

# Investor Relations

Supplementary information

First Quarter 2018



**CEO**  
Finn Haugan

**For further information, please contact**

Kjell Fordal, CFO    [kjell.fordal@smn.no](mailto:kjell.fordal@smn.no)    +47 905 41 672

**Address**

SpareBank 1 SMN, Postboks 4796 Sluppen, 7467 Trondheim

Visiting address: Søndre gate 4, 7011 Trondheim

Sparebank 1 SMN Switchboard: +47 915 07300

**Information on the Internet**

SpareBank 1 SMN's home page    [www.smn.no](http://www.smn.no)

ECC information in general    [www.egenkapitalbevis.no](http://www.egenkapitalbevis.no)

**Financial Calendar 2018**

1st quarter 2018 04 May 2018  
2nd quarter 2018 07 August 2018  
3rd quarter 2018 26 October 2018

## Table of Contents

1. SpareBank 1 SMN.....	3
1.1. Financial highlights.....	3
1.2. Business description .....	4
1.3. Credit ratings.....	7
1.4. Equity capital certificate (MING).....	8
2. Financial results .....	12
2.1. Main figures.....	12
2.2. Net interest income .....	13
2.3. Commission income .....	16
2.4. Operating expenses .....	19
3. Loans to customers.....	21
3.1. Distribution of loans by industry .....	21
3.2. Risk profile and write-downs.....	22
3.3. Capital adequacy.....	25
4. Funding .....	29
5. Financial results .....	31
6. Segment Information.....	34
6.1. Extract from income statement .....	34
6.2. Retail Market .....	37
6.3. Corporate .....	39
6.4. Subsidiaries.....	41
7. Development last ten years .....	46

# 1. SpareBank 1 SMN

## 1.1. Financial highlights

### January- March 2018

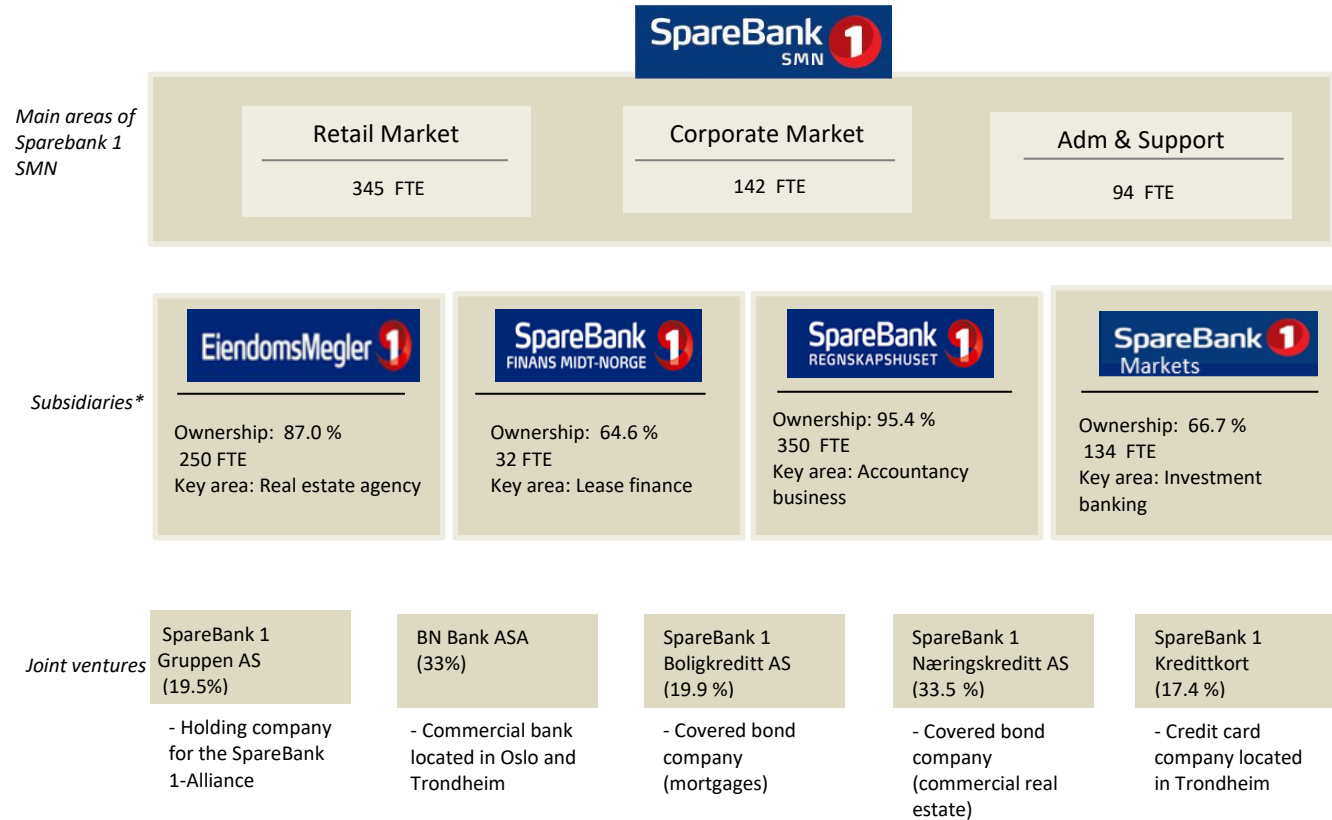
(Consolidated figures. Figures in parentheses refer to the same period of 2017 unless otherwise stated).

- Profit before tax and inv. held for sale: NOK 596 million (NOK 466 million)
- Net profit: NOK 466 million (NOK 367 million)
- Return on equity: 11,2 per cent (9.4 per cent)
- 12-month growth in lending (incl. SB1 Boligkreditt and SB1 Næringskreditt): 7,9 %per cent (8,1 per cent)
- 12-month growth in deposits: 8,2 per cent (9,9 per cent)
- Loan losses: NOK 48 million (NOK 89 million)
- Common equity tier 1 ratio: 14,6 per cent (14,7 per cent)
- Earnings per EC: NOK 2,21 (1,74)

## 1.2. Business description

SpareBank 1 SMN is Mid-Norway's largest bank with assets totalling NOK 152 billion at the end of March 2018. Head office is in Trondheim. SpareBank 1 SMN employs 1.393 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.

