs of NOK -5 million (NOK -26 million)
- Earnings per EC: NOK 2.41 (NOK 2.00)

1.2. Business description

SpareBank 1 SMN is Mid-Norway's largest bank with assets totalling NOK 147 billion at the end of September 2017. Head office is in Trondheim. SpareBank 1 SMN employs 1,415 FTEs (full time equivalents), including subsidiaries, and provides a full range of products and services within financing, investments, money transfers, pensions as well as life and non-life insurance.

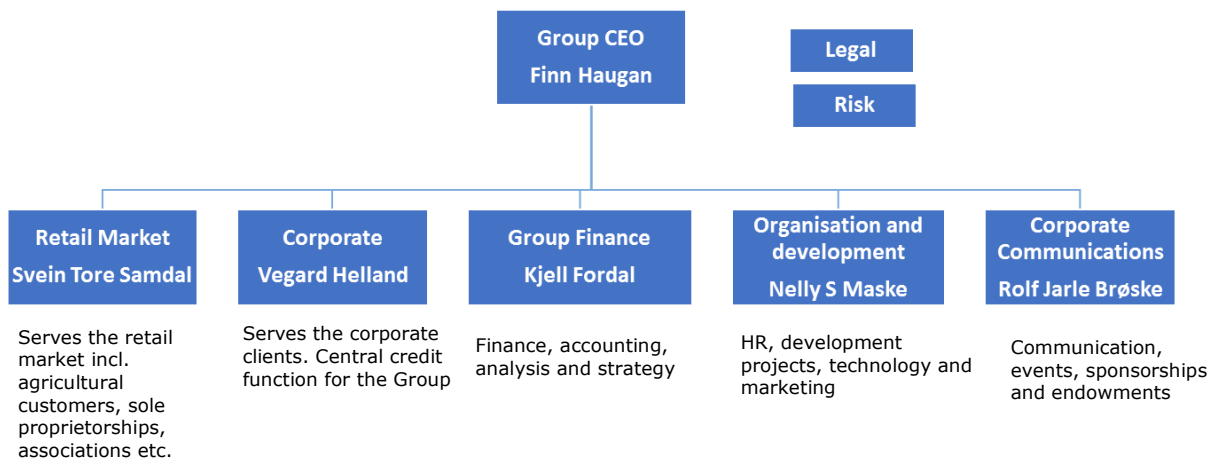
SpareBank 1 SMN's activities



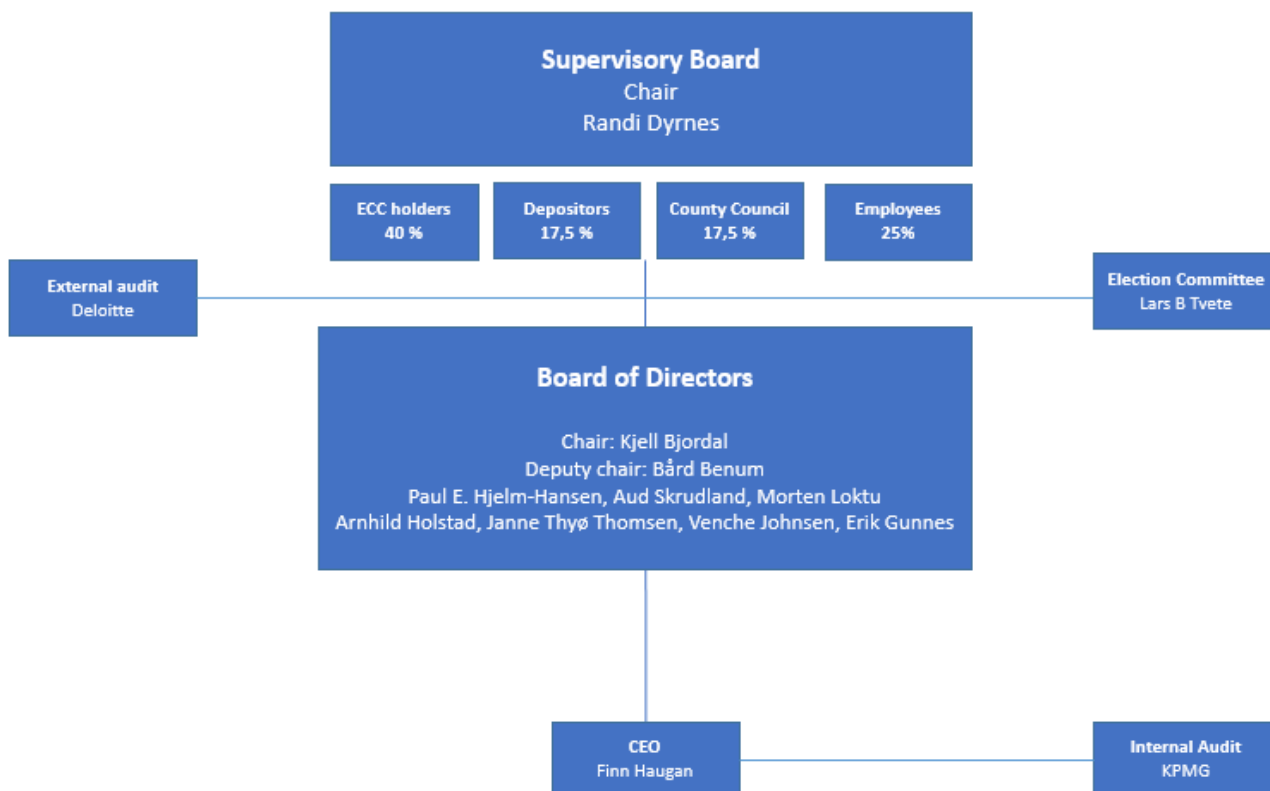
*In addition SpareBank 1 SMN has subsidiaries with activities covering asset management, investments in regional seed corn, venture and private equity funds, property companies and car fleet management. These subsidiaries account for 39 FTEs

Organisation of SpareBank 1 SMN

The Bank's operational structure is illustrated in the figure below

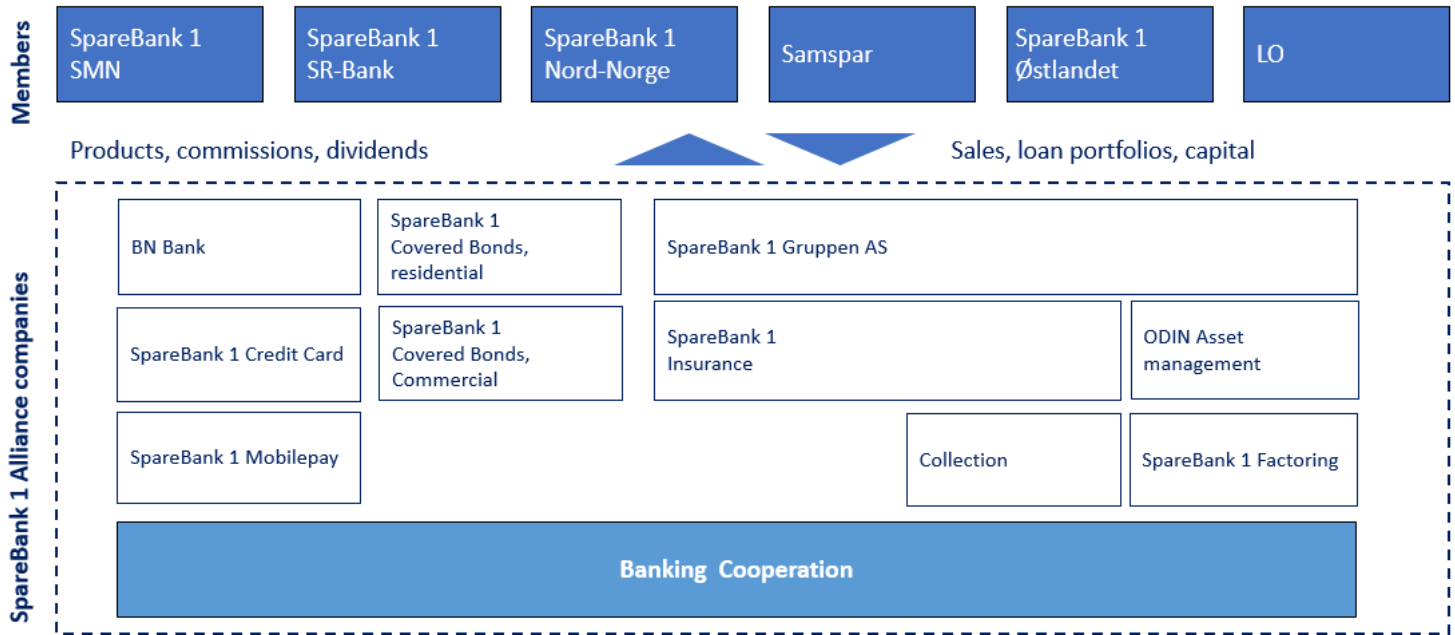


Overview of governing and control bodies

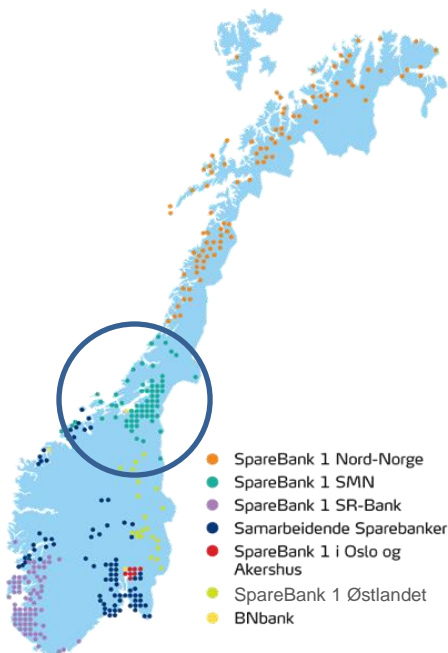


SpareBank 1 Alliance

SpareBank 1 SMN was one of the founding partners of the SpareBank 1 Alliance ("the Alliance") in 1996. The Alliance consists of closely cooperating savings banks, all of them being independent and locally anchored banks. The purpose of the SpareBank 1 Alliance is for members to develop, procure and supply competitive financial services and products and to exploit economies of scale. The Alliance canalize a lot of its mutual interests through SpareBank 1 Gruppen AS, a holding company of life and non-life insurance, mutual funds, a broker-dealer and other companies. The Alliance is the 2nd largest Norwegian financial group with a wide distribution all over Norway.



*) LO: The Norwegian Confederation of Trade Unions



1.3. Credit ratings

<i>Moody's</i>	Current rating	2015	2014	Year end		2011	2010
				2013	2012		
Outlook	Negative	Stable	Negative	Stable	Rating(s) under review	Stable	Stable
Issuer Rating	A1	A1	A2	A2	A2	A1	A1
Bank Deposits	A1/P-1	A1/P-1	A2/P-1	A2/P-1	A2/P-1	A1/P-1	A1/P-1
Senior Unsecured	A1	A1	A2	A2	A2	A1	A1
Subordinate	Baa2	Baa2	Baa2	Baa3	Baa3	A2	A2

<i>Fitch</i>	Current rating	2015	2014	Year end		2011	2010
				2013	2012		
Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Negative
Long-term IDR	A-	A-	A-	A-	A-	A-	A
Short-term IDR	F2	F2	F2	F2	F2	F2	F1
Support rating	5	3	3	3	3	3	3

1.4. Equity capital certificate (MING)

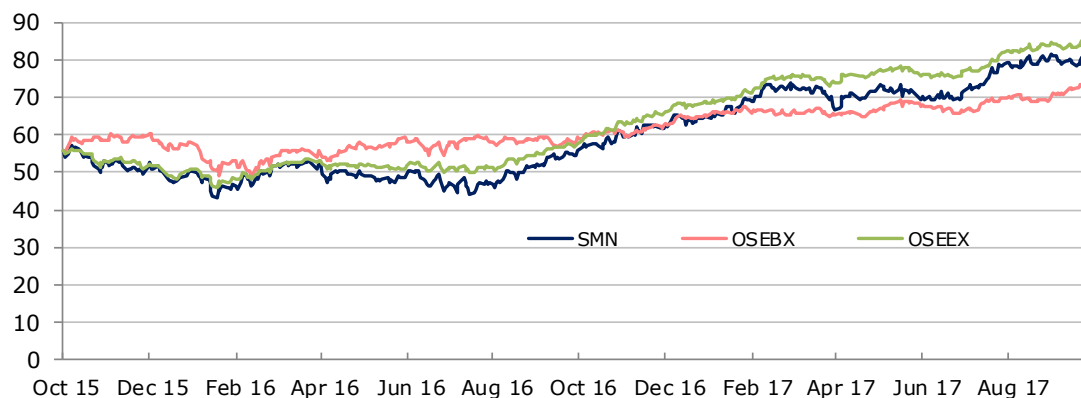
The key figures are corrected for issues.

30 September 2017 the price of the Bank's ECC was NOK 81.25 (NOK 55.75). Earnings per ECC were NOK 6.06 (NOK 5.70). Book value per ECC was NOK 76.21 (NOK 71.17) as of 30 September 2017.

Key figures

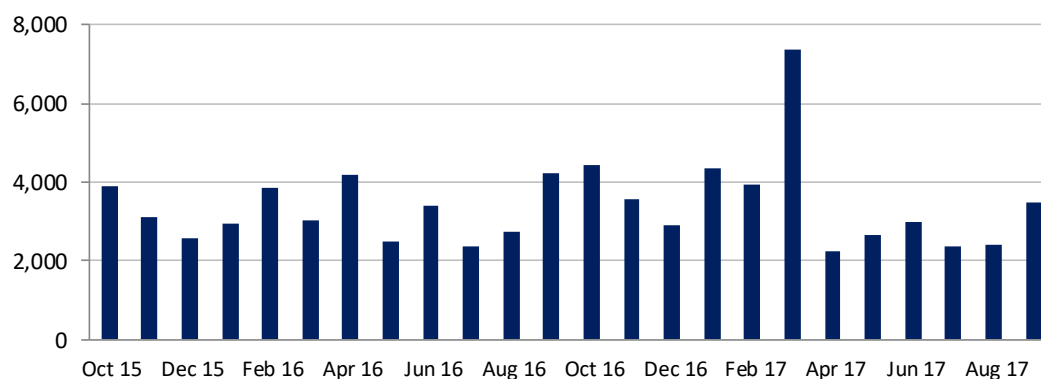
(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
ECC price	81.25	71.75	66.50	64.75	55.75	81.25	55.75	64.75	50.50
Number of certificates issued, millions	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83	129.83
Booked equity capital per ECC (incl. dividend)	76.21	73.85	72.03	73.26	71.17	76.21	71.17	73.26	67.65
Adjusted profit per ECC	2.41	1.92	1.73	2.21	2.00	6.06	5.70	7.91	7.02
P/E per ECC (annualised)	8.42	9.34	9.59	7.34	6.98	10.05	7.33	8.19	7.19
P/B equity capital	1.07	0.97	0.92	0.88	0.78	1.07	0.78	0.88	0.75

Stock price compared with OSEBX¹⁾ and OSEEX²⁾
1 Oct 2015 to 30 Sep 2017



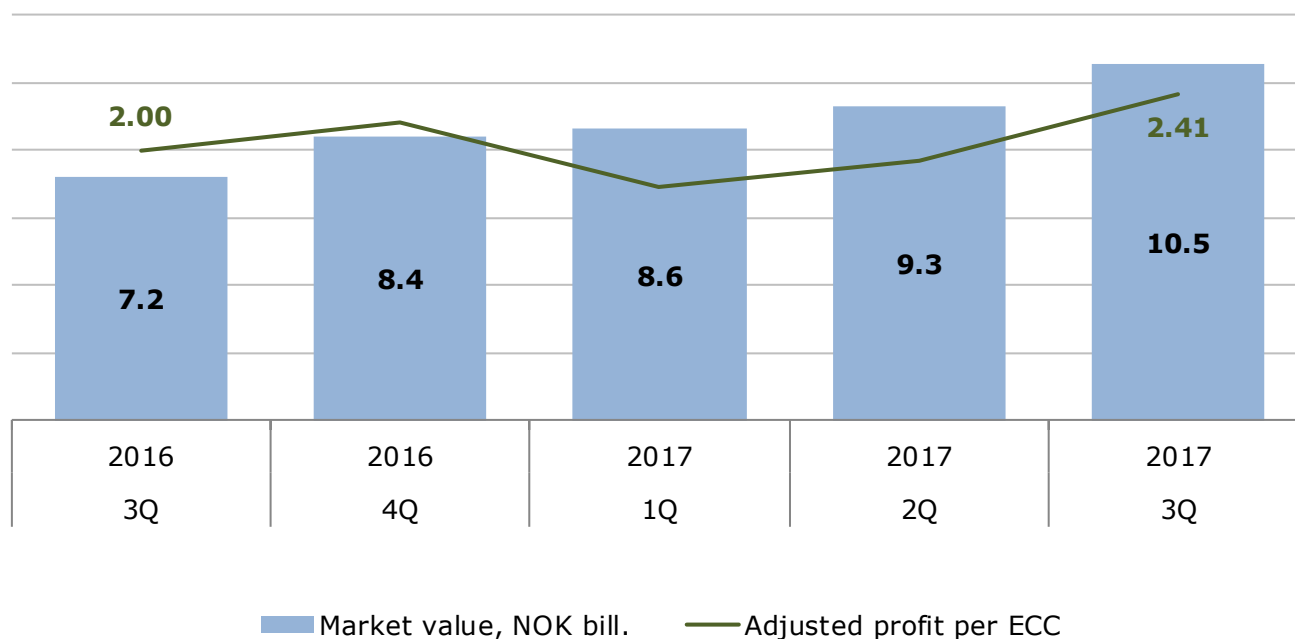
1) OSEBX = Oslo Stock Exchange Benchmark Index (rebased)
2) OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics¹⁾
1 Oct 2015 to 30 Sep 2017



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

Market value and profit per ECC



Equity certificates ratio (parent bank)

(in NOK million)	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	31 Dec. 2015
ECC capital	2,597	2,597	2,597	2,597	2,597	2,597
Dividend equalisation reserve	4,487	4,487	4,487	4,487	3,790	3,790
Premium reserve	895	895	895	895	895	895
Unrealised gains reserve	81	81	81	81	142	142
Other equity	4	6	-	-	3	3
A. The equity certificate owner's capital	8,064	8,066	8,060	8,060	7,428	7,428
Saving bank reserve	4,498	4,498	4,498	4,498	4,105	4,105
Unrealised gains reserve	45	45	45	45	79	79
Other equity	2	3	-	-	2	2
B. The saving bank reserve	4,545	4,546	4,543	4,543	4,186	4,186
Provision for gifts	-	-	-	220	-	-
Recommended dividends	-	-	-	389	-	-
Equity ex. profit	12,609	12,612	12,603	13,212	11,614	11,614
Equity certificates ratio A/(A+B)	63.95 %	63.95 %	63.95 %	63.95 %	63.96 %	63.96 %