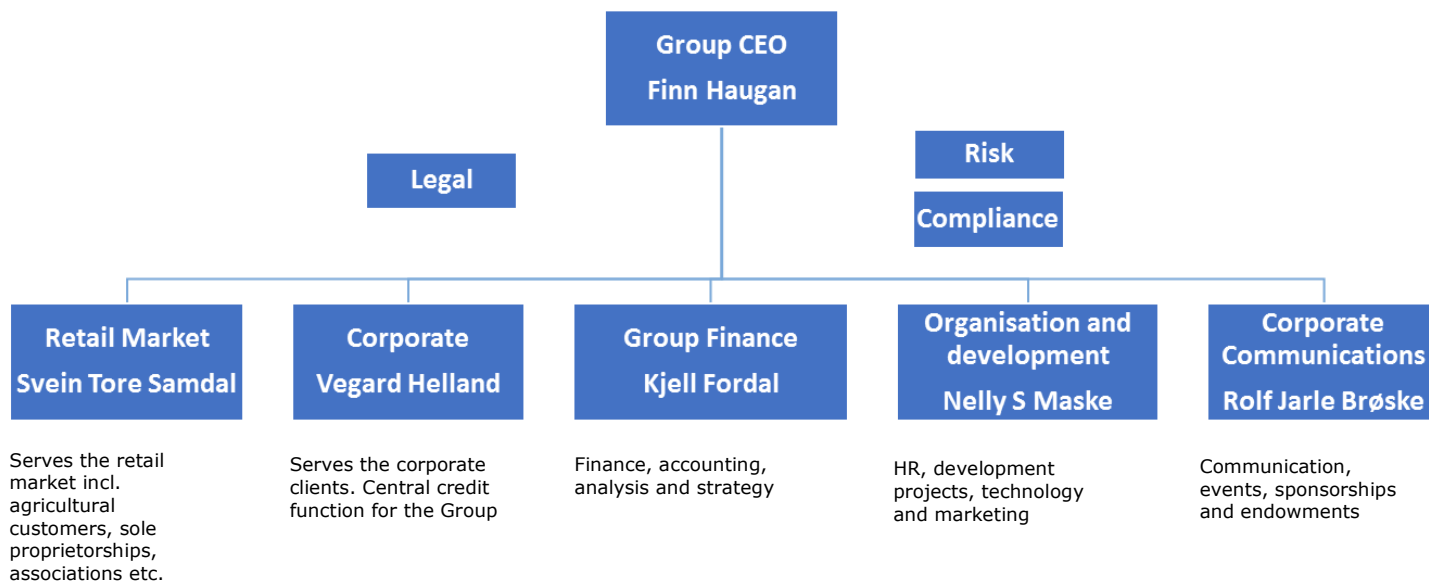
### SpareBank 1 SMN's activities



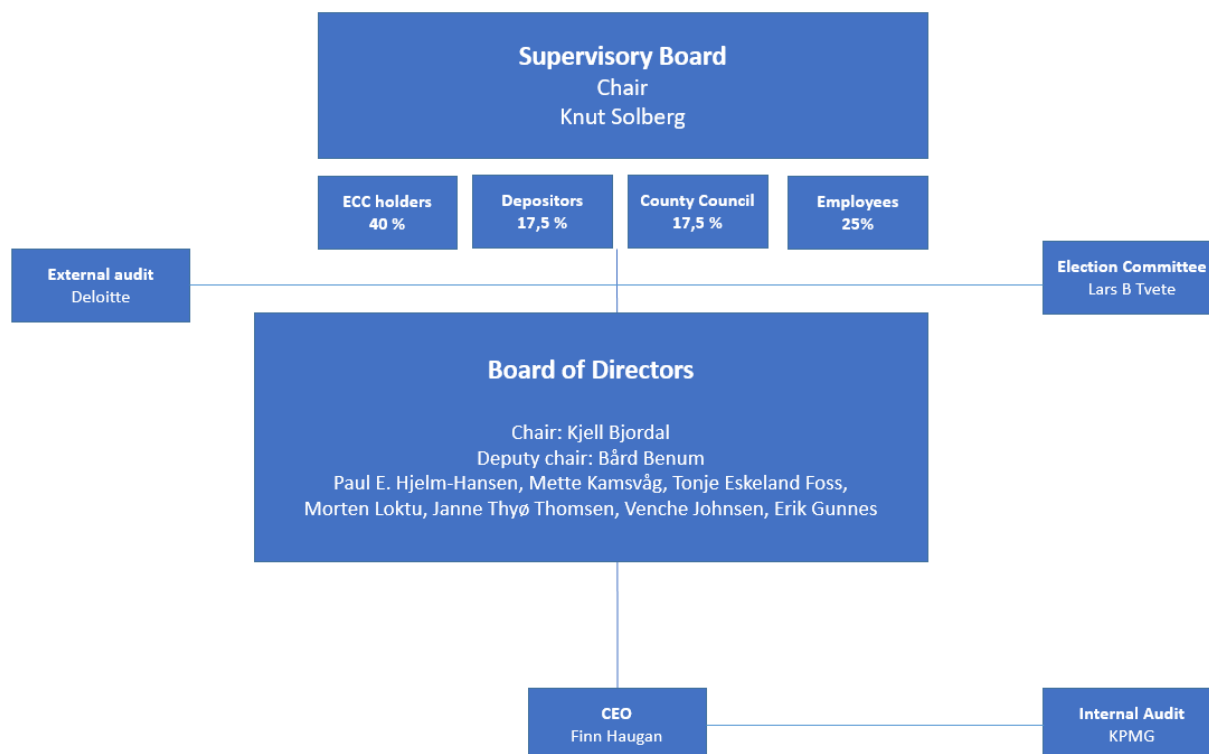
\*In addition SpareBank 1 SMN has subsidiaries with activities covering asset management, investments in regional seed corn, venture and private equity funds, property companies and car fleet management. These subsidiaries account for 46 FTEs

### Organisation of SpareBank 1 SMN

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

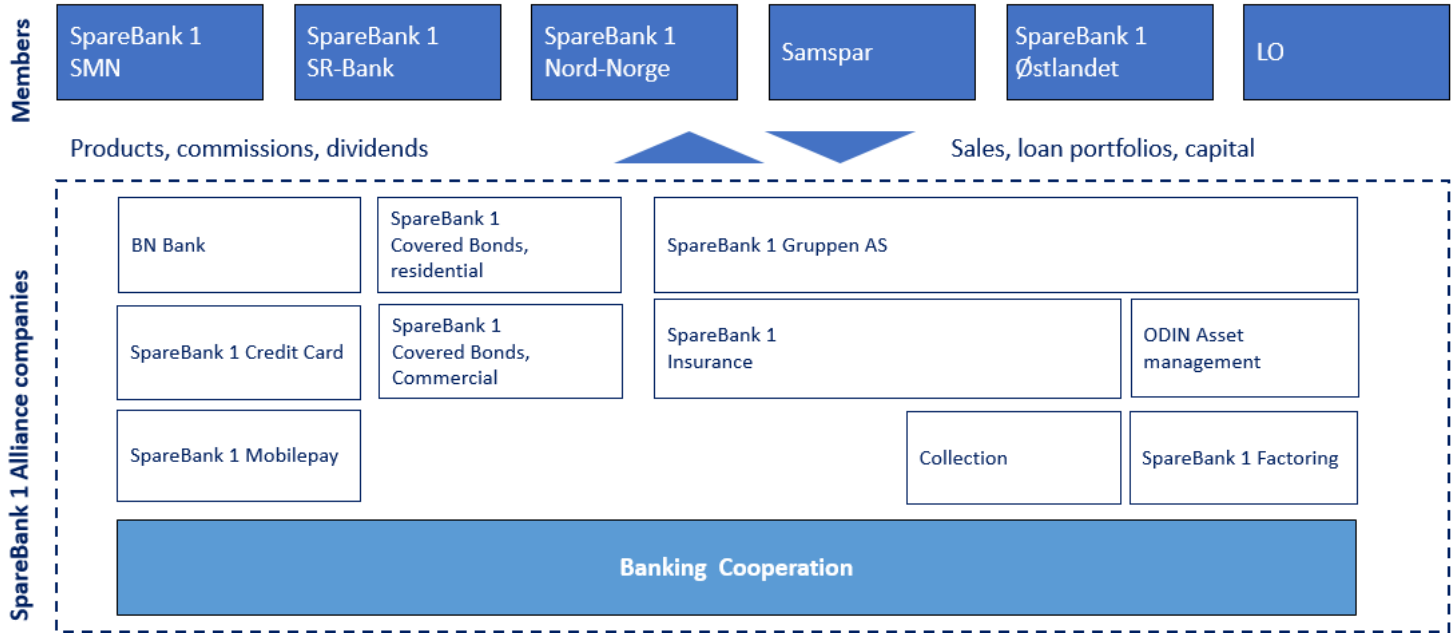


### Overview of governing and control bodies

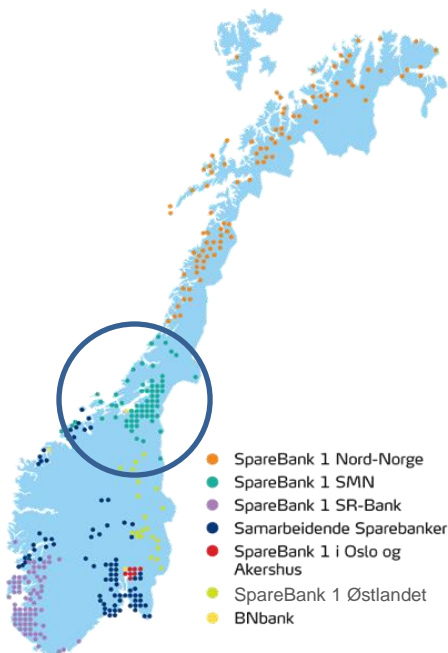


### SpareBank 1 Alliance

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 2<sup>nd</sup> 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)

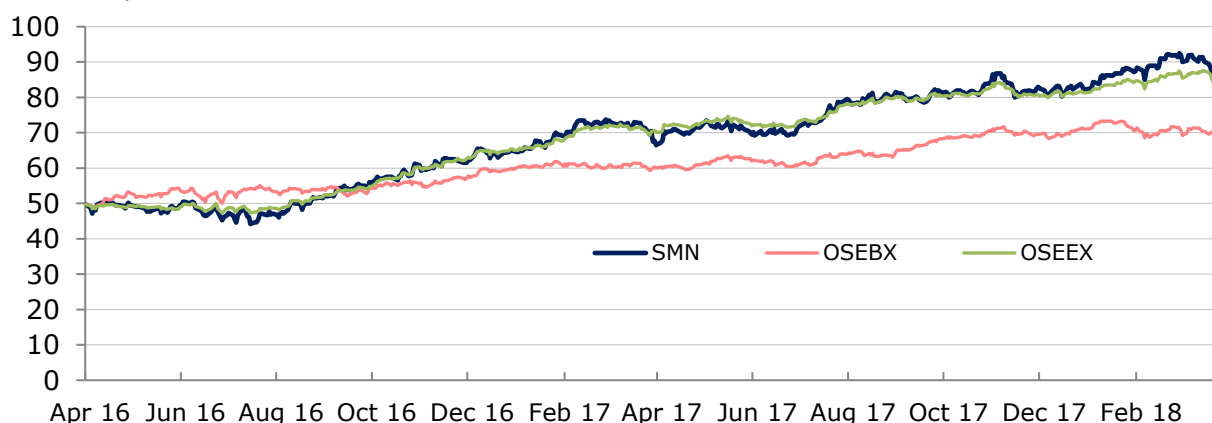
The key figures are corrected for issues.

31 March 2018 the price of the Bank's ECC was NOK 80,90 (NOK 66,50). Earnings per ECC were NOK 2,21 (NOK 1,74). Book value per ECC was NOK 76,53 (NOK 72,31) as of 31 March 2018.

### Key figures

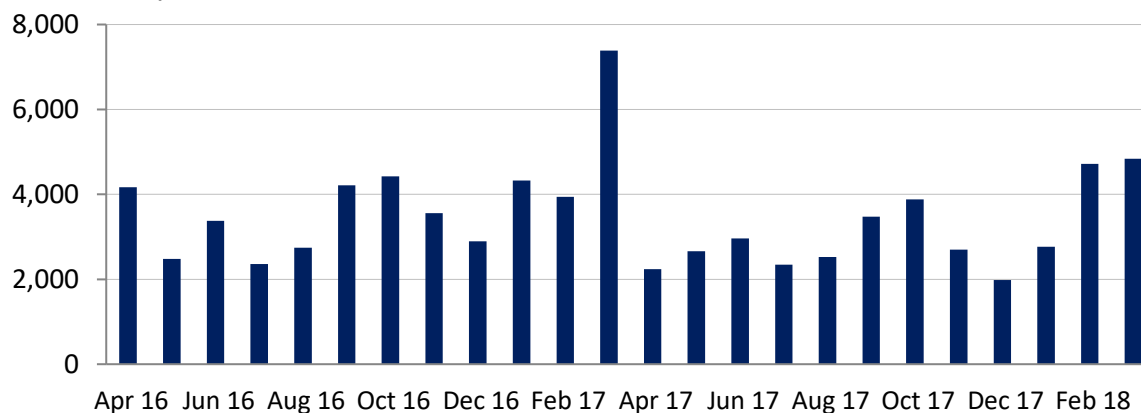
(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
ECC price	80.90	82.25	81.25	71.75	66.50	80.90	66.50	82.25	64.75
Number of certificates issued, millions	129.38	129.38	129.40	129.54	129.48	129.38	129.48	129.38	129.64
Booked equity capital per ECC (incl. dividend)	76.53	78.81	79.18	75.40	72.31	76.53	72.31	78.81	73.35
Adjusted profit per ECC	2.21	2.63	2.42	1.92	1.74	2.21	1.74	8.71	7.93
P/E per ECC (annualised)	9.16	7.81	8.40	9.32	9.58	9.16	9.58	9.44	8.17
P/B equity capital	1.06	1.04	1.03	0.95	0.92	1.06	0.92	1.04	0.88

Stock price compared with OSEBX<sup>1)</sup> and OSEEX<sup>2)</sup>  
1 Apr 2016 to 31 Mar 2018