20 largest ECC holders

Owner	Number	Ownership in %
VPF Nordea Norge Verdi	6,572,299	5.06 %
Sparebankstiftelsen SMN	3,965,391	3.05 %
Verdipapirfondet DNB Norge (IV)	3,807,407	2.93 %
VPF Odin Norge	3,726,686	2.87 %
State Street Bank and Trust CO (nominee)	3,715,284	2.86 %
VPF Danske Invest Norske Aksjer Inst. II	3,369,028	2.59 %
JP Morgan Chase Bank (nominee)	2,941,307	2.27 %
VPF Pareto Aksje Norge	2,455,344	1.89 %
State Street Bank and Trust CO (nominee)	1,996,638	1.54 %
VPF Alfred Berg Gambak	1,924,604	1.48 %
Pareto AS	1,821,202	1.40 %
VPF Danske Invest Norske Aksjer Inst. I	1,760,092	1.36 %
Forsvarets Personellservice	1,717,046	1.32 %
MP Pensjon PK	1,568,771	1.21 %
JP Morgan Chase Bank (nominee)	1,506,994	1.16 %
VPF Nordea Kapital	1,474,454	1.14 %
VPF Nordea Avkastning	1,289,111	0.99 %
Morgan Stanley And Co Intl plc	1,038,984	0.80 %
VPF Storebrand Norge I	1,020,495	0.79 %
The Northern Trust Comp	1,016,664	0.78 %
Total 20 largest shareholders	48,687,801	37.50 %
Others	81,148,642	62.50 %
Total	129,836,443	100.00 %

ECC capital history

Year	Change	Change in ECC capital	Total ECC capital	No. of ECC's
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

2.1. Main figures

(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Net interest	559	521	522	493	449	1,603	1,391	1,883	1,872
Commission income and other income	482	538	455	414	412	1,475	1,260	1,674	1,545
Net return on financial investments	235	131	138	228	274	504	717	944	459
Total income	1,276	1,191	1,115	1,134	1,134	3,582	3,368	4,502	3,876
Total operating expenses	582	598	571	482	504	1,751	1,521	2,003	1,931
Result before losses	694	593	544	652	630	1,831	1,847	2,499	1,945
Loss on loans, guarantees etc.	88	86	89	99	130	263	417	516	169
Result before tax	607	507	454	553	500	1,568	1,430	1,983	1,776
Tax charge	115	109	96	99	85	320	242	341	370
Results investments held for sale, after tax	0	3	0	7	-1	2	-3	4	-1
Net profit	491	401	358	462	414	1,250	1,185	1,647	1,406

Balance sheet - condensed

Balance (in NOK million)	30 Sept.	30 Jun.	31 Mar.	31 Dec.	30 Sept.	31 Dec.
	2017	2017	2017	2016	2016	2015
Total assets	146,913	149,449	142,042	138,080	139,815	141,145
Average total assets (quarterly)	148,181	145,746	140,061	138,948	140,480	137,745
Gross loans to customers *	147,146	143,800	140,038	137,535	134,462	132,583
Deposits from customers	73,086	75,559	70,176	67,168	66,290	67,031
Total equity capital	16,255	15,780	15,315	15,299	14,893	14,460

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

Key figures

	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Return on equity	12.5 %	10.5 %	9.4 %	12.2 %	11.3 %	10.8 %	11.0 %	11.3 %	10.7 %
Common Equity Tier 1 ratio	14.7 %	15.0 %	14.8 %	14.9 %	14.3 %	14.7 %	14.3 %	14.9 %	13.6 %
Cost/income ratio group	46 %	50 %	51 %	43 %	44 %	49 %	45 %	44 %	50 %
Growth in loans incl Boligkreditt and Næringskreditt last 12 months	9.4 %	8.5 %	8.1 %	8.0 %	6.6 %	9.4 %	6.6 %	8.0 %	5.8 %
Growth in deposits last 12 months	10.3 %	12.7 %	9.9 %	4.8 %	4.2 %	10.3 %	4.2 %	4.8 %	5.6 %
Deposits-to-loan ratio incl Boligkreditt and Næringskreditt last 12 months	50 %	53 %	50 %	49 %	49 %	50 %	49 %	49 %	50 %
Impairment losses ratio	0.24 %	0.24 %	0.26 %	0.29 %	0.39 %	0.25 %	0.42 %	0.39 %	0.14 %
Non-performing commitm. as % of gross loans	0.18 %	0.18 %	0.15 %	0.16 %	0.16 %	0.18 %	0.16 %	0.16 %	0.16 %
ECC price	81.25	71.75	66.50	64.75	55.75	81.25	55.75	64.75	50.50
Booked equity capital per ECC (incl. dividend)	76.21	73.85	72.03	73.26	71.17	76.21	71.17	73.26	67.65
Adjusted profit per ECC	2.41	1.92	1.73	2.21	2.00	6.06	5.70	7.91	7.02

2.2. Net interest income

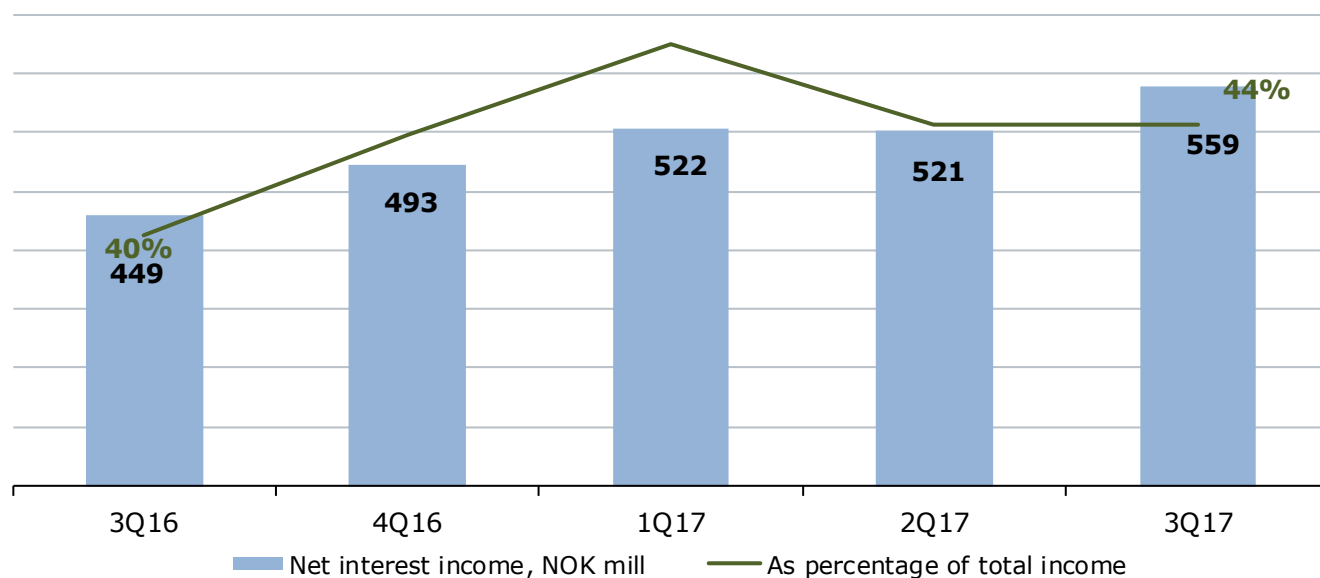
Net interest income

(in NOK million)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	30 Sept. 2017 2016		2016	2015
Interest income	959	945	931	917	874	2,836	2,680	3,597	4,031
Interest expenses	400	424	409	424	425	1,233	1,289	1,714	2,159
Net interest income	559	521	522	493	449	1,603	1,391	1,883	1,872

As percentage of total income	44 %	44 %	47 %	43 %	40 %	45 %	41 %	42 %	48 %
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Margins on loans sold to Sparebank 1 Boligkreditt and Sparebank 1 Næringskreditt are recorded as commission income. See part 2.3. Commission Income

Development in net interest income

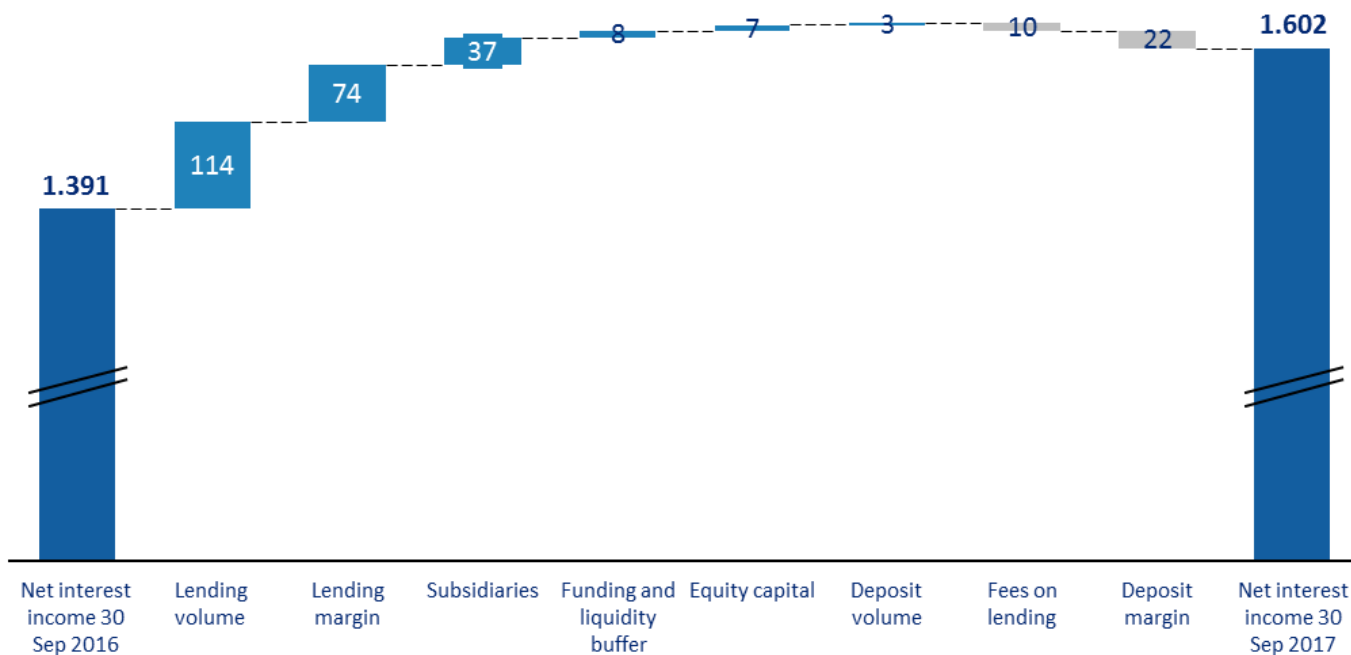


Changes in interest income from lending and deposits, last 12 months

(in NOK million)	Volume	Margin	Total
Lending	114	74	188
Deposits	3	-22	-18
Total	117	53	170

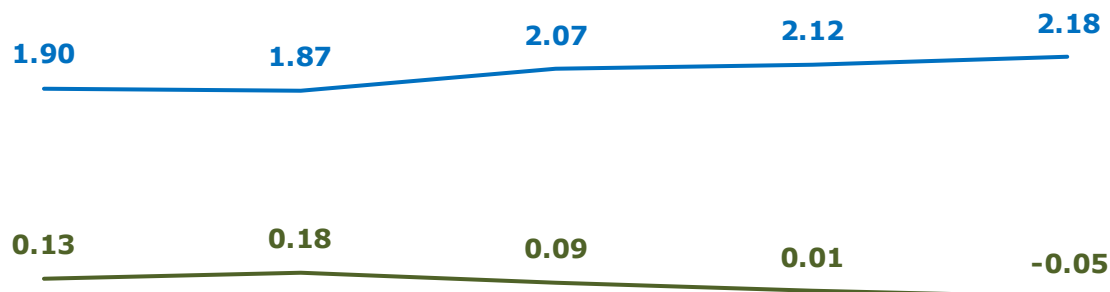
Changes in net interest income

(in NOK million)	2017	30 Sept. Change	2016
Net interest income	1,603	212	1,391
Equity capital		7	
Lending volume		114	
Fees on lending		-10	
Deposit margin		-22	
Subsidiaries		37	
Deposit volume		3	
Lending margin		74	
Funding and liquidity buffer		8	
Change		212	



Margin development

Definition margin: Average customer interest minus 3 months nibor

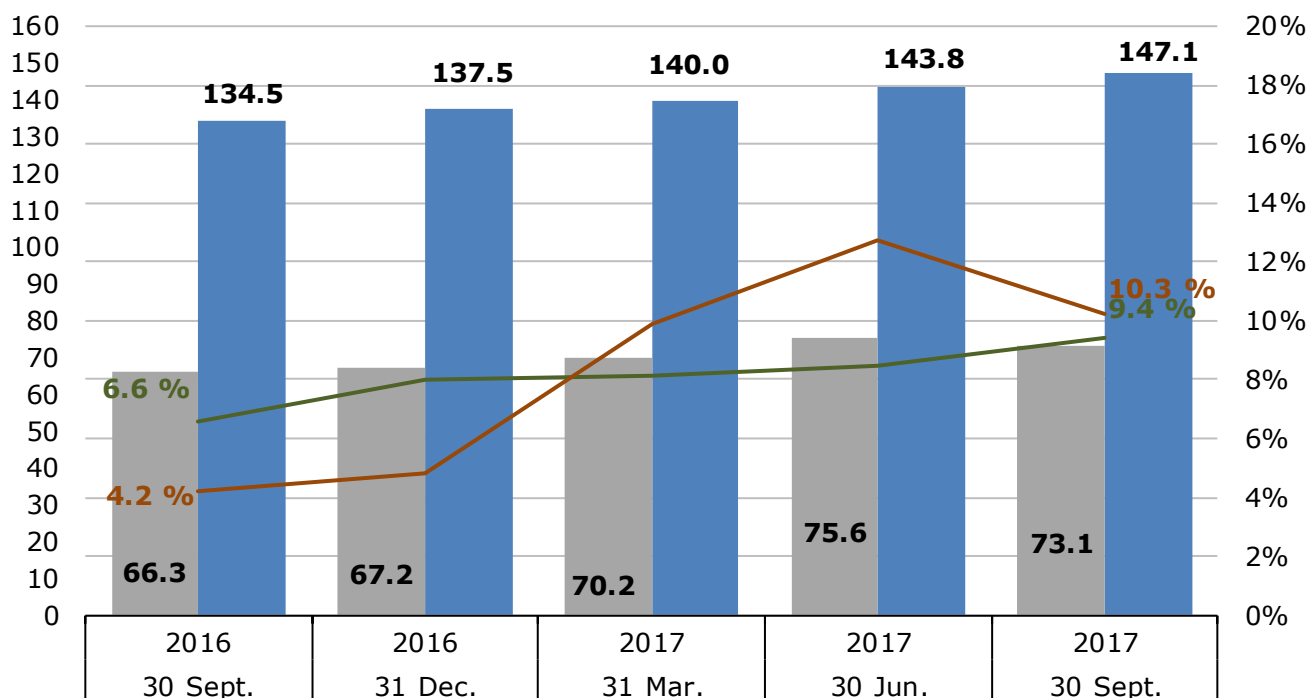


2016 30 Sept.	2016 31 Dec.	2017 31 Mar.	2017 30 Jun.	2017 30 Sept.
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— Lending margin — Deposits margin

Volume development

NOK bn.



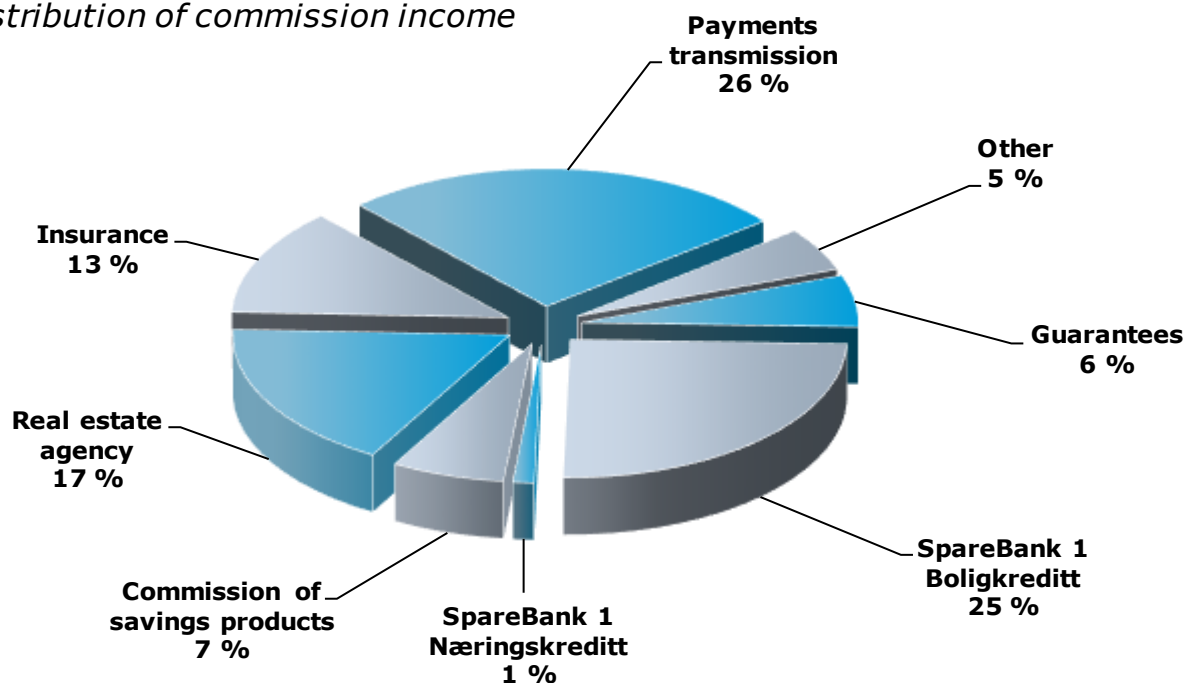
■ Lending volume ■ Deposits volume
 — Growth in loans last 12 months — Growth in deposits last 12 months

2.3. Commission income

Total commission and other income

(in NOK million)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	30 Sept. 2017 2016		2016	2015
Guarantees	25	17	19	15	21	62	61	76	80
SpareBank 1 Boligkreditt	95	86	72	60	67	254	211	271	326
SpareBank 1 Næringskreditt	4	4	4	4	3	12	8	12	8
Commission of savings products	23	23	20	19	19	67	56	74	68
Real estate agency	54	68	55	55	65	177	192	247	212
Insurance	44	43	41	40	40	128	119	159	156
Payments transmission	96	89	82	92	97	267	263	355	344
Other	18	19	14	15	15	52	43	57	50
Total commissions income	360	349	308	300	326	1,018	952	1,251	1,245
Operating- and sales income real estate	29	35	31	22	35	94	99	121	108
Accounting services	69	97	93	45	38	259	156	202	182
Other operating income	70	95	58	81	47	224	152	234	145
Total other operating income	168	227	182	149	120	577	407	556	435
Commission expenses	46	38	35	35	34	120	99	133	135
Total commissions and other income	482	538	455	414	412	1,475	1,260	1,674	1,545
As percentage of total income	38 %	45 %	41 %	37 %	36 %	41 %	37 %	37 %	40 %

Distribution of commission income



Change in commission and other income

(in NOK million)	2017	30 Sept. Change	2016
Total	1,475	215	1,260
Real estate agency		-15	
Other operating income		71	
Operating- and sales income real estate		-4	
Accounting services		102	
Insurance		9	
Commission of savings products		12	
Commission expenses		-21	
Other		9	
Payments transmission		4	
Guarantees		1	
SpareBank 1 Boligkreditt		43	
SpareBank 1 Næringskreditt		5	

Net return on financial investments

incl investments held for sale

(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016
	2017	2017	2017	2016	2016	2017	2016	
Dividends	1	3	1	1	13	5	87	88
SpareBank 1 Gruppen	80	68	66	97	79	214	220	317
SpareBank 1 Boligkreditt	11	-13	-24	-26	-13	-26	9	-17
SpareBank 1 Næringskreditt	5	5	8	8	5	18	20	29
BN Bank	21	20	29	7	28	70	79	86
SpareBank 1 Kredittkort	3	5	2	3	6	11	20	24
SpareBank 1 Mobilbetaling	0	-1	-13	-8	-9	-14	-19	-27
Other companies	5	12	3	0	5	19	16	15
Income from investment in associates and joint	126	96	71	82	102	293	346	427
Capital gains shares						79	100	
Gain on derivatives						32	52	
Gain on other financial instruments at fair value (FVO)						11	26	
Foreign exchange gain						29	53	
Gain on certificates and bonds						206	138	
Gain on financial instruments related to hedging						-147	-89	
Net return on financial investments*	108	35	66	153	157	209	281	434
Total net return on financial investments	235	134	138	235	272	507	713	949
As percentage of total income	18 %	11 %	12 %	21 %	24 %	14 %	21 %	21 %

*New specification of net return on financial investments as of June 2017, historical figures have not been prepared

Change in net return on financial investments

(in NOK million)	2017	30 Sept. Change	2016
Total	507	-207	713
Dividends		-82	
Income from investment in related companies, incl. inv. held for sale		-53	
Capital gains shares		-22	
Gain on derivatives		-19	
Gain on other financial instruments at fair value (FVO)		-16	
Foreign exchange gain		-24	
Gain on certificates and bonds		67	
Gain on financial instruments related to hedging		-59	

2.4. Operating expenses

Operating expenses

(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Salary	274	286	253	275	229	814	716	991	833
Pension costs (defined benefit plan)	28	23	28	-77	19	79	56	-20	71
Employer's insurance contributions	2	3	3	2	4	8	11	13	14
Other personnel expenses	53	50	60	50	43	163	124	175	176
Total personnel expenses	357	362	345	251	294	1063	908	1159	1093
EDP and telecommunication expenses	67	69	69	57	65	205	195	252	240
Postage and transportation services	5	6	6	6	5	17	17	22	22
Marketing	26	23	24	30	23	73	68	98	96
Operating exp. on properties and premises	25	23	26	31	26	74	73	109	100
Other external services	29	28	27	33	29	84	78	108	105
Other operating expenses	32	40	30	49	38	102	75	156	171
Depr./write-downs of fixed & intangible assets	41	47	44	25	25	133	107	98	104
Other expenses	225	236	227	231	210	688	613	844	838
Total operating expenses	582	598	571	482	504	1,751	1,521	2,003	1,931
Cost/income ratio	46 %	50 %	51 %	43 %	44 %	49 %	45 %	44 %	50 %
Cost/income ratio ex financial inv.	56 %	56 %	58 %	53 %	59 %	57 %	57 %	56 %	57 %
12-month cost growth*	15.4 %	13.3 %	16.8 %	-6.4 %	8.1 %	15.2 %	6.9 %	3.7 %	8.1 %

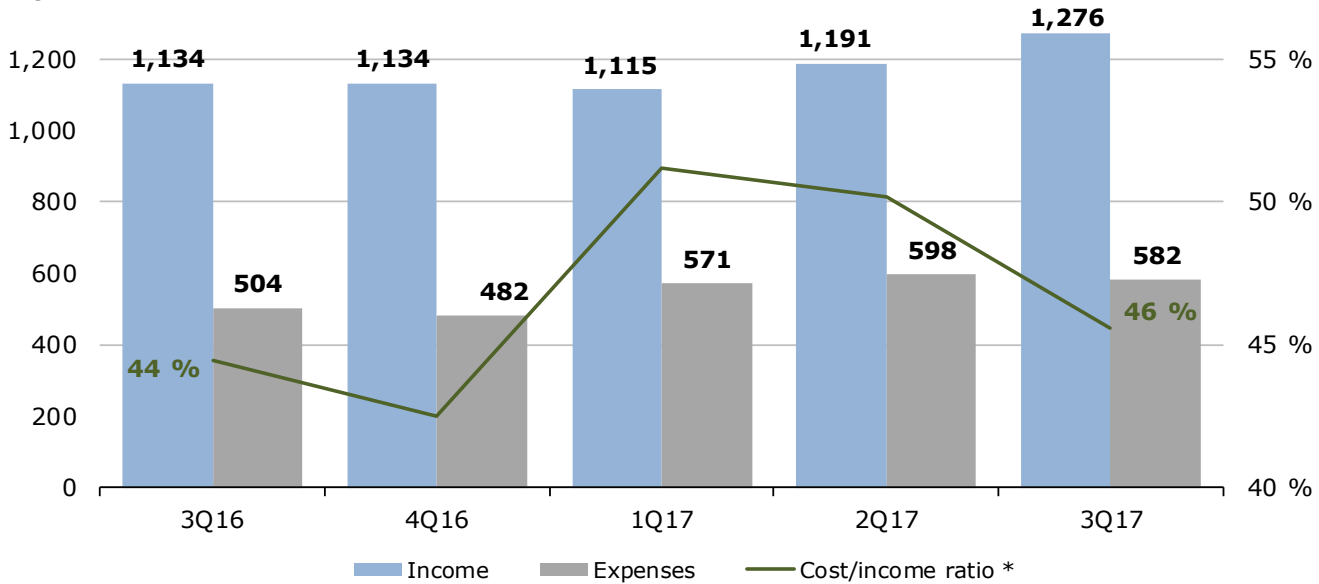
* SpareBank 1 Regnskapshuset SMN's acquisition of a large accounting firm 1 January 2017 affects the 12 month cost growth in 2017. The 12 month cost growth in 2016 is affected by the consolidation of SpareBank 1 Markets as a subsidiary

Change in operating expenses

(in NOK million)	2017	30 Sept. Change	2016
Total	1,751	230	1,521
Total personnel expenses		156	
Depr./write-downs of fixed & intangible assets		25	
EDP and telecommunication expenses		10	
Other operating expenses		27	
Operating exp. on properties and premises		1	
Other external services		6	
Marketing		6	
Postage and transportation services		1	

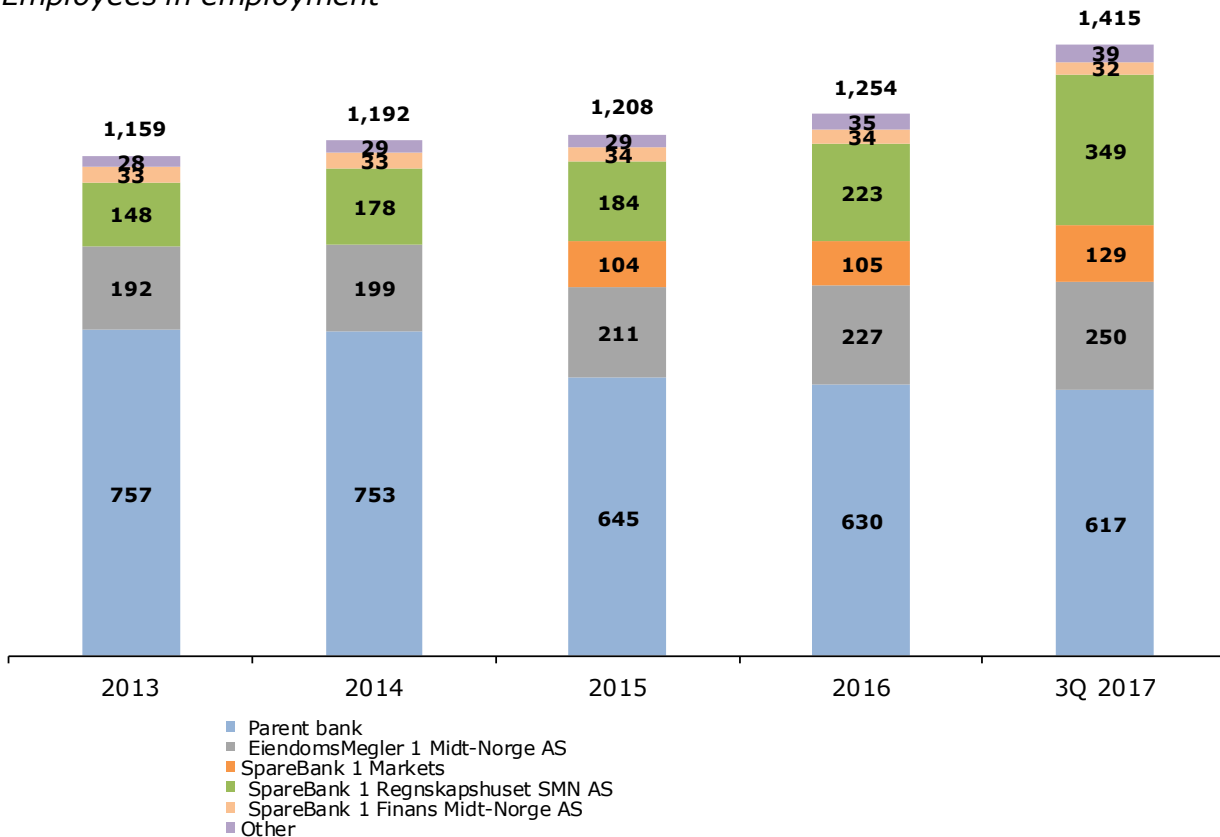
Cost/income ratio

NOK mill.



* Total operating expenses as a percentage of total operating income

Employees in employment



SpareBank 1 Markets has been a subsidiary of SpareBank 1 SMN since 1 April 2015. SpareBank 1 SMN's capital market activities, including 32 FTEs, were transferred to SpareBank 1 Markets as part of the transaction.

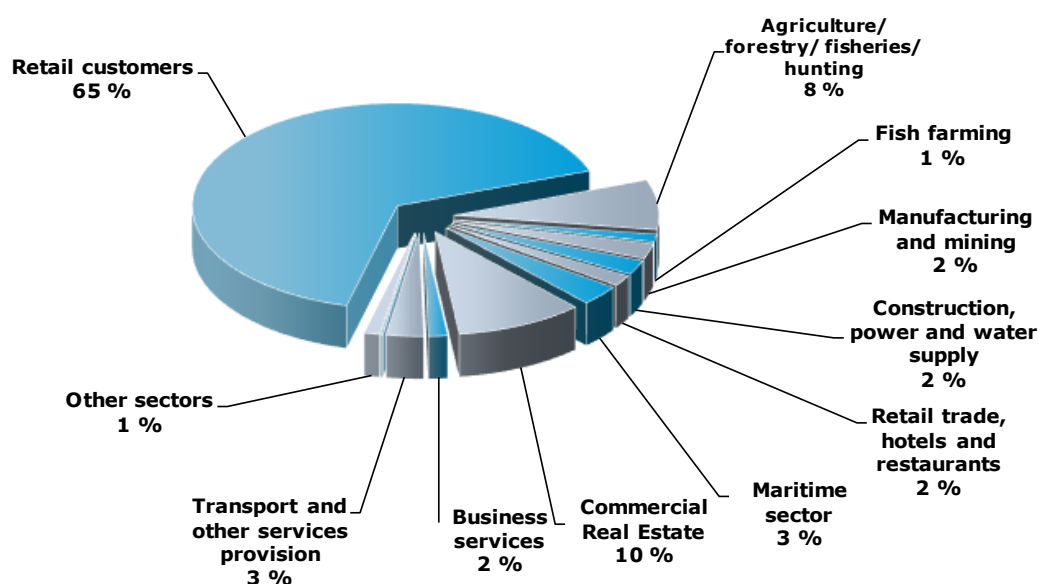
3. Loans to customers

3.1. Distribution of loans by industry

Distribution of loans by industry

(in NOK million)	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	31 Dec. 2015
Agriculture/ forestry/ fisheries/ hunting	11,486	11,213	10,679	10,499	9,607	9,357
Fish farming	1,745	1,708	1,700	1,985	1,738	2,044
Manufacturing and mining	3,560	3,415	3,113	2,985	2,977	2,823
Construction, power and water supply	3,341	4,018	3,335	3,532	3,684	3,432
Retail trade, hotels and restaurants	2,546	1,589	2,735	2,510	2,482	2,591
Maritime sector	4,678	4,532	4,863	4,983	5,027	5,407
Commercial Real Estate	14,867	14,749	14,115	13,744	13,761	14,110
Business services	2,216	2,230	2,100	2,072	2,174	2,119
Transport and other services provision	4,332	4,142	3,840	3,836	3,893	3,829
Public administration	226	282	291	288	269	186
Other sectors	1,796	1,819	1,924	1,700	1,463	1,512
Gross loans in corporate market	50,794	49,698	48,696	48,133	47,074	47,411
Retail customers	96,352	94,101	91,343	89,402	87,388	85,171
Gross loans incl. Boligkr. and Næringskr.	147,146	143,800	140,038	137,535	134,462	132,583
- Adv. of this Boligkreditt	34,196	34,181	33,757	33,142	32,930	32,952
- Adv. of this Næringskreditt	2,255	2,261	2,164	2,069	1,963	1,841
Gross loans in balance sheet	110,695	107,358	104,117	102,325	99,569	97,790
Share of loans, corporate market	35 %	35 %	35 %	35 %	35 %	36 %
Share of loans, retail market	65 %	65 %	65 %	65 %	65 %	64 %

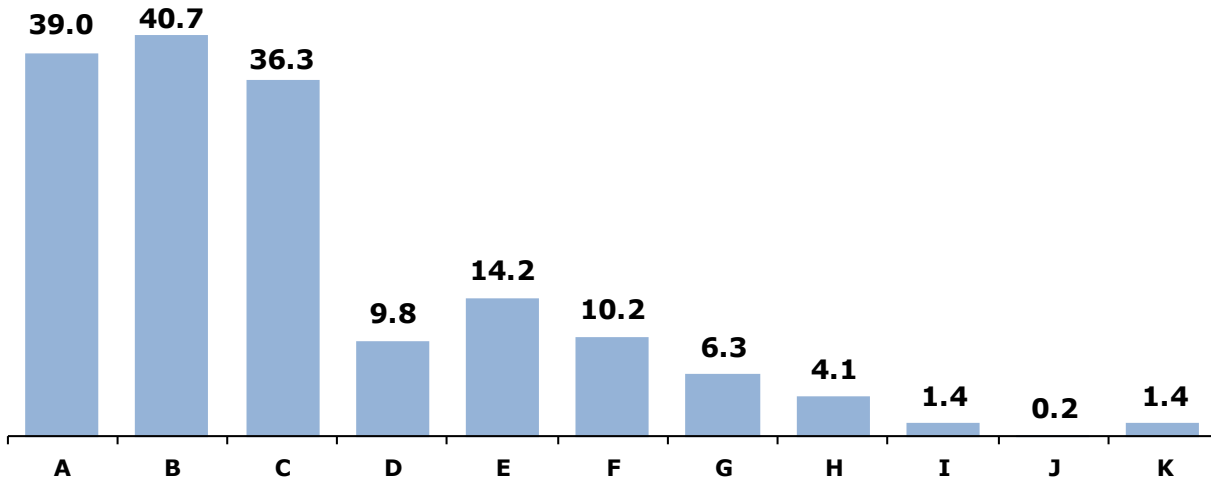
Distribution of loans by industry



3.2. Risk profile and write-downs

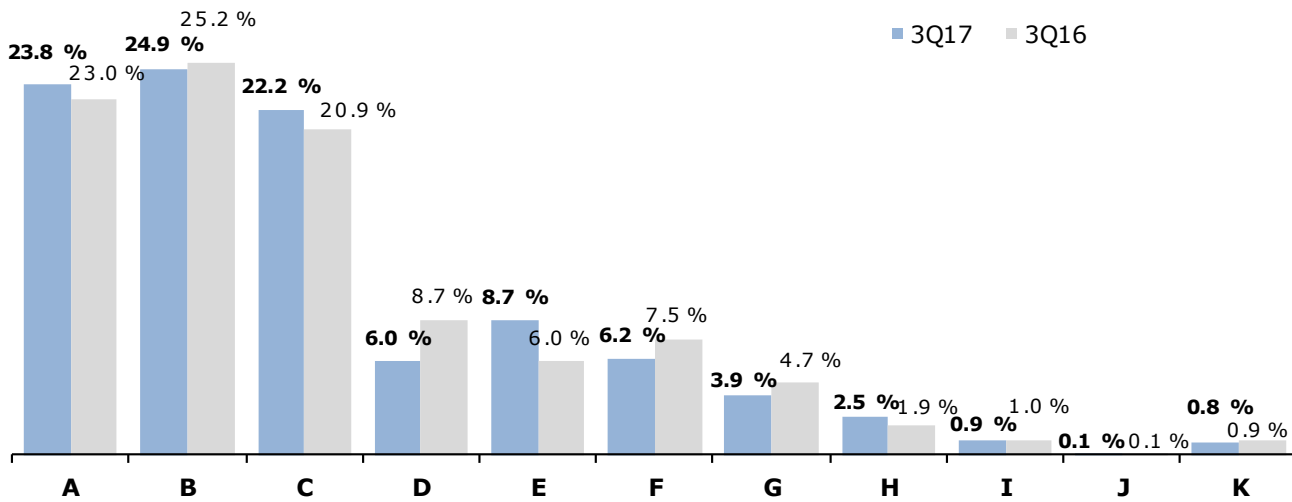
Actual risk profile, Exposure At Default

NOK billion



Actual risk profile, Exposure At Default

Per cent



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)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	30 Sept.		2016	2015
						2017	2016		
Increase in and new individual write-downs	82	55	-73	77	147	64	377	454	11
Reassessments and recoveries	11	29	152	74	9	192	25	99	76
Total individual write-downs	92	84	79	152	156	255	402	554	87
Change in group write-downs on loans	-5	2	11	-53	-26	8	15	-38	82
Write-downs on loans and guarantees	88	86	89	99	130	263	417	516	169
As % of gross loans incl. Boligkreditt	0.24 %	0.24 %	0.26 %	0.29 %	0.39 %	0.25 %	0.42 %	0.39 %	0.14 %

Loss on loans by segment

(in NOK million)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	30 Sept.		2016	2015
						2017	2016		
Retail	2	1	0	3	3	3	10	13	11
Corporate *	88	80	76	146	149	244	383	530	71
SMN Finans and other	3	4	2	2	4	9	9	11	6
Collective write downs *	-5	2	11	-53	-26	8	15	-38	82
Total loss on loans	88	89	89	99	130	263	417	516	169

* The change in collective write downs is mainly related to the Corporate portfolio and includes reversal NOK -55m in 4Q 2016, NOK -25m in 3Q 2016 (in connection with higher individual write-downs in 4q16 and 3q16)

Individual and collective write-downs

(in NOK million)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	30 Sept.		2016	2015
						2017	2016		
Individual write-downs to cover loss on loans, guarantees at start of period	625	570	638	562	415	638	184	184	173
Write downs of loans previously subject to individual write down	35	23	79	1	-1	138	7	8	22
Reversal of previous years' write downs	-2	-2	-8	-14	-14	-12	-25	-39	-46
Increase in write downs of commitments not previously subject to individual write down	30	56	8	118	167	94	410	528	102
Confirmed losses in the period on loans, guarantees etc., prev. subject to ind. write down	20	-23	-148	-29	-5	-151	-15	-44	-67
Individual write downs to cover loss	707	625	570	638	562	707	562	638	184
Collective write downs to cover loss on loans, guarantees at start of period	351	349	339	391	418	339	376	376	295
Period's collective write down to cover loss on loans, guarantees etc.	-5	2	11	-53	-26	12	42	-38	82
Collective write downs to cover loss on loans, guarantees	346	351	349	339	391	351	418	339	376

Loans and guarantees by industry

	Total	Very low risk	Low risk	Medium risk	High risk	Very high risk	Default and written down
Wage earners	97,468	83,635	9,029	3,240	647	698	219
Public administration	1,136	1,135	-	-	-	-	0
Agriculture and forestry	12,332	7,436	3,055	1,479	191	143	27
Sea farming industries	2,310	1,870	134	300	-	6	-
Manufacturing	4,221	504	1,310	858	1,474	55	20
Construction, power and water supply	4,791	938	1,184	2,215	344	60	49
Retail trade, hotels and restaurants	3,397	570	1,157	1,407	87	134	42
Maritime sector	560	240	-	321	-	-	-
Property management	15,886	9,310	2,223	3,257	841	207	47
Business services	4,022	945	934	1,856	155	69	62
Transport and other services provision	9,786	2,803	3,963	1,533	330	44	1,113
Finance	0	0	-	-	-	-	-
Other sectors	7,721	6,660	973	88	0	-	-
3Q17	163,630	116,047	23,963	16,554	4,069	1,416	1,580
2016	155,065	108,123	21,643	18,875	2,766	1,702	1,956
2015	148,680	97,588	25,632	19,231	3,838	1,746	645

Write-down ratio

(in NOK million)	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	31 Dec. 2015
Non-performing commitments (gross)	263	258	211	214	221	205
Impaired commitments (gross)	1,215	1,151	1,078	1,474	1,360	399
Gross non-performing and impaired commitments	1,478	1,409	1,289	1,688	1,581	604
Individual write-downs	707	625	570	638	562	184
Collective write-downs	346	351	349	339	391	376
Write-down ratio (%)	71.2 %	69.3 %	71.3 %	57.9 %	60.3 %	92.5 %

Default in excess of 90 days

NOK million



2016	2016	2017	2017	2017
3Q	4Q	1Q	2Q	3Q

— Retail > 90 d

Default in excess of 90 days

NOK million



2016	2016	2017	2017	2017
3Q	4Q	1Q	2Q	3Q

— Corporates* > 90 d

3.3. 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 30 September 2017 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 1.5 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 11.5 per cent. In addition the financial supervisory authority has set a Pillar 2 requirement of 2.1 per cent for SpareBank 1 SMN, effective as from the fourth quarter of 2016. The total minimum requirement on CET1 capital is accordingly 13.6 per cent.