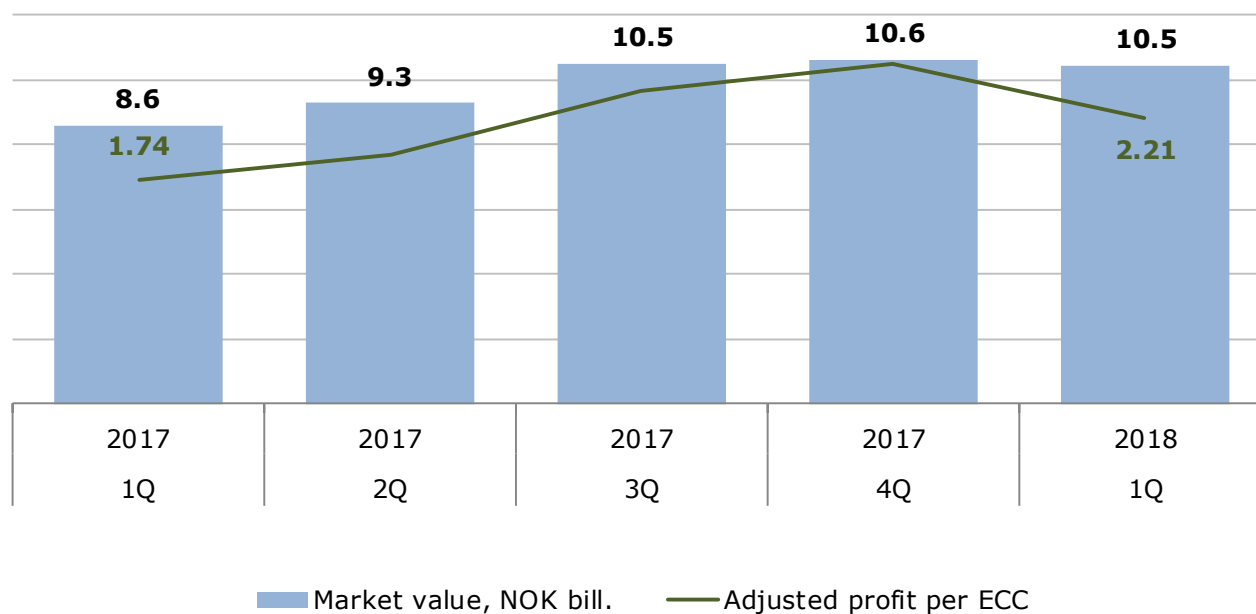
- 1) OSEBX = Oslo Stock Exchange Benchmark Index (rebased)  
2) OSEEX = Oslo Stock Exchange ECC Index (rebased)

Trading statistics<sup>1)</sup>  
1 Apr 2016 to 31 Mar 2018



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

## Market value and profit per ECC



## Equity certificates ratio (parent bank)

(in NOK million)	31 Mar. 2018	31 Dec. 2017	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016
ECC capital	2,597	2,597	2,597	2,597	2,597	2,597
Dividend equalisation reserve	5,079	5,079	4,487	4,487	4,487	4,487
Premium reserve	895	895	895	895	895	895
Unrealised gains reserve	81	81	81	81	81	81
Other equity	-9	0	4	6	0	0
<b>A. The equity certificate owner's capital</b>	<b>8,643</b>	<b>8,652</b>	<b>8,064</b>	<b>8,066</b>	<b>8,060</b>	<b>8,060</b>
Saving bank reserve	4,831	4,831	4,498	4,498	4,498	4,499
Unrealised gains reserve	45	45	45	45	45	45
Other equity	-5	0	2	3	0	0
<b>B. Ownerless capital</b>	<b>4,871</b>	<b>4,877</b>	<b>4,545</b>	<b>4,546</b>	<b>4,543</b>	<b>4,545</b>
Provision for gifts	0	322	0	0	0	220
Recommended dividends	0	571	0	0	0	389
<b>Equity ex. hybrid capital</b>	<b>13,514</b>	<b>14,422</b>	<b>12,609</b>	<b>12,612</b>	<b>12,603</b>	<b>13,214</b>
Equity certificates ratio A/(A+B)	63.90 %	63.95 %	63.95 %	63.95 %	63.95 %	63.95 %

*20 largest ECC holders*

<b>Owner</b>	<b>Number</b>	<b>Ownership in %</b>
VPF Nordea Norge Verdi	6,422,299	4.95 %
State Street Bank and Trust CO (nominee)	4,347,180	3.35 %
Sparebankstiftelsen SMN	3,965,391	3.05 %
VPF Odin Norge	3,542,919	2.73 %
VPF Danske Invest Norske Aksjer Inst. II	3,303,849	2.54 %
JP Morgan Chase Bank (nominee)	2,720,452	2.10 %
Verdipapirfondet DNB Norge (IV)	2,425,608	1.87 %
State Street Bank and Trust CO (nominee)	2,315,337	1.78 %
VPF Pareto Aksje Norge	2,281,288	1.76 %
VPF Alfred Berg Gambak	1,924,604	1.48 %
Pareto AS	1,821,202	1.40 %
Morgan Stanley And Co Intl plc	1,781,469	1.37 %
VPF Danske Invest Norske Aksjer Inst. I	1,779,692	1.37 %
JP Morgan Chase Bank (nominee)	1,722,083	1.33 %
Forsvarets Personellservice	1,717,046	1.32 %
MP Pensjon PK	1,568,771	1.21 %
VPF Nordea Kapital	1,438,701	1.11 %
JP Morgan Securities	1,366,608	1.05 %
VPF Storebrand Norge I	1,345,665	1.04 %
VPF Nordea Avkastning	1,289,111	0.99 %
<b>Total 20 largest shareholders</b>	<b>49,079,275</b>	<b>37.80 %</b>
Others	80,757,168	62.20 %
<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

### 2.1. Main figures

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Net interest	568	589	570	532	533	568	533	2,225	1,929
Commission income and other income	542	529	482	538	455	542	455	2,005	1,674
Net return on financial investments	180	256	235	131	138	180	138	760	944
<b>Total income</b>	<b>1,290</b>	<b>1,374</b>	<b>1,287</b>	<b>1,202</b>	<b>1,126</b>	<b>1,290</b>	<b>1,126</b>	<b>4,989</b>	<b>4,547</b>
<b>Total operating expenses</b>	<b>645</b>	<b>618</b>	<b>582</b>	<b>598</b>	<b>571</b>	<b>645</b>	<b>571</b>	<b>2,369</b>	<b>2,003</b>
<b>Result before losses</b>	<b>645</b>	<b>756</b>	<b>705</b>	<b>604</b>	<b>555</b>	<b>645</b>	<b>555</b>	<b>2,621</b>	<b>2,544</b>
Loss on loans, guarantees etc.	48	78	88	86	89	48	89	341	516
<b>Result before tax</b>	<b>596</b>	<b>678</b>	<b>617</b>	<b>518</b>	<b>466</b>	<b>596</b>	<b>466</b>	<b>2,279</b>	<b>2,029</b>
Tax charge	131	122	118	111	99	131	99	450	352
Results investments held for sale, after tax	1	-4	0	3	0	1	0	-1	4
<b>Net profit</b>	<b>466</b>	<b>553</b>	<b>500</b>	<b>409</b>	<b>367</b>	<b>466</b>	<b>367</b>	<b>1,828</b>	<b>1,681</b>

### Balance sheet - condensed

Balance (in NOK million)	31 Mar.	31 Dec.	30 Sept.	30 Jun.	31 Mar.	31 Dec.
	2018	2017	2017	2017	2017	2016
Total assets	152,083	153,254	146,913	149,449	142,042	138,080
Average total assets (quarterly)	152,668	150,083	148,181	145,746	140,061	138,948
Gross loans to customers *	151,065	148,784	147,146	143,800	140,038	137,535
Deposits from customers	75,937	76,476	73,086	75,559	70,176	67,168
Total equity capital	17,365	17,510	17,208	16,733	16,269	16,253

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

### Key figures

	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Return on equity	11.2 %	13.4 %	12.5 %	10.5 %	9.4 %	11.2 %	9.4 %	11.5 %	11.3 %
Common Equity Tier 1 ratio	14.6 %	14.6 %	14.6 %	14.9 %	14.7 %	14.6 %	14.7 %	14.6 %	14.8 %
Cost/income ratio group	50 %	45 %	45 %	50 %	51 %	50 %	51 %	47 %	44 %
Growth in loans incl Boligkreditt and Næringskreditt last 12 months	7.9 %	8.2 %	9.4 %	8.5 %	8.1 %	7.9 %	8.1 %	8.2 %	8.0 %
Growth in deposits last 12 months	8.2 %	13.9 %	10.3 %	12.7 %	9.9 %	8.2 %	9.9 %	13.9 %	4.8 %
Deposits-to-loan ratio incl Boligkreditt and Næringskreditt last 12 months	50 %	51 %	50 %	53 %	50 %	50 %	50 %	51 %	49 %
Impairment losses ratio	0.13 %	0.22 %	0.24 %	0.24 %	0.26 %	0.13 %	0.26 %	0.23 %	0.39 %
Non-performing commitm. as % of gross loans	0.19 %	0.19 %	0.18 %	0.18 %	0.15 %	0.19 %	0.15 %	0.19 %	0.16 %
ECC price	80.90	82.25	81.25	71.75	66.50	80.90	66.50	82.25	64.75
Booked equity capital per ECC (incl. dividend)	76.53	78.81	79.18	75.40	72.31	76.53	72.31	78.81	73.35
Adjusted profit per ECC	2.21	2.63	2.42	1.92	1.74	2.21	1.74	8.71	7.93

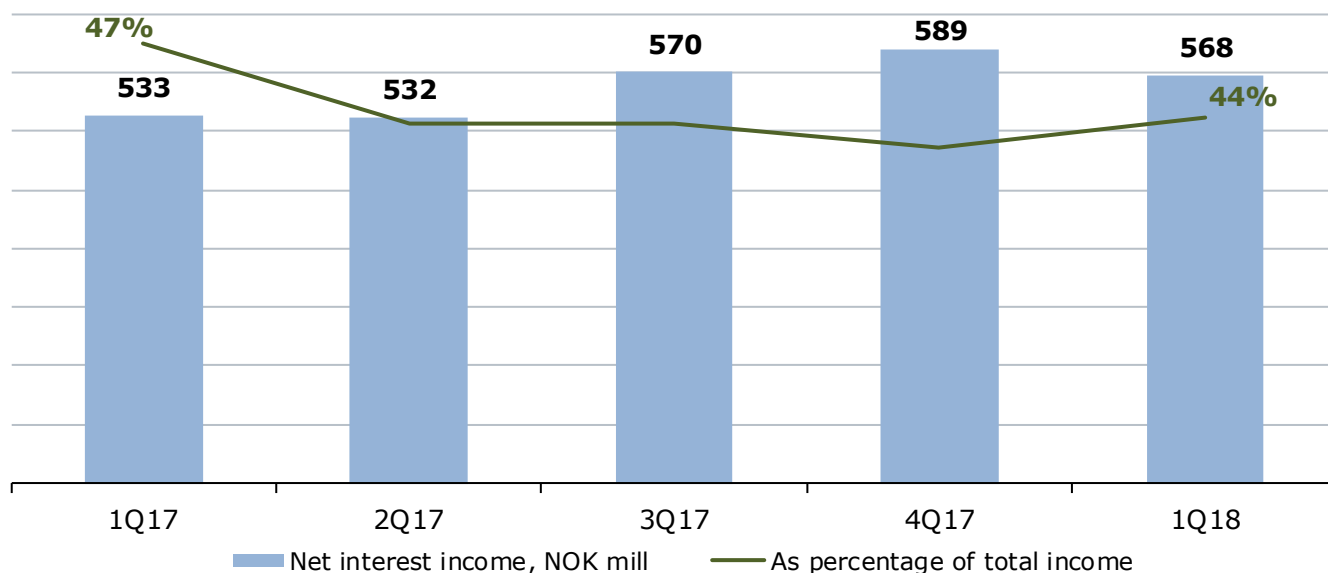
## 2.2. Net interest income

### Net interest income

(in NOK million)	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	31 Mar.		2017	2016
Interest income	962	989	959	945	931	962	931	3,825	3,597
Interest expenses	394	400	389	413	398	394	398	1,600	1,668
<b>Net interest income</b>	<b>568</b>	<b>589</b>	<b>570</b>	<b>532</b>	<b>533</b>	<b>568</b>	<b>533</b>	<b>2,225</b>	<b>1,929</b>
<b>As percentage of total income</b>	<b>44 %</b>	<b>43 %</b>	<b>44 %</b>	<b>44 %</b>	<b>47 %</b>	<b>44 %</b>	<b>47 %</b>	<b>45 %</b>	<b>42 %</b>

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



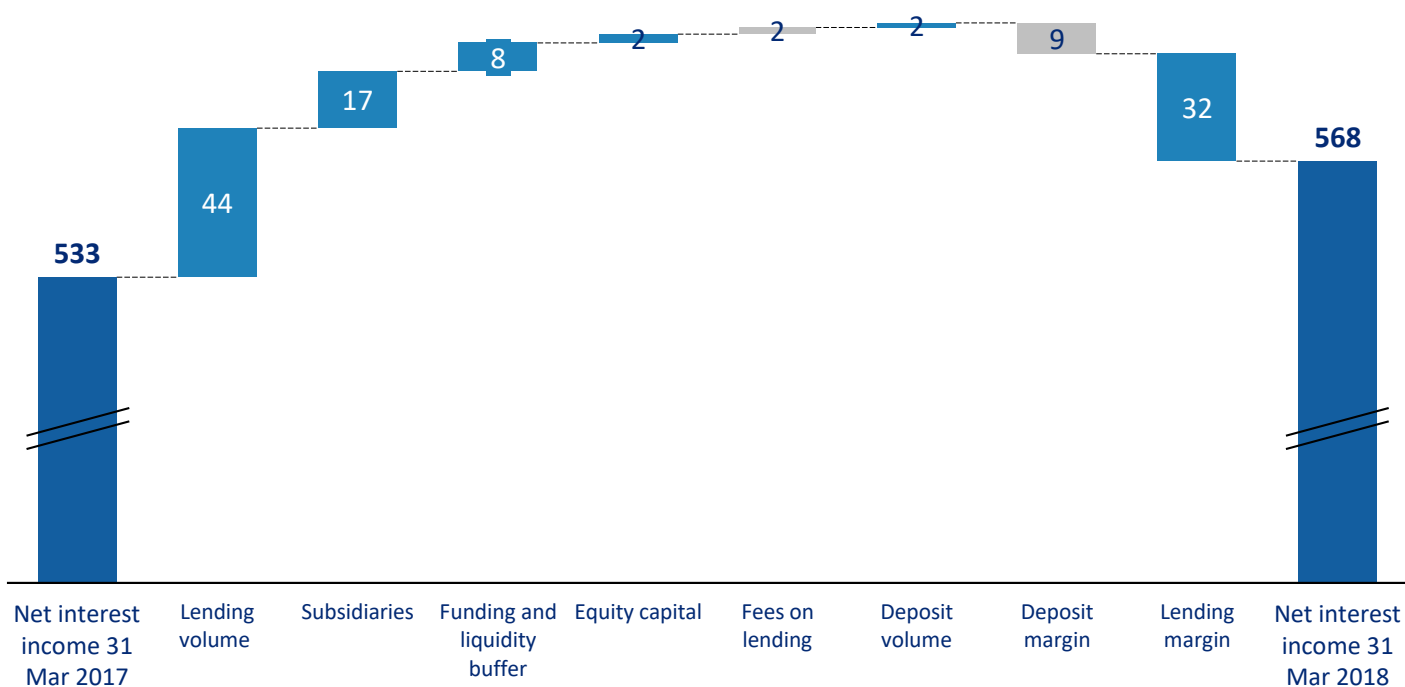
### Changes in interest income from lending and deposits, last 12 months

(in NOK million)	Volume	Margin	Total
Lending	44	-32	12
Deposits	2	-9	-8
<b>Total</b>	<b>45</b>	<b>-41</b>	<b>4</b>

### Changes in net interest income

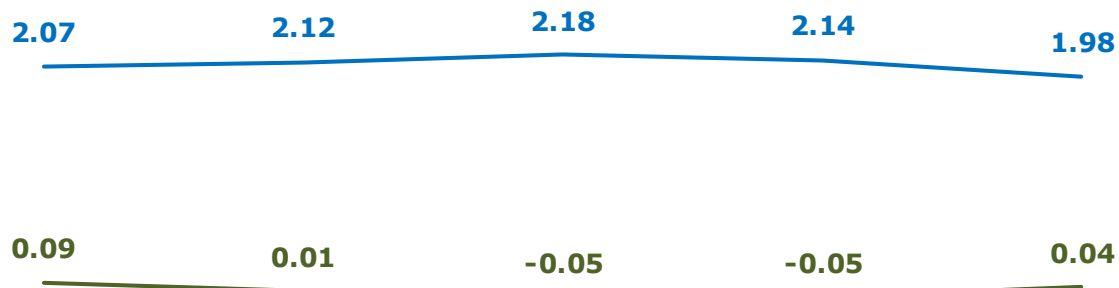
(in NOK million)

	2018	31 Mar. Change	2017
<b>Net interest income</b>	<b>568</b>	<b>34</b>	<b>533</b>
Equity capital		2	
Lending volume		44	
Fees on lending		2	
Deposit margin		-9	
Subsidiaries		17	
Deposit volume		2	
Lending margin		-32	
Funding and liquidity buffer		8	
<b>Change</b>		<b>34</b>	



## Margin development

Definition margin: Average customer interest minus 3 months nitor

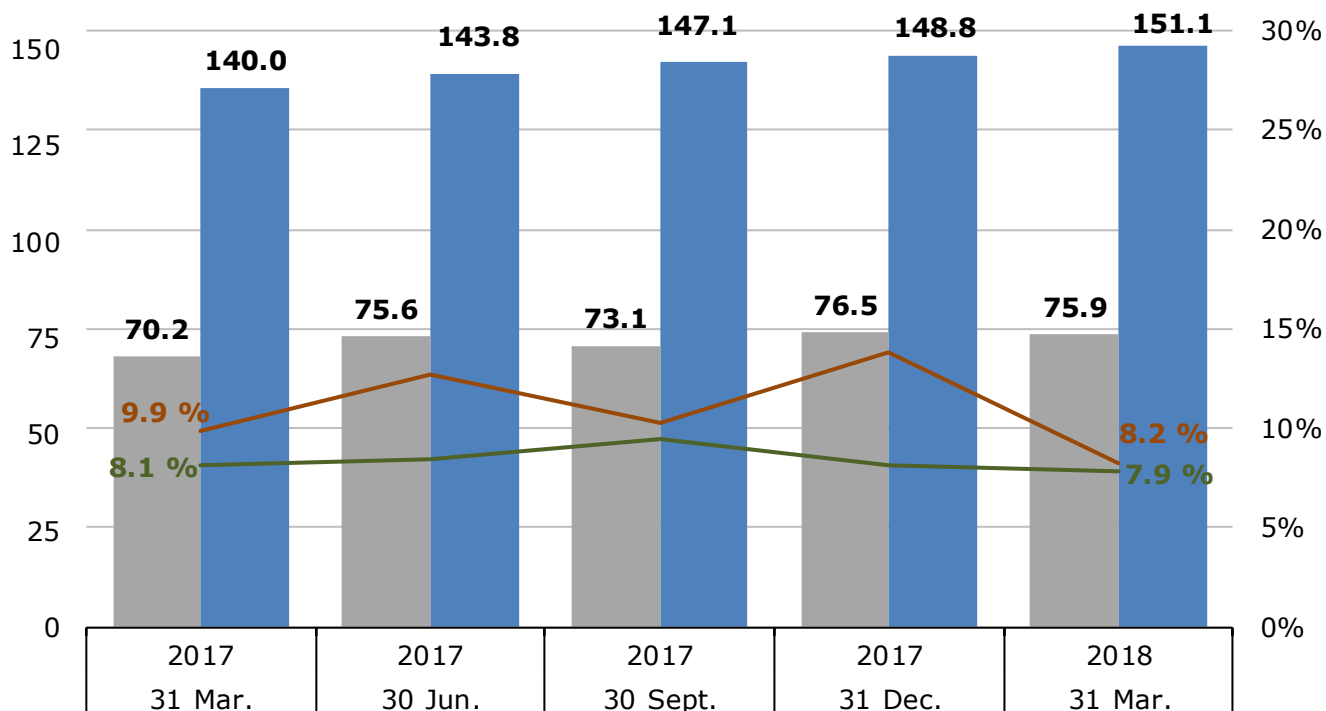


2017 31 Mar.	2017 30 Jun.	2017 30 Sept.	2017 31 Dec.	2018 31 Mar.
-----------------	-----------------	------------------	-----------------	-----------------

— Lending margin — Deposits margin

## Volume development

NOK bn.