The countercyclical buffer increased to 1.5 per cent from 1.0 per cent with effect from 30 June 2016. The Ministry of Finance has decided to increase the buffer by 0.5 per cent to 2.0 per cent with effect from 31 December 2017.

As from the fourth quarter of 2016 differentiated rates came into force for the countercyclical buffer. 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 third quarter of 2017 the parent bank is below the capital deduction threshold such that the Norwegian rate is applied to all relevant exposures. For groups, the risk-weighted countercyclical capital buffer is 1.5 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 40 per cent in 2016 and 50 per cent in 2017. The write-down will increase by another 10 per cent per year thereafter. As at 30 September 2017 the bank held hybrid capital worth NOK 450 million subject to write-down. For subordinated debt the figure NOK 636 million. The financial supervisory authority may require the hybrid capital to be written down in proportion to equity capital if the bank's CET1 capital ratio falls below 5.125 per cent.

SpareBank 1 SMN's methods for calculating the minimum regulatory capital requirements are summarized below:

Methods for calculating minimum requirements

Type of risk	Portfolio	Regulatory method
Credit risk	States - parent bank	Standardized approach
	Institutions - parent bank	Standardized approach
	Housing cooperatives, clubs and associations - parent bank	Standardized approach
	Enterprises - parent bank	Advanced IRB approach
	Mass market - parent bank	IRB - mass market (advanced)
	SpareBank 1 Finans Midt-Norge AS	Standardized approach
	SpareBank 1 SMN Invest	Standardized approach
	SpareBank 1 Allegro Kapitalforvaltning AS	Standardized approach
	Mass market - SpareBank 1 Boligkreditt AS	IRB- mass market (advanced)
	Enterprises - SpareBank 1 Næringskreditt AS	Standardized approach
	Enterprises - BN Bank AS	Advanced IRB approach
	Mass market - BN Bank AS	IRB - mass market (advanced)
	Market risk	Equity risk - parent bank
Debt risk - parent bank		Standardized approach
Currency risk - parent bank		Standardized approach
Subsidiaries and part-owned companies		Standardized approach
Operational risk	SpareBank 1 SMN (parent bank)	Standardized approach
	Subsidiaries and part-owned companies	Basic Indicator Approach

Capital Adequacy

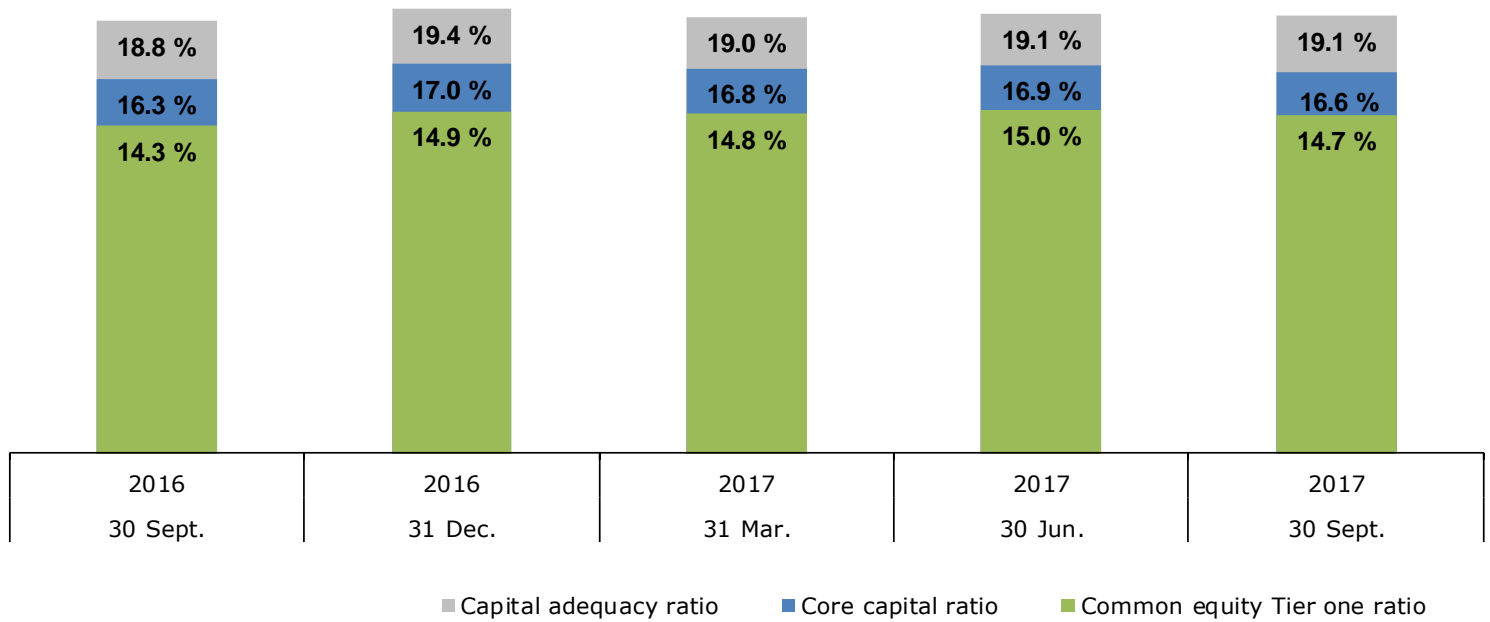
(in NOK million)

	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	31 Dec. 2015
Total book equity	16,255	15,780	15,315	15,299	14,893	14,460
Hybrid capital included in total equity	-262	-264	-267			
Deferred taxes, goodwill and other intangible assets	-888	-872	-853	-741	-758	-715
Part of reserve for unrealised gains, associated companies	117	117	117	117	119	169
Deduction for allocated dividends and gifts	0	0	0	-609	0	0
Non-controlling interests recognised in other equity capital	-516	-514	-443	-425	-411	-403
Non-controlling interests eligible for inclusion in CET1 capital	303	241	223	220	211	203
Surplus financing of pension obligations	0	0	0	0	-94	-94
Net profit	-1,250	-759	-358	0	-1,185	-771
Year-to-date profit included in core capital (50 per cent pre tax of group profit in 2017)	625	380	179	0	830	540
Value adjustments due to requirements for prudent valuation	-46	-50	-48	-48	-51	-58
Positive value of adjusted expected loss under IRB Approach	-264	-257	-247	-248	-205	-187
Adjustments for unrealised losses (gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	8	7	8			
Direct, indirect and synthetic investments in financial sector companies	-92	-3	-188	-337	-453	-389
Total common equity Tier one	13,990	13,806	13,437	13,229	12,895	12,757
Hybrid capital, core capital	1,358	1,358	1,358	1,358	1,354	1,353
Hybrid capital covered by transitional provisions	459	459	459	483	487	493
Total core capital	15,807	15,622	15,254	15,069	14,736	14,604
Supplementary capital in excess of core capital						
Subordinated capital	1,979	1,710	1,710	1,698	1,644	1,647
Subordinated capital covered by transitional provisions	561	561	561	673	673	673
Deduction for significant investments in financial institutions	-254	-245	-237	-256	-43	-43
Total supplementary capital	2,286	2,026	2,034	2,116	2,275	2,278
Net subordinated capital	18,093	17,649	17,288	17,185	17,011	16,882

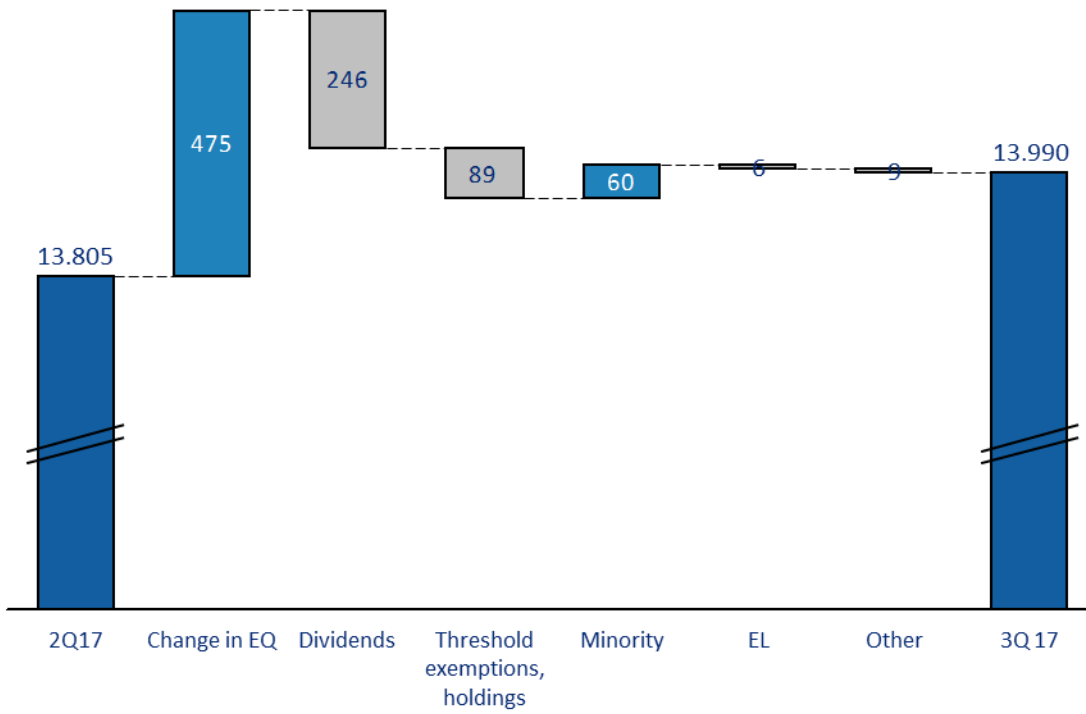
Minimum requirements subordinated capital

(in NOK million)	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	31 Dec. 2015
Specialised enterprises	1,177	1,232	1,186	1,206	1,166	1,169
Corporate	1,054	1,045	1,126	1,102	1,107	1,143
Mass market exposure, property	1,763	1,759	1,769	1,753	1,752	1,752
Other mass market	89	94	91	88	52	55
Equity investments, IRB	1	1	1	3	3	3
Total credit risk IRB	4,084	4,131	4,173	4,153	4,080	4,123
Central government	4	5	5	5	5	3
Covered bonds	136	131	134	130	129	118
Institutions	377	425	375	340	457	540
Local and regional authorities, state-owned enterprises	11	9	10	7	10	10
Corporate	254	161	149	253	260	259
Mass market	376	401	380	179	169	160
Exposures secured on real property	198	306	328	342	332	364
Equity positions	342	339	348	338	333	329
Other assets	172	164	163	178	135	147
Total credit risk standardised approach	1,870	1,942	1,891	1,772	1,828	1,931
Debt risk	24	29	35	36	19	19
Equity risk	18	6	15	5	10	10
Currency risk	0	1	1	1	1	1
Operational risk	510	510	510	479	479	479
Credit value adjustment risk (CVA)	134	123	119	84	88	90
Transitional arrangements	956	634	523	574	723	585
Minimum requirements subordinated capital	7,595	7,376	7,268	7,103	7,228	7,237
Risk Weighted Assets (RWA)	94,938	92,202	90,845	88,786	90,351	90,464
Minimum requirement on CET1 capital, 4.5 per cent	4,272	4,149	4,088	3,995	4,066	4,071
Capital conservation buffer, 2,5 per cent	2,373	2,305	2,271	2,220	2,259	2,262
Systemic risk buffer, 3.0 per cent	2,848	2,766	2,725	2,664	2,711	2,714
Countercyclical buffer, 1.5per cent (1.0 per cent)	1,424	1,383	1,363	1,332	1,355	1,357
Available CET1 capital after buffer requirements	3,072	3,203	2,990	3,018	2,505	2,354
Common equity Tier one ratio	14.7 %	15.0 %	14.8 %	14.9 %	14.3 %	14.1 %
Core capital ratio	16.6 %	16.9 %	16.8 %	17.0 %	16.3 %	16.1 %
Capital adequacy ratio	19.1 %	19.1 %	19.0 %	19.4 %	18.8 %	18.7 %
Leverage ratio						
Balance sheet items	203,155	207,760	199,551	194,324	197,689	206,172
Off-balance sheet items	9,506	9,400	9,292	10,068	10,266	10,174
Regulatory adjustments	-1,301	-1,190	-1,346	-1,388	-1,572	-1,457
Calculation basis for leverage ratio	211,361	215,969	207,497	203,005	206,383	214,888
Core capital	15,807	15,622	15,254	15,069	14,736	14,604
Leverage Ratio	7.5 %	7.2 %	7.4 %	7.4 %	7.1 %	6.8 %

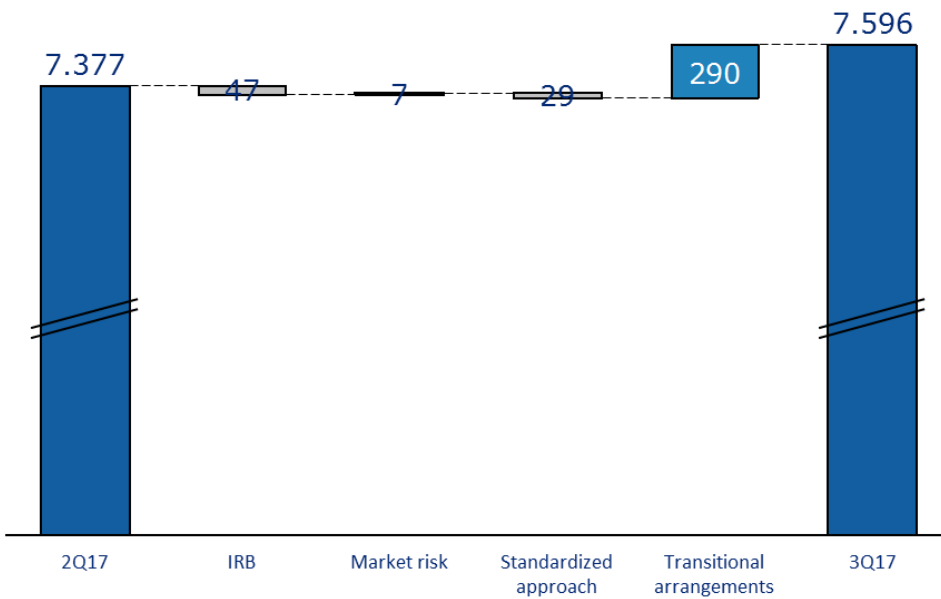
Capital Adequacy



Quarterly change in Common equity Tier 1



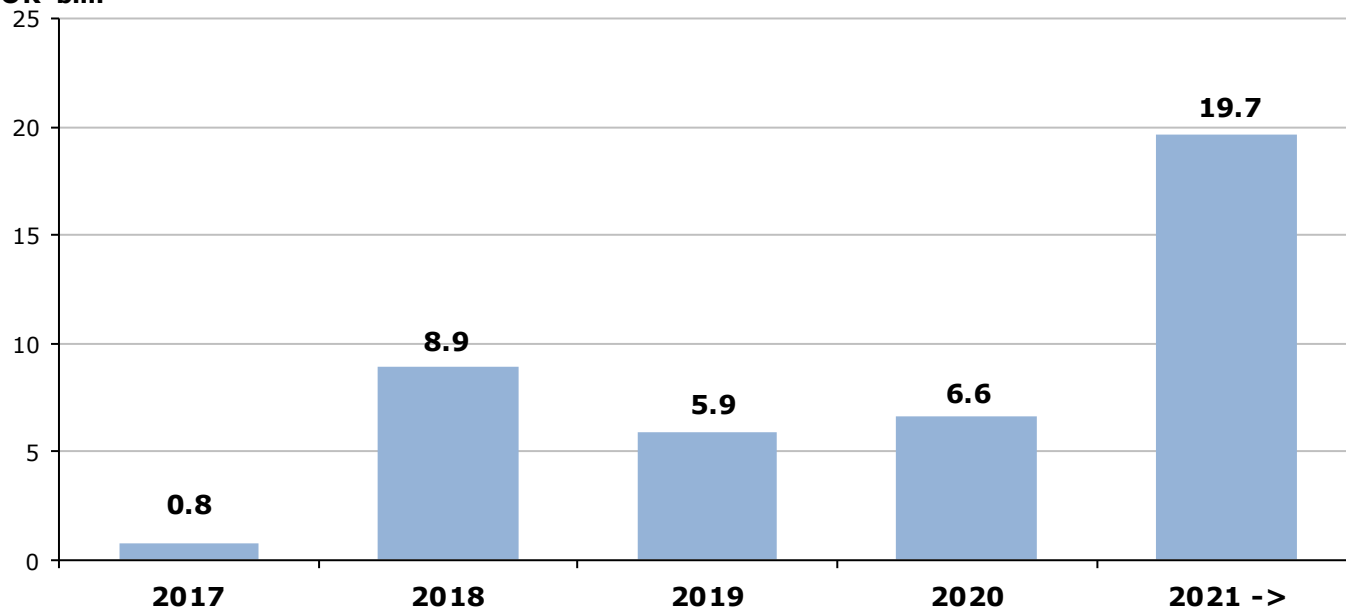
Quarterly change in Minimum requirements subordinated capital



4. Funding

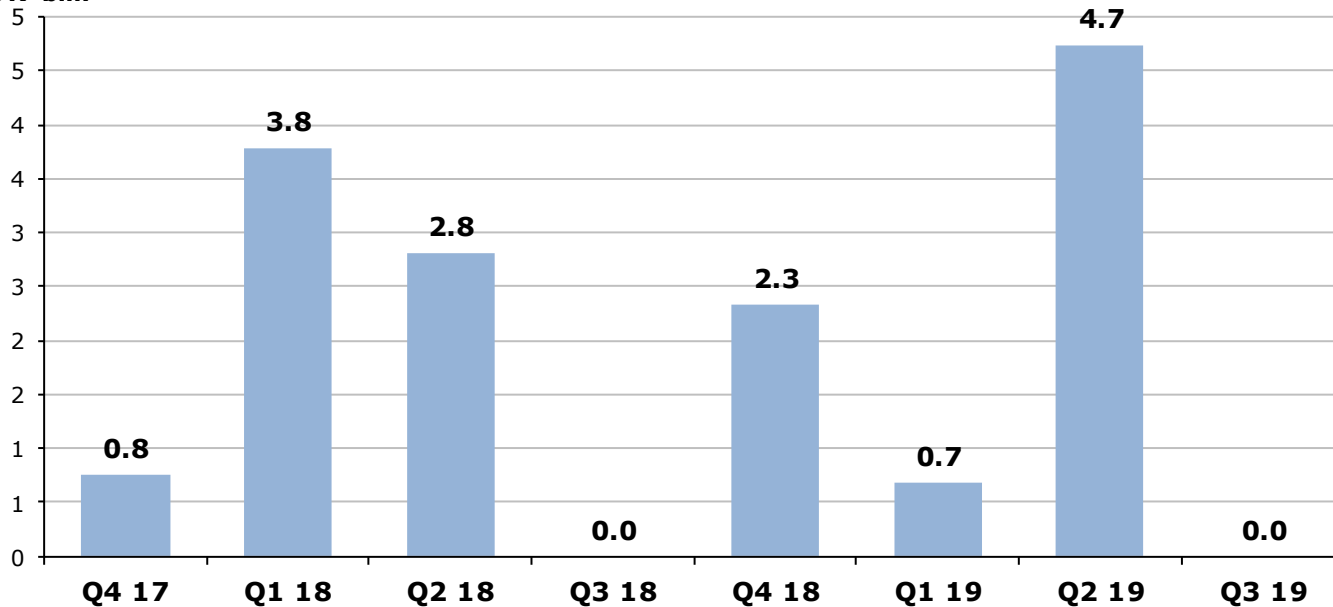
Funding maturity dates

NOK bill.