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

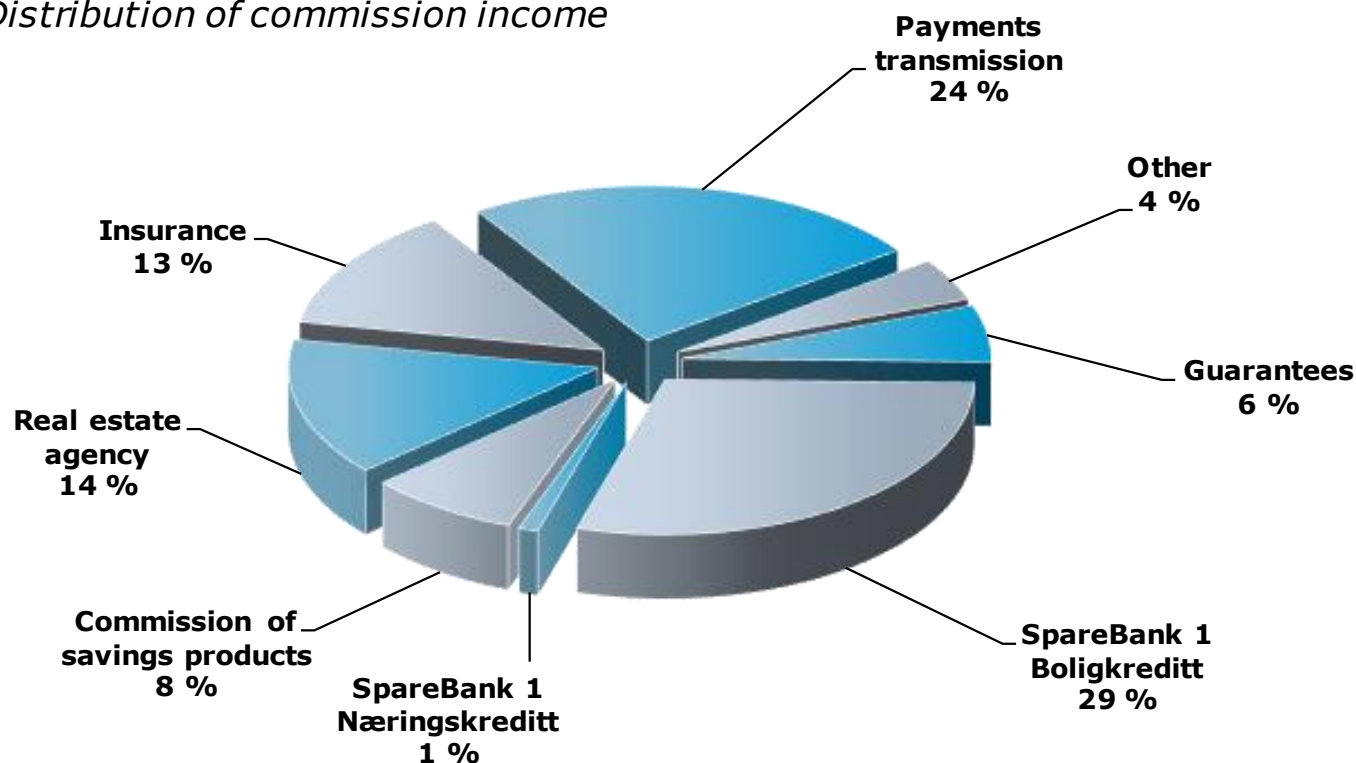


## 2.3. Commission income

### Total commission and other income

(in NOK million)	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	31 Mar.		2017	2016
						2018	2017		
Guarantees	20	19	25	17	19	20	19	80	76
SpareBank 1 Boligkreditt	99	100	95	86	72	99	72	353	271
SpareBank 1 Næringskreditt	3	4	4	4	4	3	4	17	12
Commission of savings products	27	48	23	23	20	27	20	115	74
Real estate agency	49	46	54	68	55	49	55	223	247
Insurance	43	44	44	43	41	43	41	172	159
Payments transmission	82	95	96	89	82	82	82	362	355
Other	15	16	18	19	14	15	14	67	57
<b>Total commissions income</b>	<b>339</b>	<b>372</b>	<b>360</b>	<b>349</b>	<b>308</b>	<b>339</b>	<b>308</b>	<b>1,390</b>	<b>1,251</b>
Operating- and sales income real estate	29	23	29	35	31	29	31	118	121
Accounting services	114	83	69	97	93	114	93	342	202
Other operating income	96	99	70	95	58	96	58	323	234
<b>Total other operating income</b>	<b>239</b>	<b>206</b>	<b>168</b>	<b>227</b>	<b>182</b>	<b>239</b>	<b>182</b>	<b>783</b>	<b>556</b>
Commission expenses	36	49	46	38	35	36	35	168	133
<b>Total commissions and other income</b>	<b>542</b>	<b>529</b>	<b>482</b>	<b>538</b>	<b>455</b>	<b>542</b>	<b>455</b>	<b>2,005</b>	<b>1,674</b>
<b>As percentage of total income</b>	<b>42 %</b>	<b>39 %</b>	<b>38 %</b>	<b>45 %</b>	<b>41 %</b>	<b>42 %</b>	<b>40 %</b>	<b>40 %</b>	<b>37 %</b>

### Distribution of commission income



*Change in commission and other income*

(in NOK million)	2018	31 Mar. Change	2017
<b>Total</b>	<b>542</b>	<b>87</b>	<b>455</b>
Real estate agency		-7	
Other operating income		38	
Operating- and sales income real estate		-2	
Accounting services		21	
Insurance		2	
Commission of savings products		6	
Commission expenses		-1	
Other		1	
Payments transmission		0	
Guarantees		1	
SpareBank 1 Boligkreditt		27	
SpareBank 1 Næringskreditt		0	

## Net return on financial investments

incl investments held for sale

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
<b>Dividends</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>6</b>	<b>88</b>
SpareBank 1 Gruppen	36	134	80	68	66	36	66	349	317
SpareBank 1 Boligkreditt	3	-15	11	-13	-24	3	-24	-41	-17
SpareBank 1 Næringskreditt	4	1	5	5	8	4	8	19	29
BN Bank	30	28	21	20	29	30	29	98	86
SpareBank 1 Kredittkort	5	5	3	5	2	5	2	15	24
SpareBank 1 Mobilbetaling	-3	0	0	-1	-13	-3	0	-14	-27
Other companies	6	-9	5	12	3	6	-10	10	15
<b>Income from investment in associates and joint ventures</b>	<b>81</b>	<b>143</b>	<b>126</b>	<b>96</b>	<b>71</b>	<b>81</b>	<b>71</b>	<b>436</b>	<b>427</b>
Capital gains shares						5	8	62	76
Gain on derivatives						119	-3	148	280
Gain on other financial instruments at fair value (FVO)						4	11	7	26
Foreign exchange gain						11	6	45	51
Gain on certificates and bonds						-59	49	58	-2
Gain on shares and derivatives in SB1 Markets						17	12	43	25
Gain on financial instruments related to hedging						1	-16	-46	-21
<b>Net return on financial investments*</b>	<b>98</b>	<b>108</b>	<b>108</b>	<b>35</b>	<b>66</b>	<b>98</b>	<b>66</b>	<b>317</b>	<b>434</b>
<b>Total net return on financial investments</b>	<b>181</b>	<b>252</b>	<b>235</b>	<b>134</b>	<b>138</b>	<b>181</b>	<b>138</b>	<b>758</b>	<b>949</b>

\*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)	2018	31 Mar. Change	2017
<b>Total</b>	<b>181</b>	<b>43</b>	<b>138</b>
Dividends		1	
Income from investment in related companies, incl. inv. held for sale		10	
Capital gains shares		-3	
Gain on derivatives		122	
Gain on other financial instruments at fair value (FVO)		-6	
Foreign exchange gain		5	
Gain on certificates and bonds		-108	
Gain on shares and derivatives in SB1 Markets		6	
Gain on financial instruments related to hedging		16	

## 2.4. Operating expenses

### Operating expenses

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Salary	303	293	274	286	253	303	253	1107	991
Pension costs (defined benefit plan)	29	6	28	23	28	29	28	85	-20
Employer's insurance contributions	5	4	2	3	3	5	3	12	13
Other personnel expenses	65	60	53	50	60	65	60	223	175
<b>Total personnel expenses</b>	<b>403</b>	<b>362</b>	<b>357</b>	<b>362</b>	<b>345</b>	<b>403</b>	<b>345</b>	<b>1426</b>	<b>1159</b>
EDP and telecommunication expenses	71	61	67	69	69	71	69	266	252
Postage and transportation services	4	5	5	6	6	4	6	22	22
Marketing	26	31	26	23	24	26	24	104	98
Operating exp. on properties and premises	29	28	25	23	26	29	26	102	98
Other external services	37	35	29	28	27	37	27	118	109
Other operating expenses	28	37	32	40	30	28	30	139	108
Depr./write-downs of fixed & intangible assets	47	60	41	47	44	47	44	192	156
<b>Other expenses</b>	<b>241</b>	<b>255</b>	<b>225</b>	<b>236</b>	<b>227</b>	<b>241</b>	<b>227</b>	<b>943</b>	<b>844</b>
<b>Total operating expenses</b>	<b>645</b>	<b>618</b>	<b>582</b>	<b>598</b>	<b>571</b>	<b>645</b>	<b>571</b>	<b>2,369</b>	<b>2,003</b>

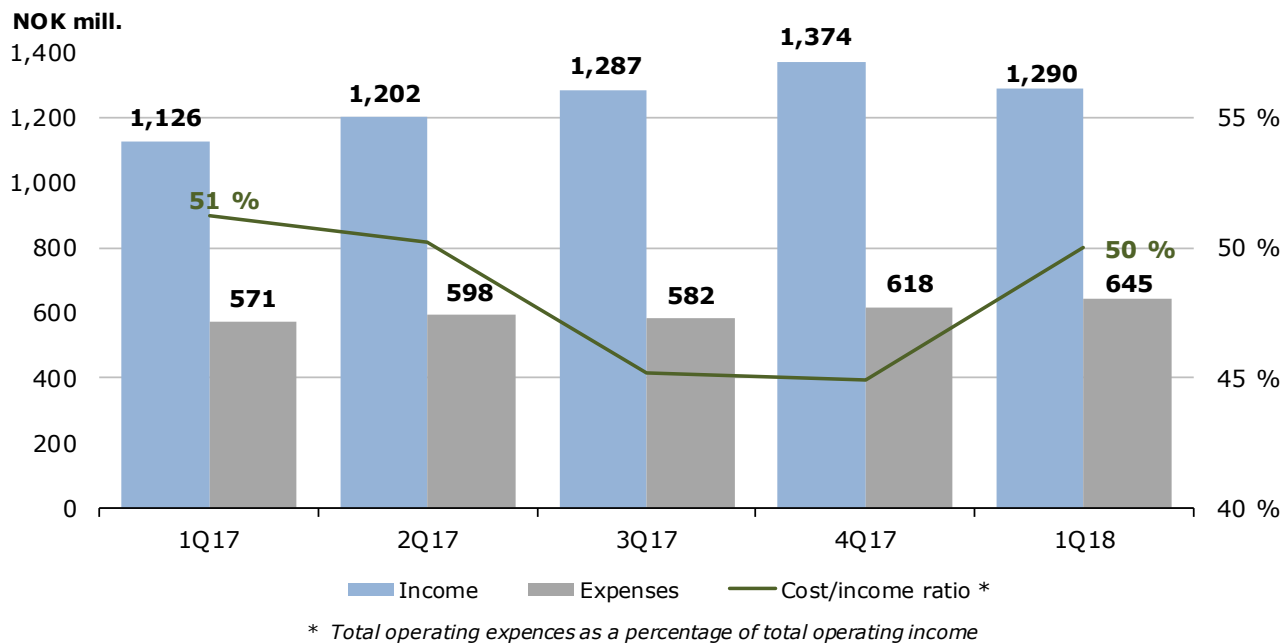
Cost/income ratio	50 %	45 %	45 %	50 %	51 %	50 %	51 %	47 %	44 %
Cost/income ratio ex financial inv.	58 %	55 %	56 %	56 %	58 %	58 %	58 %	56 %	56 %
12-month cost growth*	12.9 %	28.1 %	15.4 %	13.3 %	16.8 %	12.9 %	16.8 %	18.3 %	3.7 %

\* 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

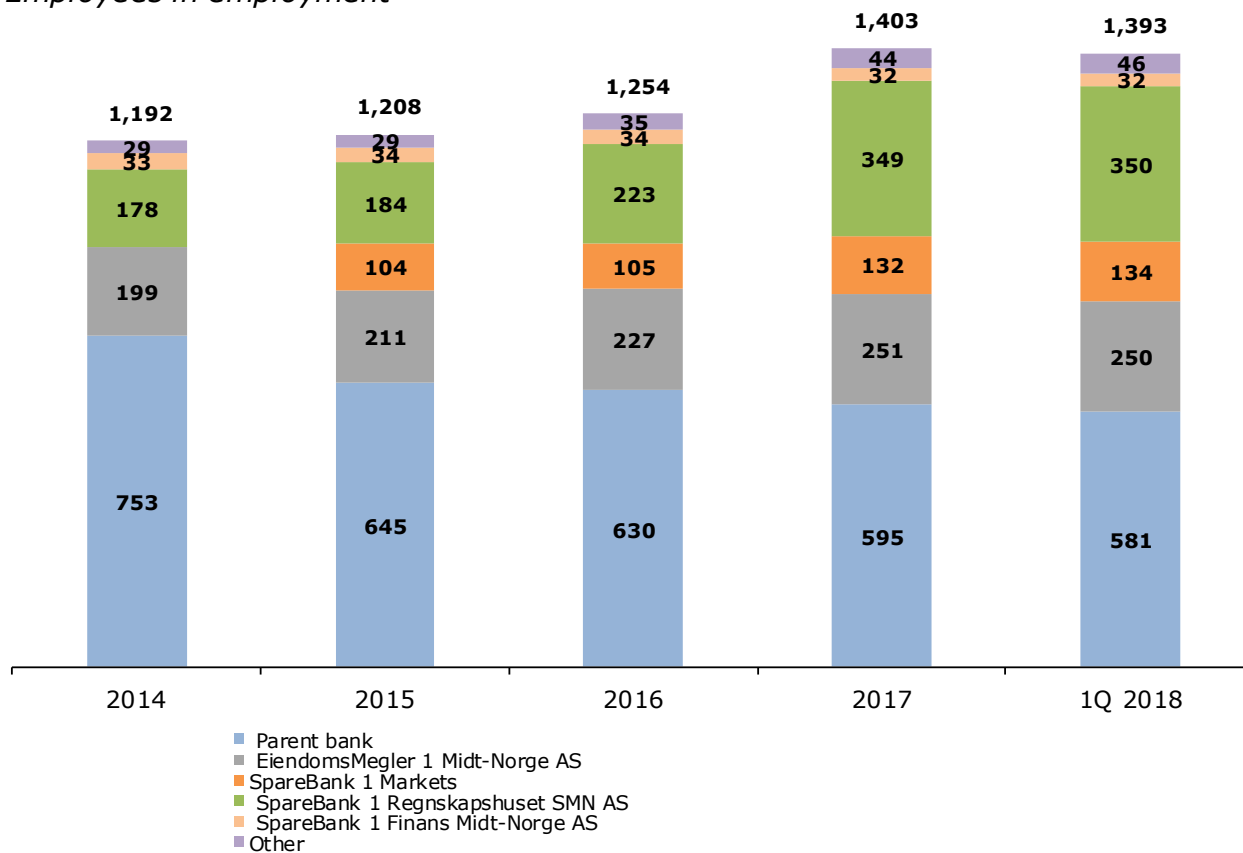
### Change in operating expenses

(in NOK million)	2018	31 Mar. Change	2017
<b>Total</b>	<b>645</b>	<b>74</b>	<b>571</b>
Total personnel expenses		59	
Depr./write-downs of fixed & intangible assets		3	
EDP and telecommunication expenses		1	
Other operating expenses		-2	
Operating exp. on properties and premises		4	
Other external services		10	
Marketing		2	
Postage and transportation services		-2	

### Cost/income ratio



### 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.

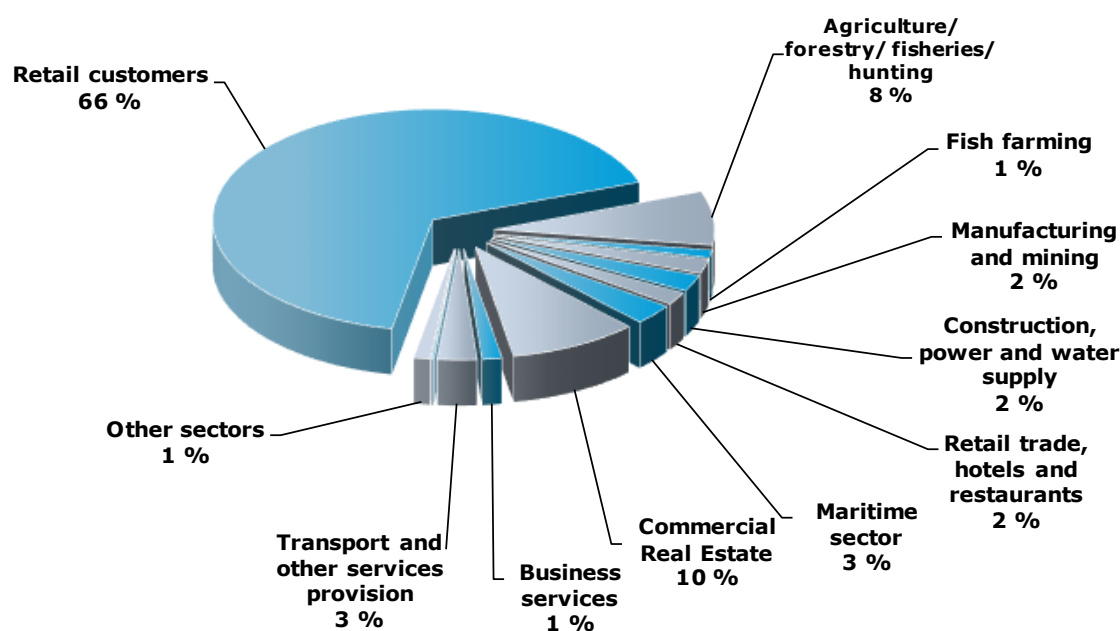
## 3. Loans to customers

### 3.1. Distribution of loans by industry

#### *Distribution of loans by industry*

(in NOK million)	31 Mar. 2018	31 Dec. 2017	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016
Agriculture/ forestry/ fisheries/ hunting	11,816	11,606	11,486	11,213	10,679	10,499
Fish farming	1,697	1,697	1,745	1,708	1,700	1,985
Manufacturing and mining	3,129	3,157	3,560	3,415	3,113	2,985
Construction, power and water supply	3,622	3,419	3,341	4,018	3,335	3,532
Retail trade, hotels and restaurants	2,825	2,700	2,546	1,589	2,735	2,510
Maritime sector	4,533	4,639	4,678	4,532	4,863	4,983
Commercial Real Estate	14,366	14,348	14,867	14,749	14,115	13,744
Business services	2,203	2,260	2,216	2,230	2,100	2,072
Transport and other services provision	4,370	4,322	4,332	4,142	3,840	3,836
Public administration	243	240	226	282	291	288
Other sectors	1,823	1,699	1,796	1,819	1,924	1,700
<b>Gross loans in corporate market</b>	<b>50,629</b>	<b>50,087</b>	<b>50,794</b>	<b>49,698</b>	<b>48,696</b>	<b>48,133</b>
<b>Retail customers</b>	<b>100,436</b>	<b>98,697</b>	<b>96,352</b>	<b>94,101</b>	<b>91,343</b>	<b>89,402</b>
<b>Gross loans incl. Boligkr. and Næringskr.</b>	<b>151,065</b>	<b>148,784</b>	<b>147,146</b>	<b>143,800</b>	<b>140,038</b>	<b>137,535</b>
- Adv. of this Boligkreditt	36,374	34,885	34,196	34,181	33,757	33,142
- Adv. of this Næringskreditt	1,518	1,828	2,255	2,261	2,164	2,069
<b>Gross loans in balance sheet</b>	<b>113,174</b>	<b>112,071</b>	<b>110,695</b>	<b>107,358</b>	<b>104,117</b>	<b>102,325</b>
<b>Share of loans, corporate market</b>	<b>34 %</b>	<b>34 %</b>	<b>35 %</b>	<b>35 %</b>	<b>35 %</b>	<b>35 %</b>
<b>Share of loans, retail market</b>	<b>66 %</b>	<b>66 %</b>	<b>65 %</b>	<b>65 %</b>	<b>65 %</b>	<b>65 %</b>