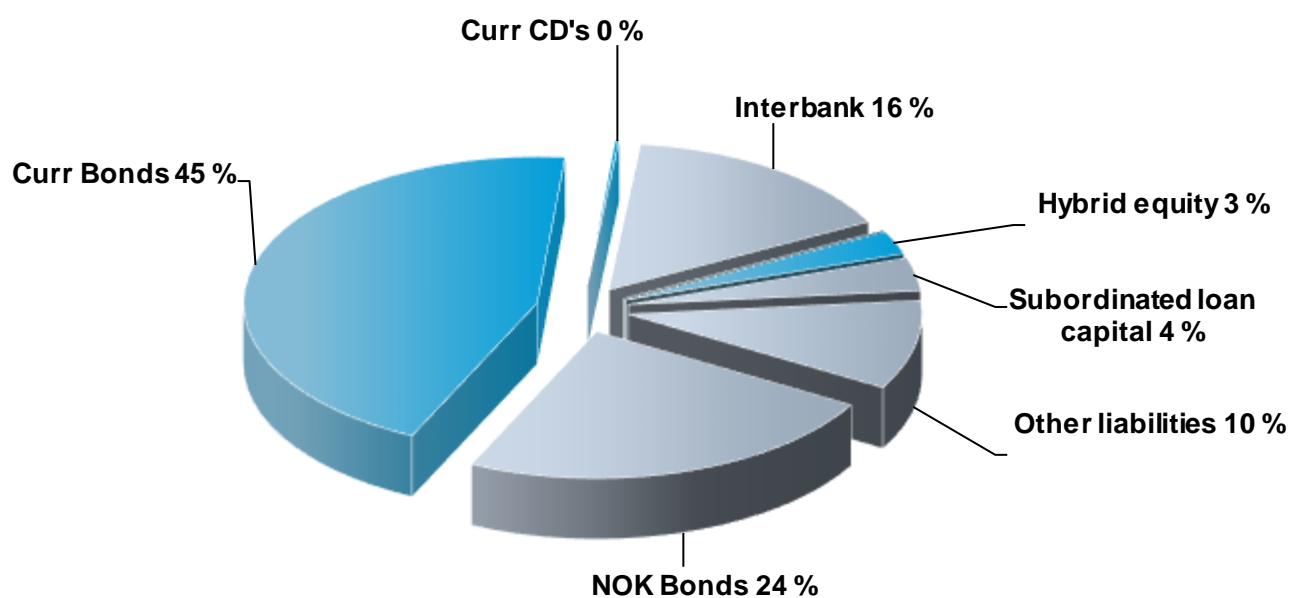
Funding maturity dates over the next eight quarters

NOK bill.



Capital markets funding

(in NOK million)	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	31 Dec. 2015
NOK Bonds	13,178	13,601	13,753	14,237	14,452	14,645
Curr Bonds	24,793	26,011	26,037	21,908	22,554	23,429
NOK CD's	-	-	-	-	-	-
Curr CD's	120	62	111	172	118	62
Interbank	8,663	9,261	6,598	10,299	10,491	10,212
Perp. Sub. Loan capital	-	-	-	-	300	300
Hybrid equity	1,428	1,429	1,431	1,433	1,437	1,443
Subordinated loan capital	2,033	1,712	1,729	1,707	1,770	1,793
Other liabilities	5,478	4,410	5,193	4,487	6,231	6,556
Total	55,692	56,487	54,852	54,242	57,353	58,441



5. Financial results

Financial results

(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Interest income	959	945	931	917	874	2,836	2,680	3,597	4,031
Interest expenses	400	424	409	424	425	1,233	1,289	1,714	2,159
Net interest	559	521	522	493	449	1,603	1,391	1,883	1,872
Commission income	360	349	308	300	326	1,018	952	1,251	1,245
Commission expenses	46	38	35	35	34	120	99	133	135
Other operating income	168	227	182	149	120	577	407	556	435
Commission income and other income	482	538	455	414	412	1,475	1,260	1,674	1,545
Dividends	1	3	1	1	13	5	87	88	25
Income from investment in related companies	126	94	71	74	103	290	349	423	448
Net return on financial investments	108	35	66	153	157	209	281	434	-14
Net return on financial investments	235	131	138	228	274	504	717	944	459
Total income	1,276	1,191	1,115	1,134	1,134	3,582	3,368	4,502	3,876
Staff costs	357	362	345	251	294	1,063	908	1,159	1,093
Other operating expenses	225	236	227	231	210	688	613	844	838
Total operating expenses	582	598	571	482	504	1,751	1,521	2,003	1,931
Result before losses	694	593	544	652	630	1,831	1,847	2,499	1,945
Loss on loans, guarantees etc.	88	86	89	99	130	263	417	516	169
Result before tax	607	507	454	553	500	1,568	1,430	1,983	1,776
Tax charge	115	109	96	99	85	320	242	341	370
Results investments held for sale, after tax	0	3	0	7	-1	2	-3	4	-1
Net profit	491	401	358	462	414	1,250	1,185	1,647	1,406
Majority share	490	390	352	448	405	1,231	1,158	1,606	1,410
Minority interest	2	11	6	14	9	19	27	41	-4

Balance sheet

(in NOK million)	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	31 Dec. 2015
Cash and receivables from central banks	1,351	2,448	1,171	315	1,080	1,200
Deposits with and loans to credit institutions	2,310	4,997	3,008	3,892	6,652	6,013
Net loans to and receivables from customers	109,649	106,388	103,204	101,354	98,619	96,960
Fixed-income CDs and bonds at fair value	17,908	20,312	18,704	17,557	16,898	19,862
Derivatives	4,262	4,673	4,701	4,752	5,489	6,927
Shares, units and other equity interests	1,607	1,475	1,676	1,542	1,253	1,464
Investment in related companies	5,820	5,633	5,974	5,638	5,649	5,524
Investments held for sale	30	32	15	15	217	217
Intangible assets	720	709	686	639	628	583
Other assets	3,256	2,780	2,903	2,376	3,331	2,395
Assets	146,913	149,449	142,042	138,080	139,815	141,145
Deposits from credit institutions	9,484	9,521	6,959	10,509	10,591	10,227
Deposits from and debt to customers	73,086	75,559	70,176	67,168	66,290	67,031
Debt created by issue of securities	38,091	39,674	39,901	36,317	37,124	38,137
Derivatives	3,679	3,761	3,509	4,074	5,004	5,924
Other liabilities	2,816	1,970	2,979	1,531	2,353	1,772
Investments held for sale	0	0	0	0	11	16
Subordinated loan capital	3,503	3,184	3,203	3,182	3,550	3,579
Total liabilities	130,658	133,670	126,727	122,781	124,922	126,685
Equity capital certificate	2,597	2,597	2,597	2,597	2,597	2,597
Own holding of ECCs	-8	-6	-7	-4	-2	-7
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	4,477	4,482	4,470	4,484	3,791	3,783
Recommended dividends	0	0	0	389	0	0
Provision for gifts	0	0	0	220	0	0
Savings bank's reserve	4,498	4,498	4,498	4,498	4,105	4,105
Unrealised gains reserve	139	139	139	139	233	233
Other equity capital	1,891	1,902	1,921	1,656	1,679	1,681
Result of the period	1,250	759	358	0	1,185	771
Minority interests	516	514	443	425	411	403
Total equity capital	16,255	15,780	15,315	15,299	14,893	14,460
Total liabilities and equity	146,913	149,449	142,042	138,080	139,815	141,145

Key figures	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Return on equity	12.5 %	10.5 %	9.4 %	12.2 %	11.3 %	10.8 %	11.0 %	11.3 %	10.7 %
Cost/income ratio group	46 %	50 %	51 %	43 %	44 %	49 %	45 %	44 %	50 %
Cost/income ratio group, ex. financial inv.	56 %	56 %	58 %	53 %	59 %	57 %	57 %	56 %	57 %
12-month cost growth	15.4 %	18.6 %	16.8 %	-1.4 %	8.1 %	15.2 %	8.1 %	3.7 %	7.9 %
Gross loans to customers*	147,146	143,800	140,038	137,535	134,462	147,146	134,462	137,535	127,378
Growth in loans last 12 months*	9.4 %	8.5 %	8.1 %	8.0 %	6.6 %	9.4 %	6.6 %	8.0 %	5.8 %
Growth in loans this period*	2.3 %	2.7 %	1.8 %	2.3 %	1.4 %	7.0 %	5.6 %	8.0 %	5.8 %
Deposits from customers	73,086	75,559	70,176	67,168	66,290	73,086	66,290	67,168	64,090
Growth in deposits last 12 months	10.3 %	12.7 %	9.9 %	4.8 %	4.2 %	10.3 %	4.2 %	4.8 %	5.6 %
Growth in deposits this period	-3.3 %	7.7 %	4.5 %	1.3 %	-1.1 %	8.8 %	3.4 %	4.8 %	5.6 %
Deposit-to-loan ratio*	50 %	53 %	50 %	49 %	49 %	50 %	49 %	49 %	50 %
Total assets	146,913	149,449	142,042	138,080	139,815	146,913	139,815	138,080	131,914
Average total assets (quarterly)	148,181	145,746	140,061	138,948	140,480	144,121	136,805	137,060	128,355
Employees in employment group	1,415	1,408	1,362	1,254	1,205	1,415	1,205	1,254	1,208
Employees in employment parent bank	617	609	624	630	637	617	637	630	645
Employees in employment subsidiaries	798	799	737	624	567	798	567	624	563
Number of branches	48	48	48	49	49	48	49	49	49
Lending margin	2.18	2.10	1.97	1.91	1.95	2.11	1.98	1.99	2.26
Deposit margin	-0.05	0.05	0.16	0.14	0.09	0.02	0.06	0.07	-0.21
Net other operating income of total income	38 %	45 %	41 %	37 %	36 %	41 %	37 %	37 %	40 %
Common Equity Tier 1 ratio	14.7 %	15.0 %	14.8 %	14.9 %	14.3 %	14.7 %	14.3 %	14.9 %	13.6 %
Core capital ratio	16.6 %	16.9 %	16.8 %	17.0 %	16.3 %	16.6 %	16.3 %	17.0 %	15.6 %
Capital adequacy ratio	19.1 %	19.1 %	19.0 %	19.4 %	18.8 %	19.1 %	18.8 %	19.4 %	18.3 %
Total core capital	15,807	15,622	15,254	15,069	14,736	15,807	14,736	15,069	13,988
Net subordinated capital	18,093	17,649	17,288	17,185	17,011	18,093	17,011	17,185	16,378
Liquidity Coverage Ratio (LCR) (%)	124 %	160 %	136 %	129 %	138 %	124 %	138 %	160 %	118 %
Leverage ratio	7.5 %	7.2 %	7.4 %	7.4 %	7.1 %	7.5 %	7.1 %	7.2 %	6.7 %
Impairment losses ratio	0.24 %	0.24 %	0.26 %	0.29 %	0.39 %	0.25 %	0.42 %	0.39 %	0.14 %
Non-performing commitm. as % of gross loans	0.18 %	0.18 %	0.15 %	0.16 %	0.16 %	0.18 %	0.16 %	0.16 %	0.16 %
Other doubtful commitm. as % of gross loans	0.83 %	0.80 %	0.77 %	1.07 %	1.01 %	0.83 %	1.01 %	1.07 %	0.31 %
ECC price	81.25	71.75	66.50	64.75	55.75	81.25	55.75	64.75	50.50
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)	76.21	73.85	72.03	73.26	71.17	76.21	71.17	73.26	67.65
Adjusted profit per ECC	2.41	1.92	1.73	2.21	2.00	6.06	5.70	7.91	7.02
P/E per ECC	8.42	9.34	9.59	7.34	6.98	10.05	7.33	8.19	7.19
P/B equity capital	1.07	0.97	0.92	0.88	0.78	1.07	0.78	0.88	0.75

6. Segment Information

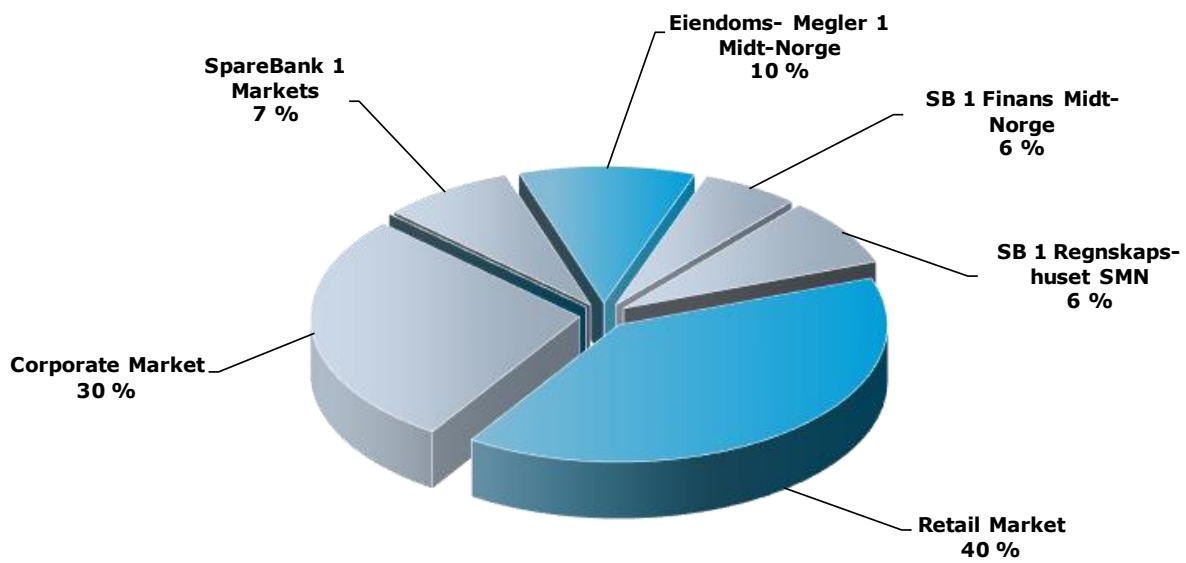
For the subsidiaries the figures refer to the respective company accounts, while for joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

6.1. Extract from income statement

Group (in NOK million) 30 Sept.2017	Retail Market	Corporate Market	SB 1 Markets	Eiendoms- Megler 1 Midt-Norge	SB 1 Finans Midt-Norge	SB 1 Regnskaps- huset SMN	SB 1 Gruppen	BN Bank	Un- collated	Total
Net interest	728	730	-11	1	165	-1	0	0	-10	1,603
Allocated	92	84	0	0	0	0	0	0	-175	0
Total interest income	819	814	-11	1	165	-1	0	-	-185	1,603
Commission income and other income	576	151	239	371	41	285	0	0	-189	1,475
Net profit on financial investments	0	9	50	0	0	0	214	70	162	507
Total income	1,396	974	279	373	206	284	214	70	-213	3,584
Total operating expenses	598	276	289	360	101	239	-	-	-111	1,751
Ordinary operating profit	798	699	-10	12	105	45	214	70	-101	1,833
Loss on loans, guarantees etc.	3	249	0	0	12	0	0	0	0	263
Result before tax incl investments held for sale	796	450	-10	12	94	45	214	70	-101	1,570
Post-tax return on equity*	16.3 %	10.1 %								10.8 %
Balance sheet										
Loans and advances to customers	100,745	40,419	-	-	6,502	-	-	-	-520	147,146
adv. of this to Boligkreditt and Næringskreditt	-34,361	-2,090	-	-	-	-	-	-	-0	-36,451
Individual allowance for impairment on loan	-20	-665	-	-	-12	-	-	-	-2	-700
Group allowance for impairment on loan	-90	-218	-	-	-23	-	-	-	-15	-346
Other assets	157	928	2,076	899	15	307	1,460	1,126	30,297	37,265
Total assets	66,430	38,374	2,076	899	6,482	307	1,460	1,126	29,759	146,913
Deposits to customers	36,974	36,275	-	-	-	-	-	-	-164	73,086
Other liabilities and equity	29,456	2,099	2,076	899	6,482	307	1,460	1,126	29,923	73,828
Total liabilities	66,430	38,374	2,076	899	6,482	307	1,460	1,126	29,759	146,913

*) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 15.0 (14.5) percent to be in line with the capital plan.