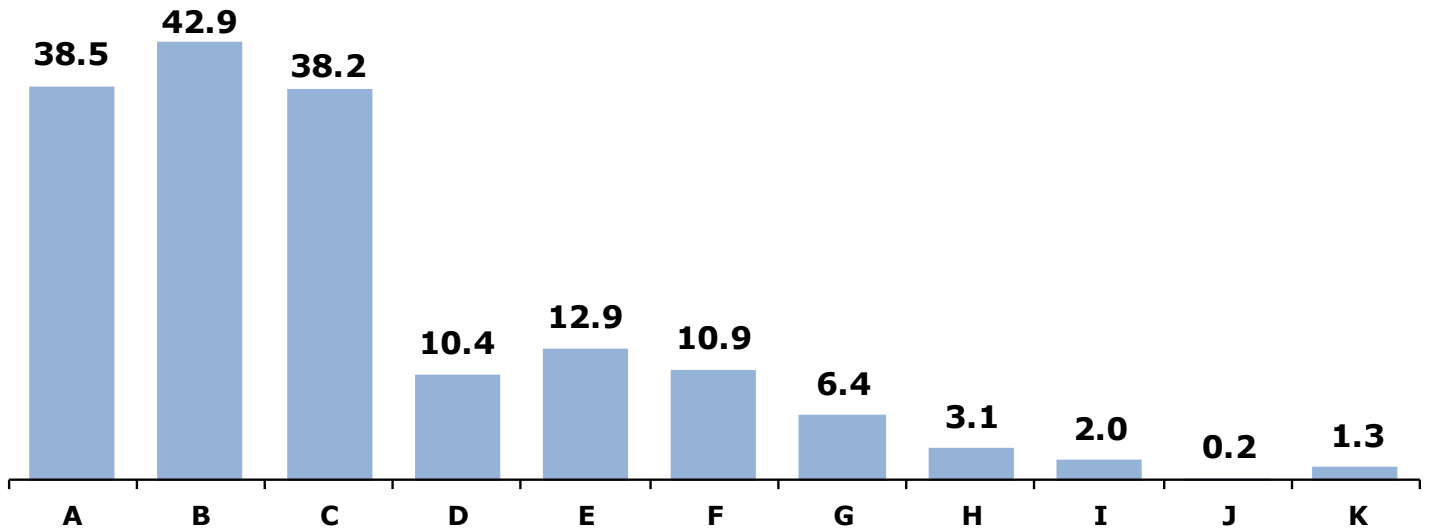
#### *Distribution of loans by industry*



3.2. Risk profile and write-downs

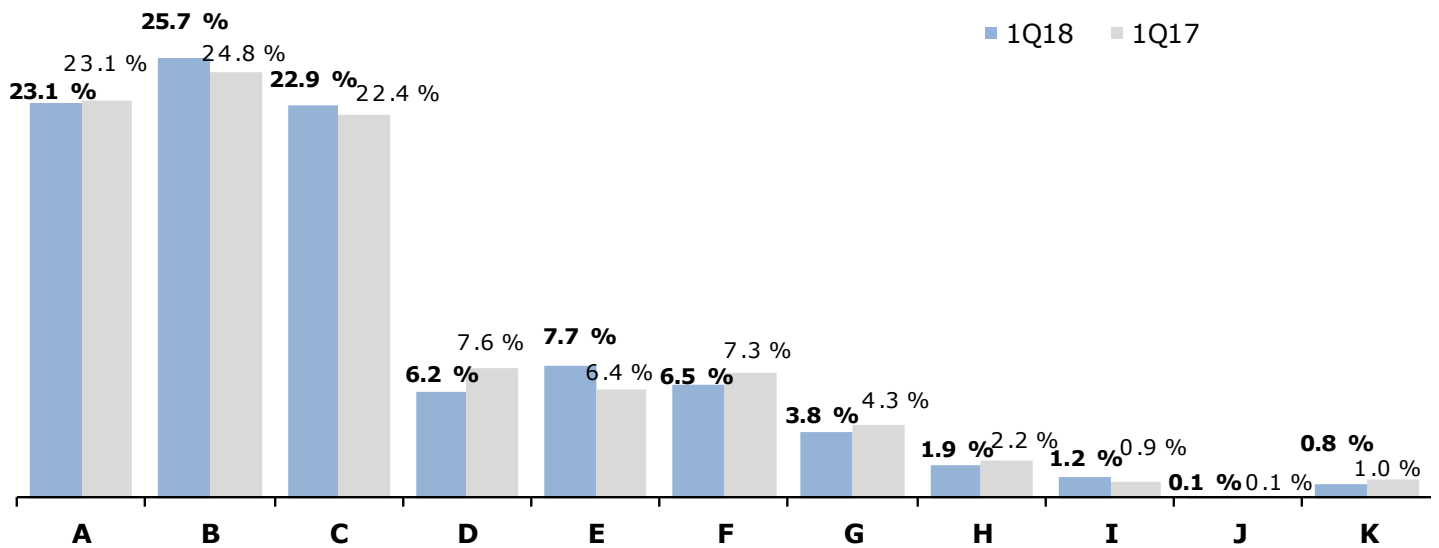
*Actual risk profile, Exposure At Default*

NOK billion



*Actual risk profile, Exposure At Default*

Per cent



### Risk classification in SpareBank 1 SMN

Risk class	PD* in percent		Corresponding rating class 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 2018
Change in provision for expected credit losses for the period	9
Actual loan losses on commitments exceeding provisions made	42
Recoveries on commitments previously written-off	-2
<b>Write-downs on loans and guarantees</b>	<b>48</b>
<b>As % of gross loans incl. Boligkreditt</b>	<b>0.13 %</b>

### Write-downs on loans and guarantees to the end of 2017

(in NOK million)	4Q 2017	3Q 2017	2Q 2017	1Q 2017	2017	2016
Increase in and new individual write-downs	63	82	55	-73	127	454
Reassessments and recoveries	14	11	29	152	206	99
Total individual write-downs	77	92	84	79	332	554
Change in group write-downs on loans	1	-5	2	11	9	-38
<b>Write-downs on loans and guarantees</b>	<b>78</b>	<b>88</b>	<b>86</b>	<b>89</b>	<b>341</b>	<b>516</b>
<b>As % of gross loans incl. Boligkreditt</b>	<b>0.22 %</b>	<b>0.24 %</b>	<b>0.24 %</b>	<b>0.26 %</b>	<b>0.23 %</b>	<b>0.39 %</b>

Provision for expected credit losses on loans and guarantees are presented after implementation of IFRS 9 from January 1, 2018. See note 2 and 45 in the annual report for 2017 for detailed information about the implementation effect and transition. Comparative figures have not been restated, and the information regarding periods before Q1 2018 has been presented above in accordance with previous rules in IAS 32.



(in NOK million)	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	31 Mar. 2018	31 Mar. 2017	2017	2016
Retail	-3	2	2	1	0	-3	0	5	13
Corporate *	48	70	83	79	87	48	87	318	490
SMN Finans and other	4	6	4	6	2	4	2	18	14
<b>Total loss on loans</b>	<b>48</b>	<b>78</b>	<b>89</b>	<b>85</b>	<b>89</b>	<b>48</b>	<b>89</b>	<b>341</b>	<b>516</b>

	Total	Very low risk	Low risk	Medium risk	High risk	high risk	written down
Wage earners	100,992	86,278	9,657	3,235	768	819	236
Public administration	863	863	-	-	-	-	-
Agriculture and forestry	12,985	8,231	2,922	1,448	187	181	16
Sea farming industries	2,219	1,885	128	199	-	6	-
Manufacturing	3,727	500	1,043	987	747	451	0
Construction, power and water supply	4,847	1,321	1,118	1,842	437	62	67
Retail trade, hotels and restaurants	3,625	586	965	1,731	190	123	32
Maritime sector	599	225	-	374	-	-	-
Property management	15,144	8,582	2,370	3,277	611	266	39
Business services	4,117	1,080	831	1,955	146	30	74
Transport and other services provision	9,726	3,012	3,406	2,162	55	29	1,062
Other sectors	7,951	6,989	863	99	0	-	-
<b>1Q18</b>	<b>166,796</b>	<b>119,553</b>	<b>23,302</b>	<b>17,308</b>	<b>3,141</b>	<b>1,967</b>	<b>1,526</b>
<b>2017</b>	<b>164,510</b>	<b>116,961</b>	<b>23,842</b>	<b>16,258</b>	<b>3,394</b>	<b>2,480</b>	<b>1,575</b>
<b>2016</b>	<b>155,065</b>	<b>108,123</b>	<b>21,643</b>	<b>18,875</b>	<b>2,766</b>	<b>1,702</b>	<b>1,956</b>

### Write-down ratio

(in NOK million)	31 Mar. 2018	31 Dec. 2017	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016
Non-performing commitments (gross)	289	284	263	258	211	214
Impaired commitments (gross)	1,358	1,184	1,215	1,151	1,078	1,474
Gross non-performing and impaired commitments	1,647	1,468	1,478	1,409	1,289	1,688
Individual write-downs		769	707	625	570	638
Collective write-downs		347	346	351	349	339
Write-down ratio (%)		76.1 %	71.2 %	69.3 %	71.3 %	57.9 %

### 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 31 March 2018 the capital conservation buffer requirement is 2.5 per cent, the systemic risk requirement is 3.0 per cent and the Norwegian countercyclical buffer is 2.0 per cent. These requirements are additional to the requirement of 4.5 per cent CET1 capital, so that the overall minimum requirement on CET1 capital is 12.0 per cent. In addition the financial supervisory authority has set a Pillar 2 requirement of 2.1 per cent for SpareBank 1 SMN, effective as from the fourth quarter of 2016. The total minimum requirement on CET1 capital is accordingly 14.1 per cent.