Income specified by segment, excluding financial investments



Interest income, Retail Market and Corporate Market

(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Retail	258	242	228	227	230	728	679	906	907
Corporate	242	242	246	257	232	730	703	960	922
Net interest income	501	483	474	484	462	1,458	1,382	1,866	1,829

Development in margin, Retail Market and Corporate Market

Lending (in percentage)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Retail	1.99	1.91	1.81	1.59	1.70	1.90	1.79	1.72	2.07
Corporate	2.80	2.81	2.71	2.70	2.71	2.77	2.59	2.66	2.68
Total	2.18	2.12	2.07	1.87	1.90	2.11	1.98	1.99	2.26

Deposits (in percentage)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Retail	0.19	0.19	0.33	0.36	0.30	0.13	0.21	0.27	-0.14
Corporate	-0.14	-0.11	-0.06	-0.03	-0.06	-0.10	-0.10	-0.14	-0.29
Total	-0.05	0.01	0.09	0.18	0.13	0.02	0.06	0.07	-0.21

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

Development in volume, Retail Market and Corporate Market

Lending* (in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Retail	100,745	98,262	95,482	93,757	91,655	100,745	91,655	93,757	84,981
Corporate	40,419	39,895	39,421	38,938	38,312	40,419	38,312	38,938	37,226
Total	141,164	138,157	134,903	132,695	129,968	141,164	129,968	132,695	122,206

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

Deposits (in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Retail	36,974	37,437	34,943	34,856	34,911	36,974	34,911	34,856	33,534
Corporate	36,275	37,669	35,778	32,401	31,441	36,275	31,441	32,401	30,367
Total	73,249	75,106	70,721	67,257	66,352	73,249	66,352	67,257	63,902

Development in commission income, Retail Market and Corporate Market

(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Retail	212	192	173	166	176	577	514	680	715
Corporate	59	51	50	47	56	160	158	205	193
Total	271	243	223	213	232	737	672	885	908

6.2. Retail Market

Business description

<i>Facts about the business area</i>	30 Sept. 2017
Lending volume	100,745
Deposits volume	36,974
No. of active customers	217,766
FTEs	360

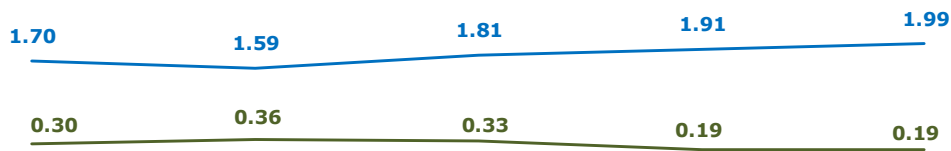
<i>Financial performance</i> (in NOK million)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	30 Sept.		2016	2015
Net interest income lending	155	136	117	95	114	407	557	457	621
Net interest income deposits	100	104	111	122	116	315	317	438	286
Net interest income allocated capital	36	30	31	24	8	97	39	57	41
Total interest income	290	270	259	240	238	819	913	953	948
Net guarantee commission, incl. BK, NK	106	96	82	69	76	283	37	306	360
Net commission of savings products	19	17	14	18	17	50	45	63	55
Net commission insurance services	39	37	36	36	35	112	103	139	135
Net commission payment trans. services	48	42	41	43	48	131	128	171	165
Other commission income	0	0	0	0	1	0	0	1	0
Net fee and commission income	211	192	173	166	176	576	313	679	715
Net profit on financial investments	0	0	0	0	0	0	0	1	1
Total income	502	462	432	406	414	1,395	1,226	1,633	1,663
Total operating expenses*	207	190	201	168	201	598	602	770	779
Results	295	272	230	238	213	798	624	863	884
Loss on loans, guarantees etc.	2	1	0	3	3	3	10	13	11
Results before tax	293	271	230	235	210	795	614	850	873
Post-tax return on equity (annualized)**						16.3 %	13.3 %	13.8 %	15.8 %

*) Includes both direct and distributed expenses

**) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 15.0 (14.5) percent to be in line with the capital plan.

Development in margin

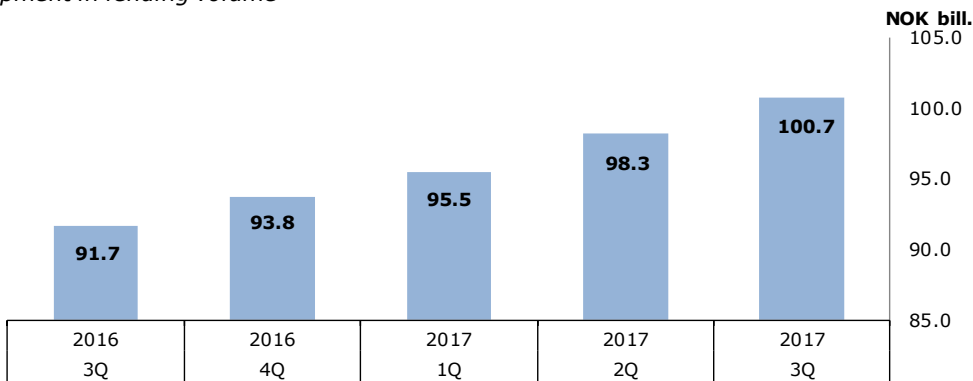
Definition margin: Average customer interest minus 3 months nibor



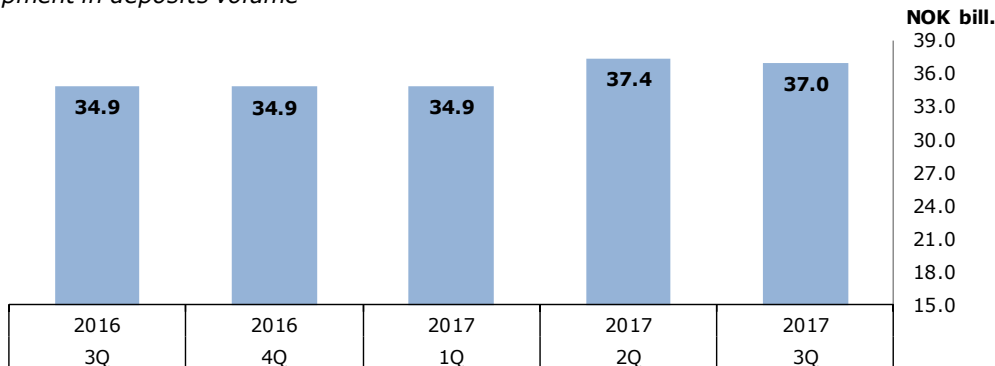
2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q
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— Lending margin Retail — Deposits margin Retail

Development in lending volume



Development in deposits volume



6.3. Corporate

Business description

<i>Facts about the business area</i>	30 Sept. 2017
Lending volume	40,419
Deposits volume	36,275
No. of active customers	14,382
FTEs	152

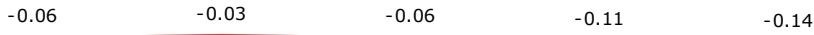
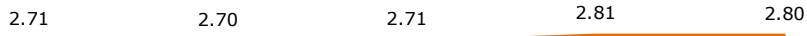
<i>Financial performance</i> (in NOK million)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	30 Sept.		2016	2015
Net interest income lending	168	167	171	140	163	505	483	649	704
Net interest income deposits	69	71	67	79	70	206	194	272	218
Net interest income allocated capital	34	31	38	51	7	102	55	78	48
Total interest income	270	268	276	269	239	814	731	1,000	971
Net guarantee commission, incl. BK, NK	28	19	20	21	24	66	68	89	79
Net commission of savings products	1	0	0	0	2	2	1	2	5
Net commission insurance services	5	5	5	5	5	15	16	20	20
Net commission payment trans. services	20	24	21	21	21	65	63	84	75
Other commission income	2	0	0	0	1	3	1	2	1
Net fee and commission income	55	49	47	48	52	151	148	196	180
Net profit on financial investments	5	3	2	0	4	9	10	9	13
Total income	329	320	325	316	295	974	889	1,205	1,164
Total operating expenses*	82	105	89	68	82	276	264	332	353
Results	247	215	237	248	212	699	625	873	810
Loss on loans, guarantees etc.	83	79	87	91	124	249	398	490	151
Results before tax	164	135	150	157	89	450	227	384	659
Post-tax return on equity (annualized)**						10.1 %	5.5 %	6.9 %	12.4 %

*) Includes both direct and distributed expenses

**) Calculation of capital employed in Retail Banking and Corporate Banking is based on regulatory capital. This capital is grossed up to 15.0 (14.5) percent to be in line with the capital plan.

Development in margin

Definition margin: Average customer interest minus 3 months nibor.

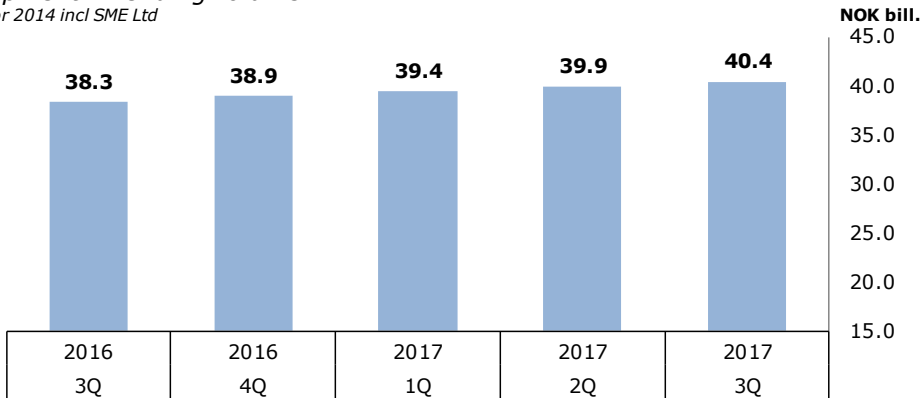


2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q
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— Lending margin Corporates — Deposit margin Corporates

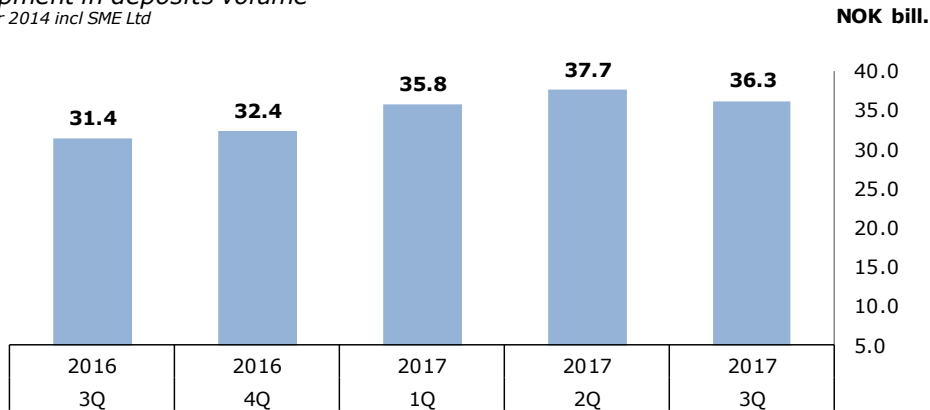
Development in lending volume

Figures for 2014 incl SME Ltd



Development in deposits volume

Figures for 2014 incl SME Ltd



6.4. Subsidiaries

EiendomsMegler 1 Midt-Norge AS

EiendomsMegler 1 Midt-Norge is a real estate agency, and has a solid market-leader position in the region. The company has specialized operations, which include separate units for project and commercial real estate broking. In addition, the company, in cooperation with BN Bank, has established BN Bolig in which EiendomsMegler 1 Midt-Norge and BN Bank each hold a 50 per cent stake. As of 1Q 2017 EiendomsMegler 1 Midt-Norge fully consolidates BN Bolig's results as a subsidiary.

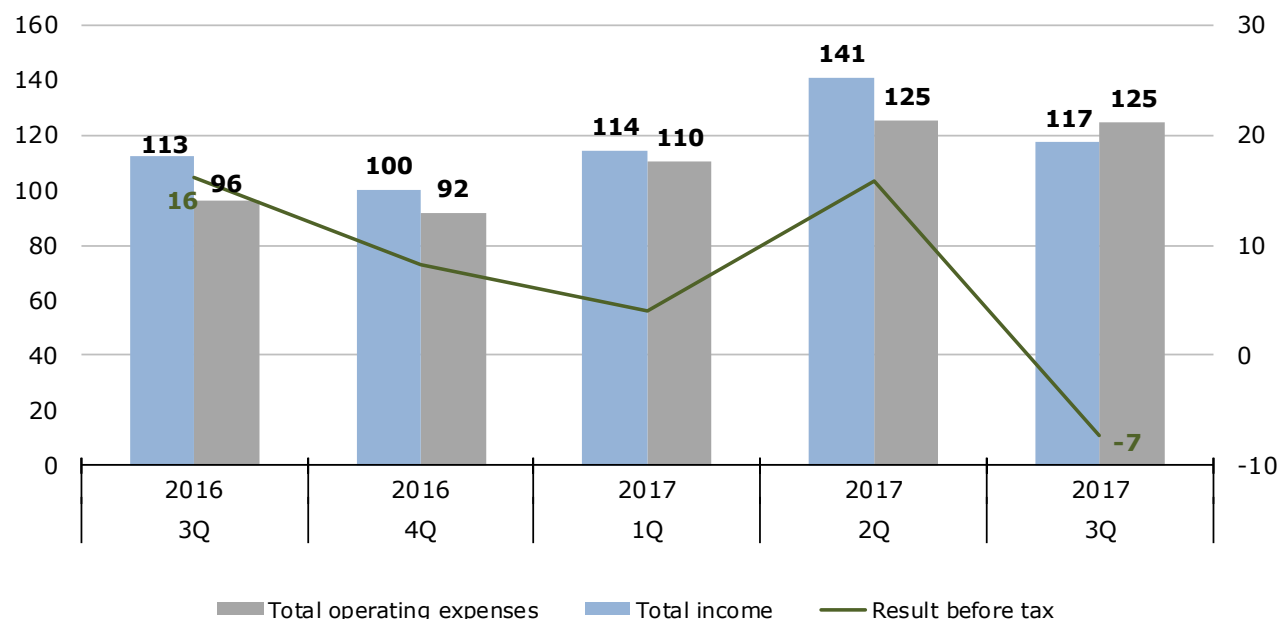
The company is owned by SpareBank 1 SMN (87 per cent), SpareBank 1 Nordvest (7.6 per cent) and SpareBank 1 Søre Sunnmøre (5.4 per cent).

Financial performance

(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Net interest	0	0	1	2	1	1	3	4	4
Commission income and other income	117	141	113	99	112	371	327	426	360
Total income	117	141	114	100	113	373	330	430	364
Total operating expenses	125	125	110	92	96	360	271	363	317
Result before tax	-7	16	4	8	16	12	59	68	47

**Cost and income
(NOK mill.)**

**Result before tax
(NOK mill.)**



SpareBank 1 Finans Midt-Norge AS

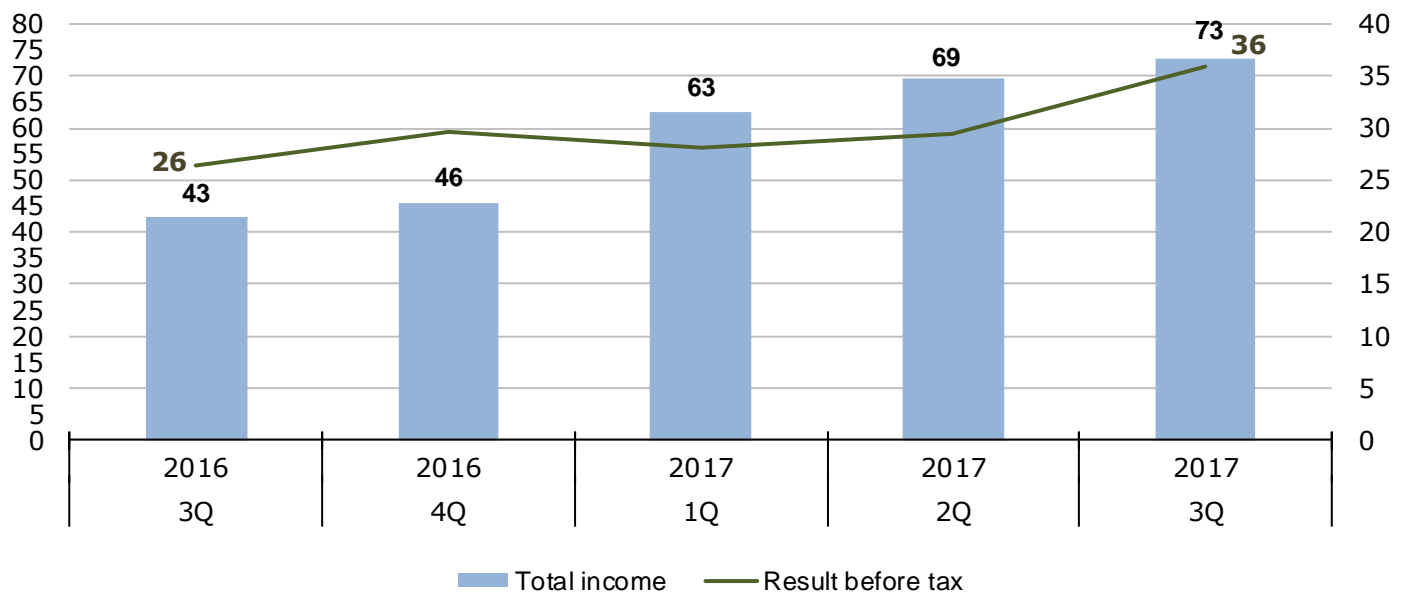
SpareBank 1 Finans Midt- Norge offers car loans and leasing to corporates and private individuals. The company services the market through its own sales operation and through the Bank's offices and other partners.

The company is owned by SpareBank 1 SMN (64.6 per cent), Samarbeidende Sparebanker (27.9 per cent) and SpareBanken Sogn og Fjordane (7.5 per cent). With Samarbeidende Sparebanker as a co-owner, the company has a presence in ten different counties dispersed across Mid- and South Norway.

Financial performance

(in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Total interest income	59	55	51	48	46	165	135	183	154
Commission income and other income	14	14	12	-3	-4	41	-9	-11	33
Total income	73	69	63	46	43	206	126	172	187
Total operating expenses	34	34	33	12	14	101	43	55	97
Ordinary operating profit	39	36	30	34	29	105	83	117	91
Loss on loans, guarantees etc.	3	6	2	4	3	12	9	13	8
Result before tax	36	30	28	30	26	94	75	104	83

Cost and income (NOK mill.)



SpareBank 1 Regnskapshuset SMN AS

SpareBank 1 Regnskapshuset SMN is an accountancy business within the SMB segment. 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.

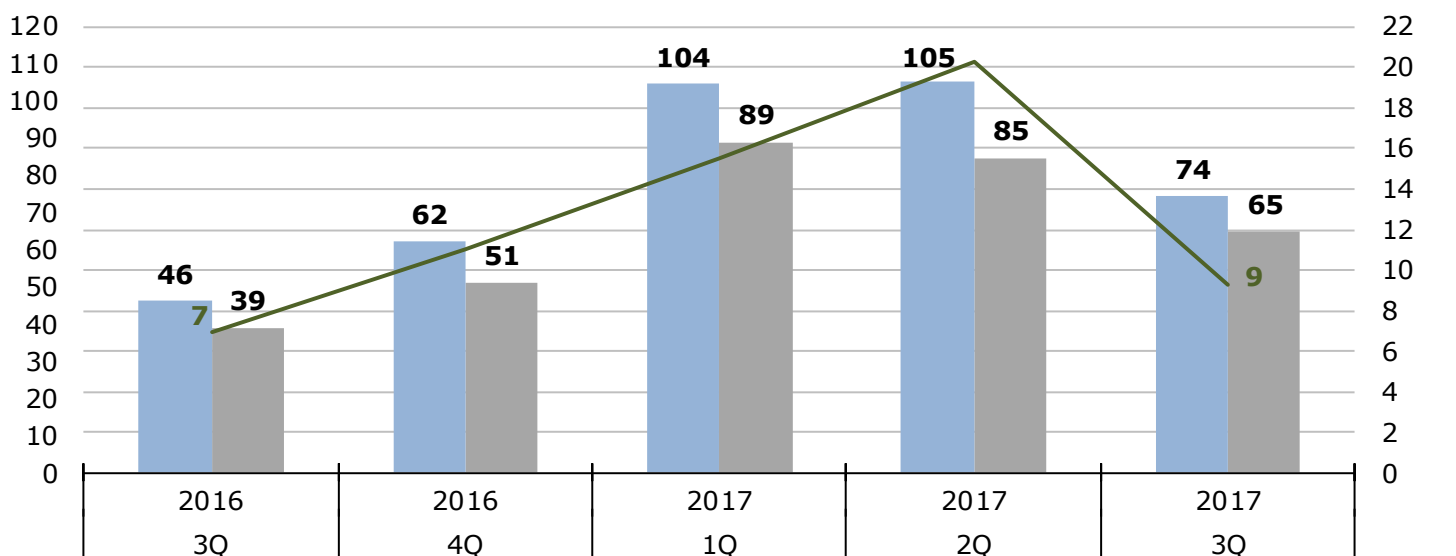
The strategy of growth through acquisitions represents a consolidation of a fragmented accounting industry. SpareBank 1 Regnskapshuset SMN acquired all shares of one large accounting firm with effect from 1 January 2017, leading to a substantial increase in both income and costs. In 2016 three accounting firms and one IT company was acquired.

The company is owned by SpareBank 1 SMN (95.4 per cent) and SpareBank 1 Søre Sunnmøre (4.6 per cent).

Financial performance

(in NOK million)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	30 Sept.		2016	2015
						2017	2016		
Total interest income	-0	-0	-1	0	0	-1	0	0	-0
Commission income and other income	75	105	105	62	46	285	172	234	197
Total income	74	105	104	62	46	284	172	235	197
Total operating expenses	65	85	89	51	39	239	139	191	162
Result before tax	9	20	15	11	7	45	33	44	35

Cost and income (NOK mill.)



■ Total operating expenses ■ Total income — Result before tax

SpareBank 1 Markets

SpareBank 1 Markets AS is a Norwegian investment bank within the SpareBank 1 Alliance. The company provides research, financial advice, capital raising and stockbroking services, debt and fixed income products. Through the collaboration with the SpareBank 1 Alliance, SpareBank 1 Markets can offer a complete national capital structure service, and cover all customer segments, from retail clients and small and medium-sized businesses to large listed companies and institutional investors. The company is headquartered in Oslo and has offices in Trondheim and Ålesund.

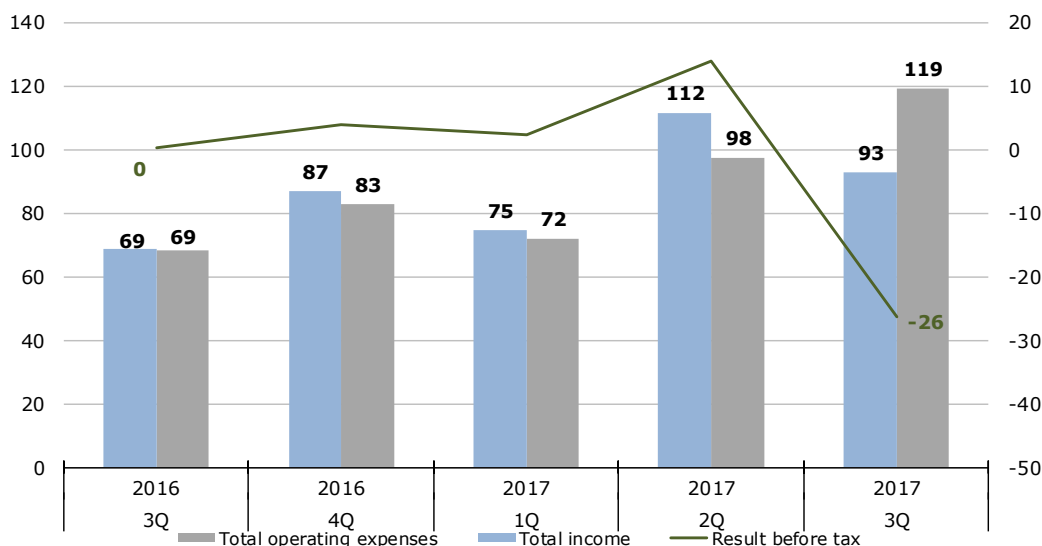
SpareBank 1 Markets acquired Allegro Kapitalforvaltning in Trondheim and SpareBank 1 Nord-Norge Forvaltning in Tromsø from SpareBank 1 SMN and SpareBank 1 Nord-Norge respectively in 2nd quarter 2017. The acquired companies are merged and will spearhead SpareBank 1 Markets' asset management business. The new business unit has combined AUM of 10 NOK billion.

SpareBank 1 Markets is owned by SpareBank 1 SMN (70.6 per cent), SpareBank 1 Nord-Norge (12.9 per cent), SamSpar (10.0 per cent), SpareBank 1 Østlandet (6.2 per cent) and others (0.3 per cent)

<i>Financial performance</i> (in NOK million)	3Q	2Q	1Q	4Q	3Q	30 Sept.		2016	2015
	2017	2017	2017	2016	2016	2017	2016		
Net interest	-6	-2	-2	-2	-2	-11	-7	-8	-3
Equities / High Yield	30	47	28	22	30	105	74	97	69
Fixed Income	9	11	15	10	2	35	10	20	-25
Corporate	26	34	12	25	11	71	63	87	35
Foreign exchange/ interest rate deriv	16	17	18	29	26	50	59	88	50
Asset Management	18	3				20			
Other commission income	2	2	4	2	2	8	6	8	6
Total income	93	112	75	87	69	279	205	292	132
Total operating expenses	119	98	72	83	69	289	195	282	235
Result	-26	14	2	4	0	-10	10	10	-103
Loss on loans, guarantees etc.	-	-	-	-	-	-	4	-	0
Result before tax	-26	14	2	4	0	-10	6	10	-103

Cost and income
(NOK mill.)

Result before tax
(NOK mill.)



Other subsidiaries

SpareBank 1 Bilplan: The company delivers car fleet management solutions to the public and private sectors nationwide. The company services the market through its own sales operation and through cooperation with SpareBank 1 Finans Midt-Norge, SpareBank 1 SR-Finans, SpareBank 1 Finans Nord-Norge and through the Bank's office network.

SpareBank 1 Invest: The company's strategy is to carry out investments in regional start-ups, venture and private equity funds and to invest directly in growth companies with national/ international market potential in the same market area.

Property companies: Their mission is to own, operate and develop property. Property companies: SpareBank 1 SMN Kvartalet, SpareBank 1 Bygget Steinkjer, St Olavs Plass 1 SMN, Jernbanegata 19 SMN, SpareBank 1 Bygget Trondheim, Bjerkeløkkja.

7. Development last ten years

Financial results

(in NOK million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net interest	1,139	1,350	1,325	1,317	1,392	1,477	1,616	1,790	1,872	1,883
Commission income and other income	671	610	756	855	919	1,139	1,463	1,512	1,545	1,674
Net return on financial investments	332	207	596	410	434	451	502	720	459	944
Total income	2,142	2,167	2,677	2,582	2,746	3,067	3,580	4,021	3,876	4,502
Staff costs	583	623	725	583	810	942	923	1,002	1,093	1,159
Other operating expenses	519	571	528	557	672	712	799	787	838	844
Total operating expenses	1,102	1,194	1,253	1,140	1,482	1,654	1,722	1,789	1,931	2,003
Result before losses	1,039	975	1,424	1,441	1,264	1,414	1,859	2,232	1,945	2,499
Loss on loans, guarantees etc.	-6	202	277	132	27	58	101	89	169	516
Result before tax	1,045	773	1,147	1,309	1,236	1,355	1,758	2,143	1,776	1,983
Tax charge	200	156	210	260	255	295	388	362	370	341
Results investments held for sale, after tax				-27	43	16	30	0	(1)	4
Net profit	846	617	937	1,022	1,024	1,077	1,400	1,782	1,406	1,647

Balance sheet

(in NOK million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cash and loans to and claims on credit institutions	3,878	4,548	1,260	2,532	4,075	4,091	5,984	5,965	5,677	4,207
CDs, bonds and other interest-bearing securities	7,246	12,036	19,302	22,948	21,485	25,614	26,358	27,891	30,282	29,489
Gross loans to customers before write-downs	59,178	64,016	61,782	69,847	73,105	74,943	80,548	90,578	93,974	102,325
- Specified write-downs	-116	-215	-219	-222	-172	-144	-173	-172	-183	-632
- Write-downs by loan category	-185	-245	-289	-290	-290	-295	-295	-295	-376	-339
Other assets	1,502	4,540	2,704	3,182	3,252	3,766	2,938	2,080	2,540	3,030
Assets	71,503	84,679	84,541	97,997	101,455	107,975	115,360	126,047	131,914	138,080
Deposits from credit institutions	5,346	9,000	11,310	13,062	9,118	7,410	6,581	9,123	8,155	10,509
Deposits from and debt to customers	32,434	35,280	37,227	42,786	47,871	52,252	55,927	60,680	64,090	67,168
Debt created by issue of securities	23,950	29,680	24,070	29,625	31,306	33,121	36,806	39,254	40,569	40,390
Other liabilities	2,265	2,045	1,876	1,922	2,122	2,070	1,485	1,095	1,734	1,532
Subordinated loan capital	2,648	3,156	3,875	2,758	2,690	3,040	3,319	3,371	3,463	3,182
Total equity capital	4,860	5,518	6,183	7,846	8,348	10,082	11,242	12,524	13,904	15,299
Total liabilities and equity	71,503	84,679	84,541	97,997	101,455	107,975	115,360	126,047	131,914	138,080

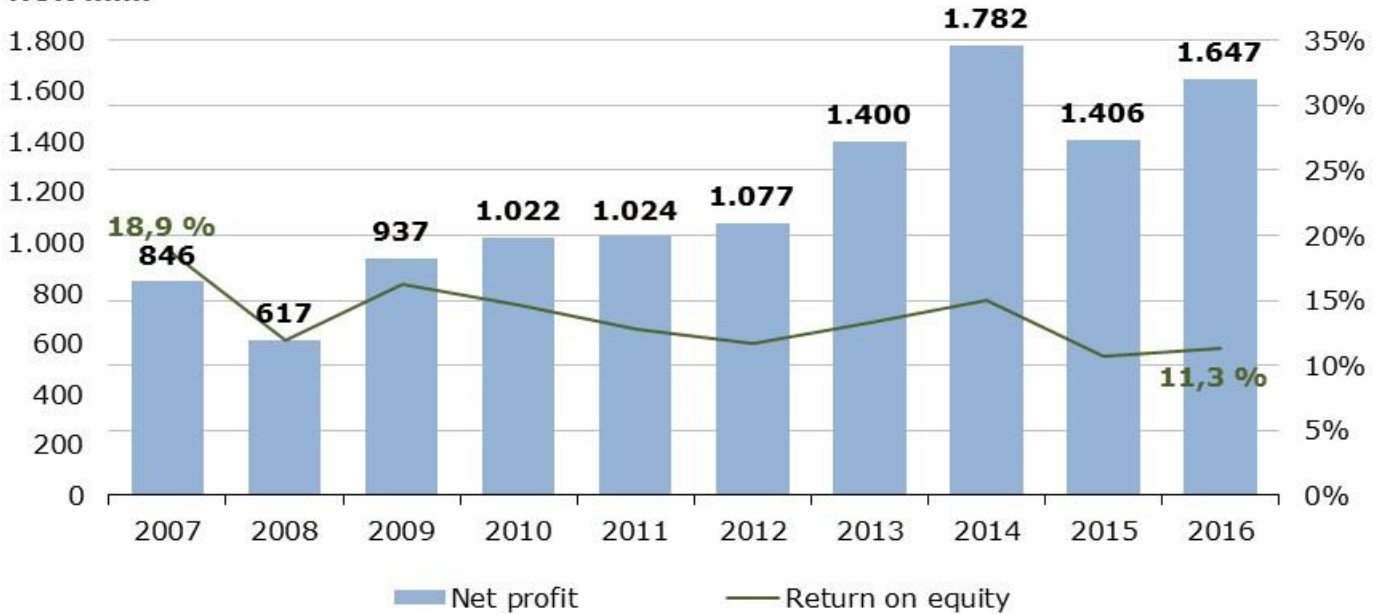
Key figures

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Return on equity	18.9 %	11.9 %	16.2 %	14.6 %	12.8 %	11.7 %	13.3 %	15.1 %	10.7 %	11.3 %
Cost/income ratio group	51.7 %	55.0 %	46.8 %	44.2 %	54.0 %	53.9 %	48.1 %	44.5 %	49.8 %	44.5 %
Cost/income ratio group, ex. financial inv.	60.8 %	60.2 %	52.5 %	52.5 %	64.1 %	63.2 %	55.9 %	54.2 %	56.5 %	56.3 %
Cost/income ratio parent bank	52.4 %	55.3 %	47.2 %	40.2 %	50.5 %	47.5 %	40.2 %	40.5 %	38.0 %	31.9 %
12-month cost growth	11.8 %	7.9 %	4.9 %	-9.0 %	30.0 %	11.6 %	4.1 %	3.9 %	7.9 %	3.7 %
Gross loans to customers*	61,910	71,317	77,429	87,665	95,232	104,925	112,283	120,435	127,378	137,535
Gross loans in retail market	38,872	42,679	45,157	49,619	55,034	62,587	68,591	74,087	80,725	89,402
Gross loans in corporate market	23,038	28,638	32,272	38,046	40,198	42,322	43,692	46,348	46,653	48,133
Growth in loans last 12 months*	17.2 %	15.2 %	8.6 %	13.2 %	8.6 %	10.2 %	6.8 %	7.3 %	5.8 %	8.0 %
Deposits from customers	32,434	35,280	37,227	42,786	47,871	52,252	55,927	60,680	64,090	67,168
Deposits from retail market	16,070	17,566	17,898	19,052	20,860	22,279	23,891	26,496	28,336	29,769
Deposits from corporate market	16,363	17,715	19,330	23,734	27,011	29,973	32,036	34,184	35,754	37,398
Growth in deposits last 12 months	7.6 %	8.8 %	5.5 %	14.9 %	11.9 %	9.2 %	7.3 %	8.5 %	5.6 %	4.8 %
Deposit-to-loan ratio*	52.4 %	49.5 %	48.1 %	48.8 %	50.3 %	49.8 %	49.8 %	50.4 %	50.3 %	48.8 %
Total assets	71,503	84,679	84,541	97,997	102,479	107,975	115,360	126,047	131,914	138,080
Average total assets	67,202	75,820	86,679	91,317	98,465	105,372	111,843	117,794	128,355	137,060
Employees in employment group	931	982	1,016	1,035	1,098	1,135	1,159	1,192	1,208	1,254
Employees in employment parent bank	723	750	767	764	786	793	757	753	645	630
Employees in employment subsidiaries	208	232	250	271	312	342	402	439	563	624
Net other operating income of total income	31.3 %	28.2 %	28.2 %	33.1 %	33.5 %	37.1 %	40.8 %	38.0 %	40 %	37 %
Common Equity Tier 1 ratio	7.4 %	7.1 %	7.7 %	9.3 %	8.9 %	10.0 %	11.1 %	11.2 %	13.6 %	14.9 %
Capital adequacy ratio	12.1 %	11.9 %	13.6 %	13.0 %	12.0 %	13.3 %	14.7 %	15.7 %	18.3 %	19.4 %
Core capital ratio	8.4 %	8.1 %	10.4 %	10.9 %	10.4 %	11.3 %	13.0 %	13.0 %	15.6 %	17.0 %
Total core capital	4,019	4,967	6,730	7,283	7,856	9,357	10,989	12,382	13,988	15,069
Net subordinated capital	5,762	7,312	8,730	8,646	9,055	10,943	12,417	14,937	16,378	17,185
Impairment losses ratio	-0.01 %	0.21 %	0.31 %	0.16 %	0.03 %	0.06 %	0.09 %	0.08 %	0.14 %	0.39 %
Non-perf. commitm. as % of gross loans	0.39 %	0.46 %	0.49 %	0.57 %	0.36 %	0.36 %	0.34 %	0.22 %	0.16 %	0.16 %
Other doubtful commitm. as % of gross loans	0.37 %	1.33 %	0.57 %	0.24 %	0.21 %	0.14 %	0.14 %	0.18 %	0.31 %	1.07 %

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

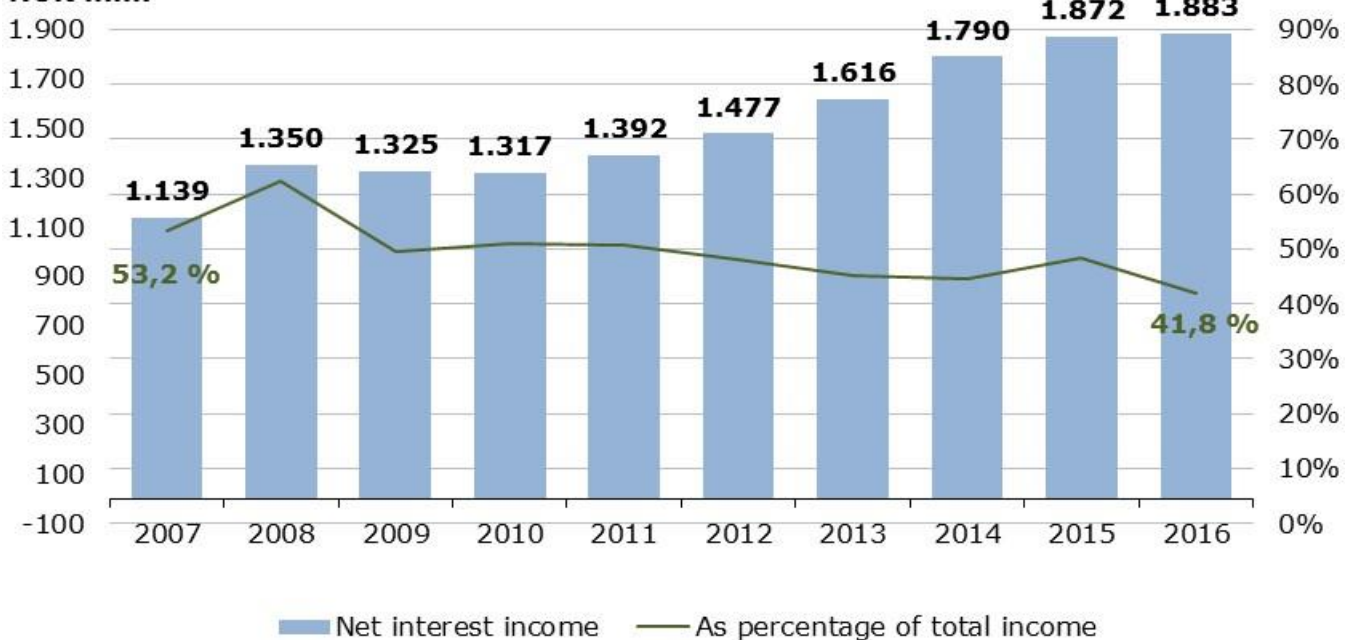
Net profit and return on equity

NOK mill.

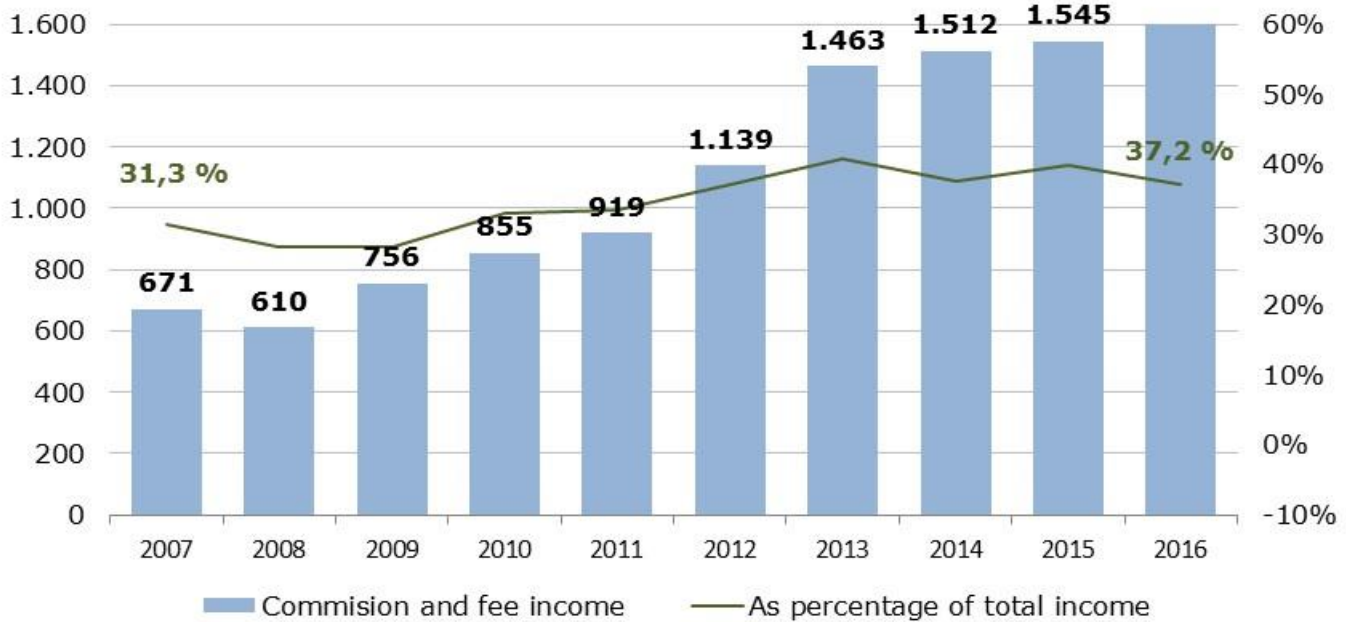


Development in net interest income

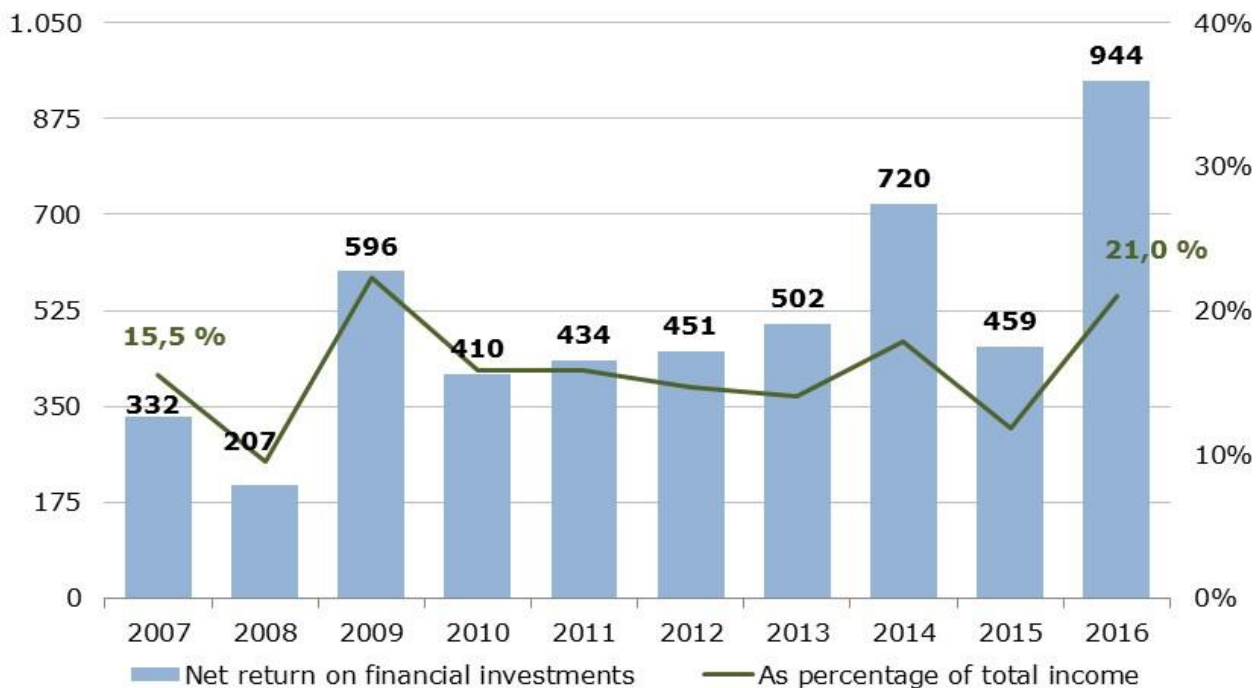
NOK mill.



Development in commission income and other income

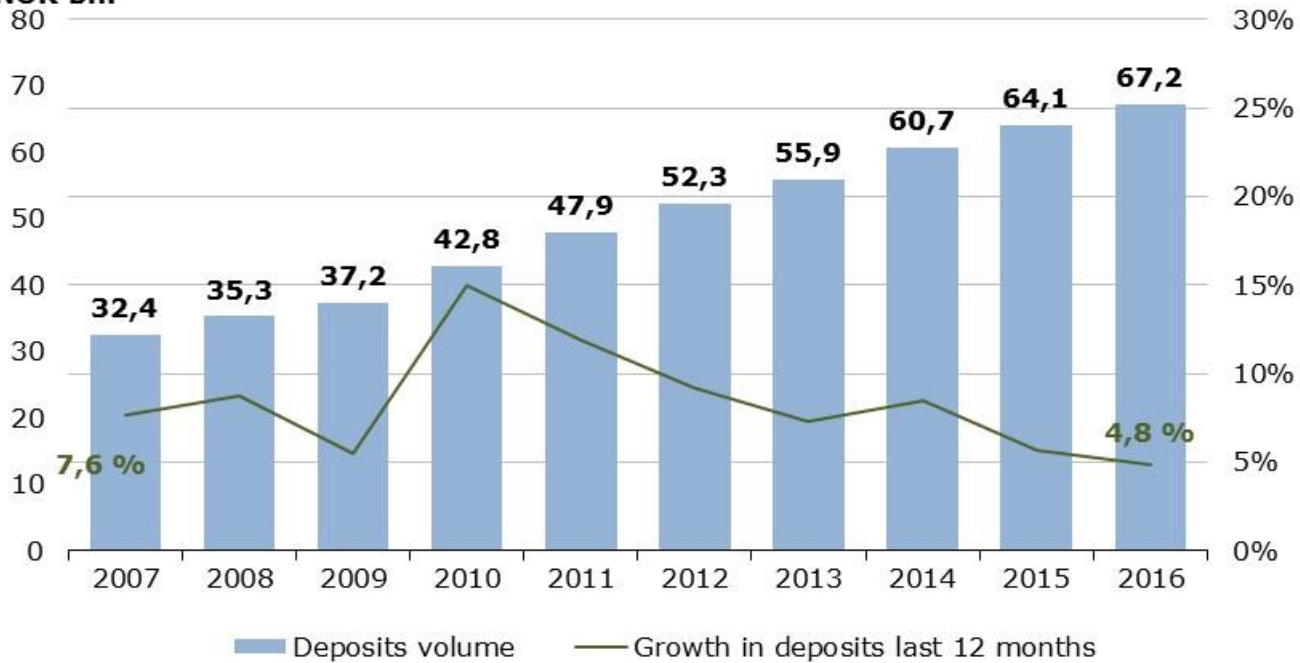


Development in net return on financial investments



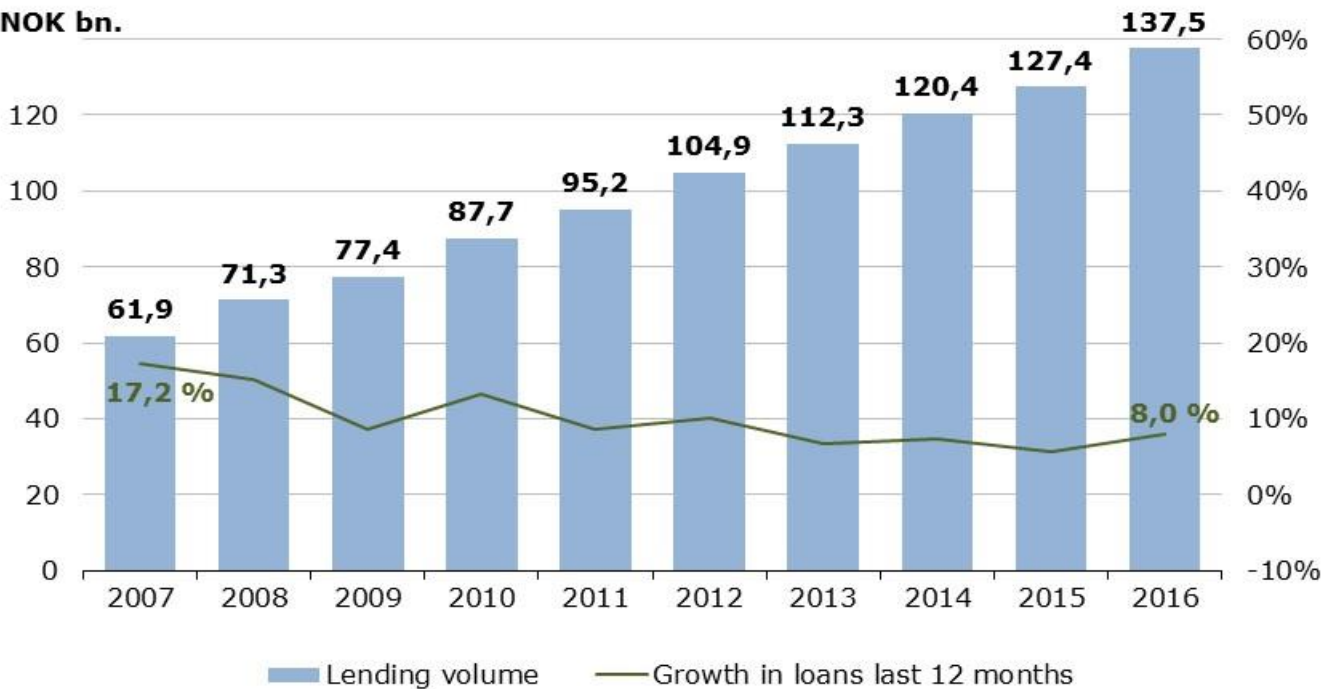
Volume development, Deposits

NOK bn.



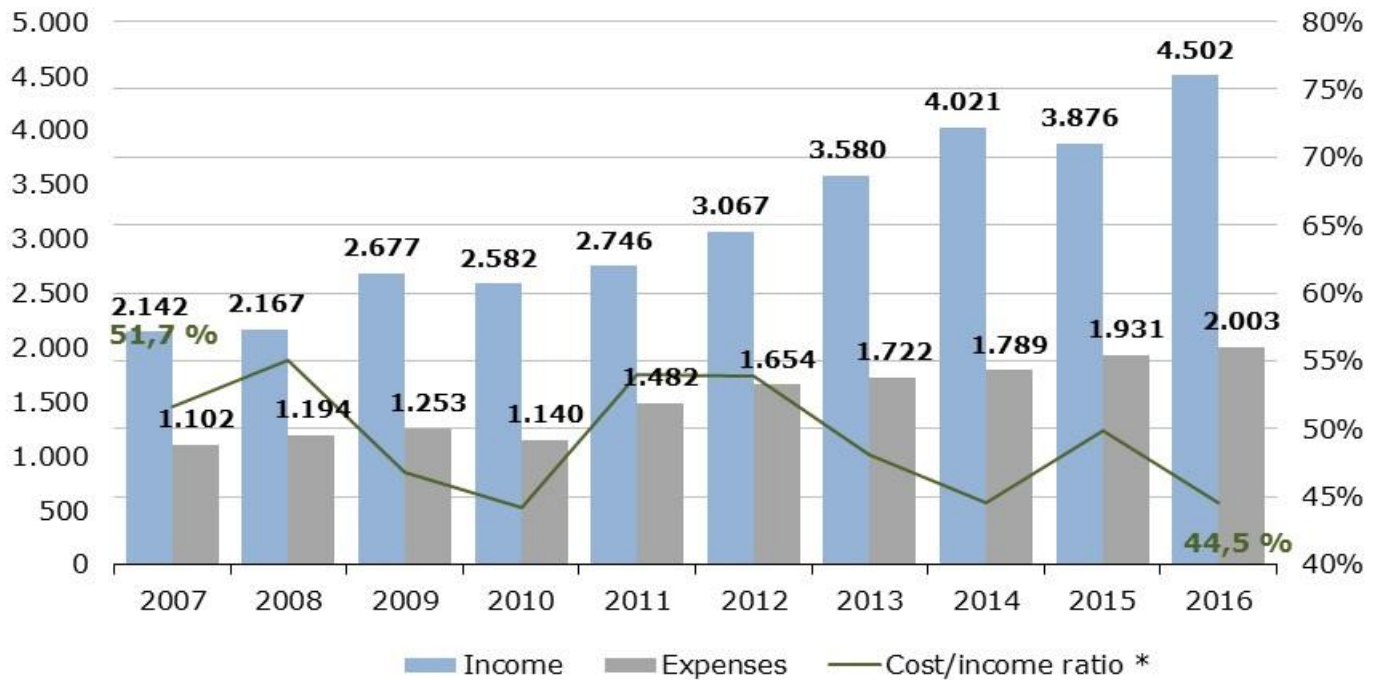
Volume development, Lending

NOK bn.



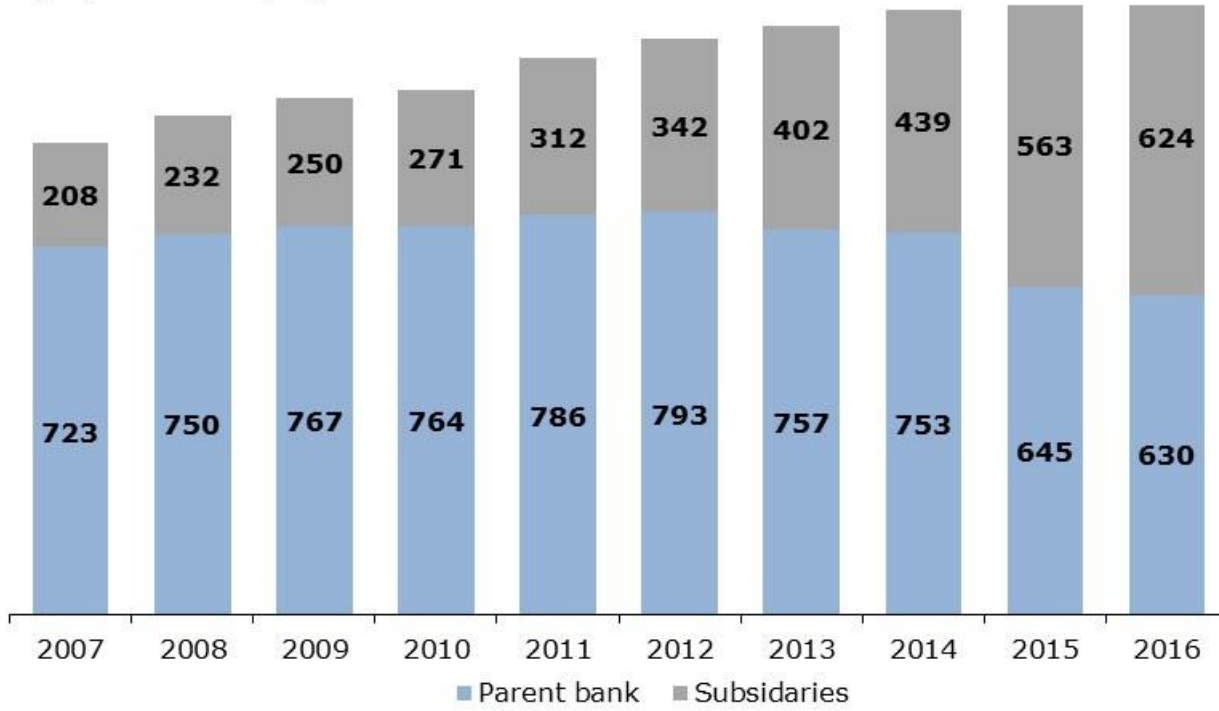
Cost/income ratio

NOK mill.



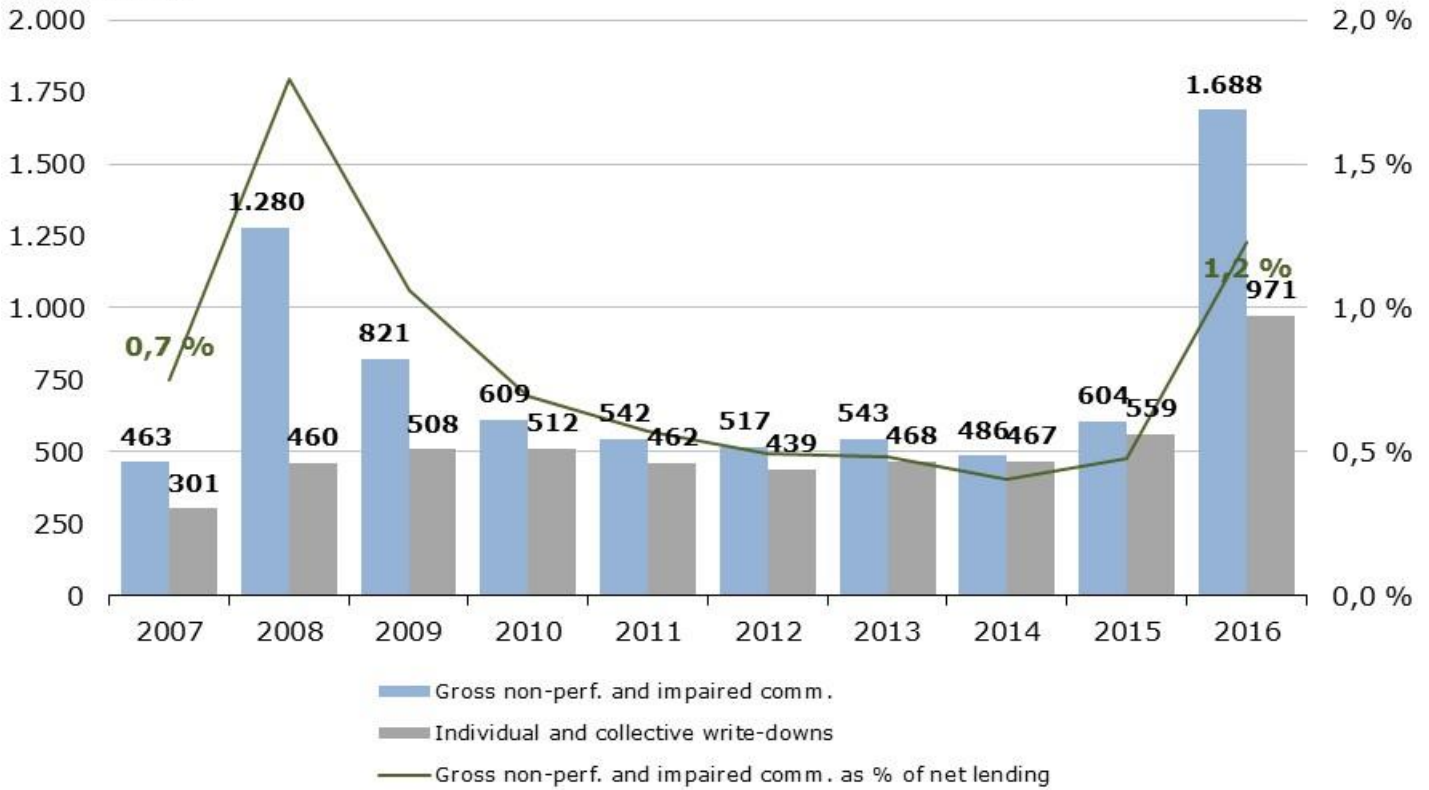
* Total operating expenses as a percentage of total operating income

Employees in employment



Net non-performing and impaired commitments

NOK million



Capital Adequacy