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

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

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

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

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	Standardized approach
	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

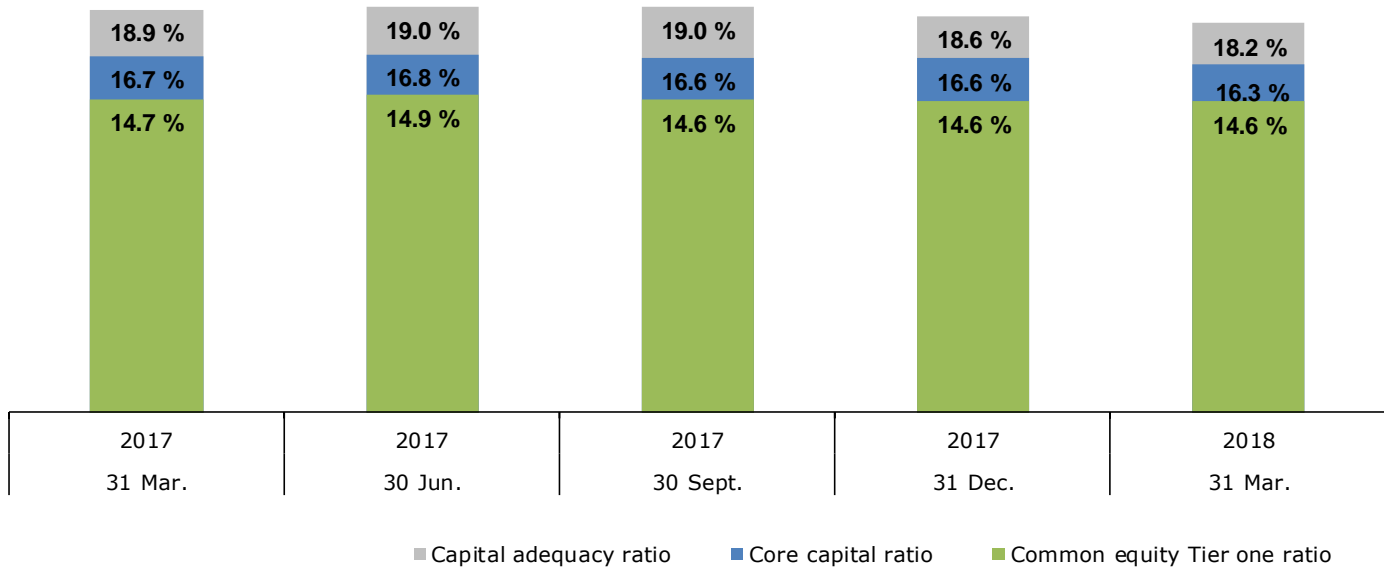
*Capital Adequacy*

(in NOK million)	31 Mar. 2018	31 Dec. 2017	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016
<b>Total book equity</b>	<b>17,365</b>	<b>17,510</b>	<b>17,208</b>	<b>16,733</b>	<b>16,269</b>	<b>16,253</b>
Hybrid capital included in total equity	-1,306	-993	-1,187	-1,198	-1,208	-950
Deferred taxes, goodwill and other intangible assets	-1,040	-984	-888	-872	-853	-741
Part of reserve for unrealised gains, associated companies	0	0	0	0	0	0
Deduction for allocated dividends and gifts	0	-893	0	0	0	-609
Non-controlling interests recognised in other equity capital	-572	-565	-516	-514	-443	-425
Non-controlling interests eligible for inclusion in CET1 capital	341	324	303	241	223	220
Surplus financing of pension obligations	0	0	0	0	0	0
Net profit	-466	0	-1,250	-759	-358	0
Year-to-date profit included in core capital (50 per cent pre tax of group profit in 2017)	233	0	625	380	179	0
Value adjustments due to requirements for prudent valuation	-45	-41	-46	-50	-48	-48
Positive value of adjusted expected loss under IRB Approach	-313	-333	-264	-257	-247	-248
Adjustments for unrealised losses (gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	3	7	8	7	8	0
Direct, indirect and synthetic investments in financial sector companies	-222	-212	-92	-3	-188	-337
<b>Total common equity Tier one</b>	<b>13,976</b>	<b>13,820</b>	<b>13,901</b>	<b>13,709</b>	<b>13,332</b>	<b>13,115</b>
Hybrid capital, core capital	1,353	1,427	1,358	1,358	1,358	1,358
Hybrid capital covered by transitional provisions	367	459	459	459	459	483
<b>Total core capital</b>	<b>15,697</b>	<b>15,707</b>	<b>15,718</b>	<b>15,526</b>	<b>15,149</b>	<b>14,956</b>
<b>Supplementary capital in excess of core capital</b>						
Subordinated capital	1,621	1,615	1,979	1,710	1,710	1,698
Subordinated capital covered by transitional provisions	449	561	561	561	561	673
Deduction for significant investments in financial institutions	-248	-254	-254	-245	-237	-256
<b>Total supplementary capital</b>	<b>1,822</b>	<b>1,922</b>	<b>2,286</b>	<b>2,026</b>	<b>2,034</b>	<b>2,116</b>
<b>Net subordinated capital</b>	<b>17,518</b>	<b>17,629</b>	<b>18,004</b>	<b>17,552</b>	<b>17,183</b>	<b>17,072</b>

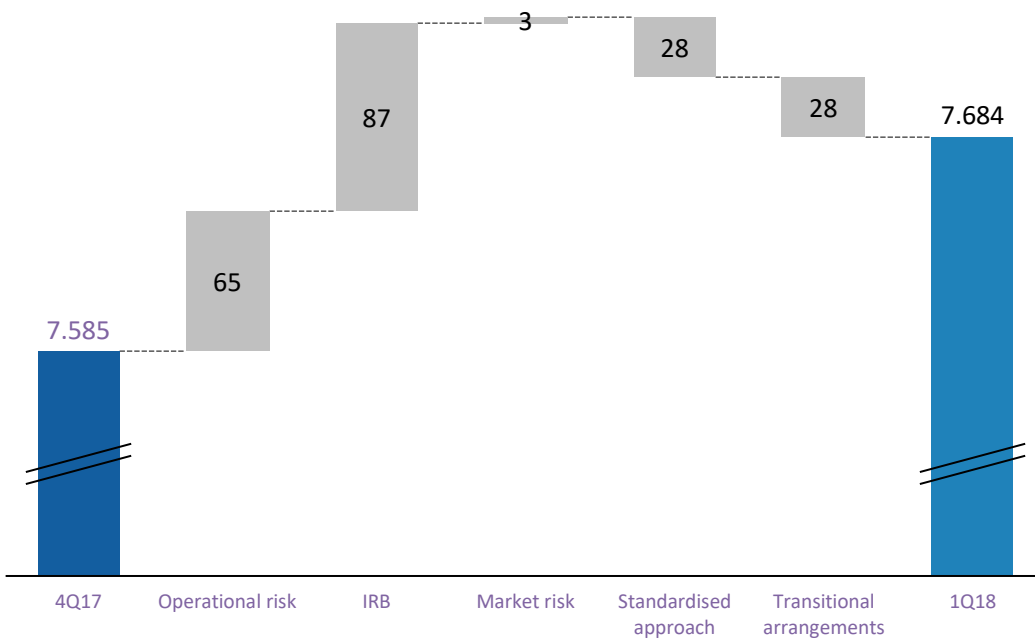
### Minimum requirements subordinated capital

(in NOK million)	31 Mar. 2018	31 Dec. 2017	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016
Specialised enterprises	1,200	1,107	1,177	1,232	1,186	1,206
Corporate	1,070	1,113	1,054	1,045	1,126	1,102
Mass market exposure, property	1,930	1,892	1,763	1,759	1,769	1,753
Other mass market	92	91	89	94	91	88
Equity investments, IRB	1	1	1	1	1	3
<b>Total credit risk IRB</b>	<b>4,292</b>	<b>4,205</b>	<b>4,084</b>	<b>4,131</b>	<b>4,173</b>	<b>4,153</b>
Central government	3	3	4	5	5	5
Covered bonds	142	146	136	131	134	130
Institutions	281	331	377	425	375	340
Local and regional authorities, state-owned enterprises	7	4	11	9	10	7
Corporate	256	245	254	161	149	253
Mass market	403	388	376	401	380	179
Exposures secured on real property	199	193	198	306	328	342
Equity positions	349	344	342	339	348	338
Other assets	150	166	172	164	163	178
<b>Total credit risk standardised approach</b>	<b>1,791</b>	<b>1,820</b>	<b>1,870</b>	<b>1,942</b>	<b>1,891</b>	<b>1,772</b>
Debt risk	25	18	24	29	35	36
Equity risk	14	22	18	6	15	5
Currency risk	4	1	0	1	1	1
Operational risk	575	510	510	510	510	479
Credit value adjustment risk (CVA)	119	117	134	123	119	84
Transitional arrangements	863	891	956	634	523	574
<b>Minimum requirements subordinated capital</b>	<b>7,684</b>	<b>7,585</b>	<b>7,595</b>	<b>7,376</b>	<b>7,268</b>	<b>7,103</b>
<b>Risk Weighted Assets (RWA)</b>	<b>96,044</b>	<b>94,807</b>	<b>94,938</b>	<b>92,202</b>	<b>90,845</b>	<b>88,786</b>
Minimum requirement on CET1 capital, 4.5 per cent	4,322	4,266	4,272	4,149	4,088	3,995
Capital conservation buffer, 2.5 per cent	2,401	2,337	2,373	2,305	2,271	2,220
Systemic risk buffer, 3.0 per cent	2,881	2,804	2,848	2,766	2,725	2,664
Countercyclical buffer, 2.0 per cent (1.5 per cent)	1,921	1,869	1,424	1,383	1,363	1,332
<b>Available CET1 capital after buffer requirements</b>	<b>2,451</b>	<b>2,544</b>	<b>2,983</b>	<b>3,106</b>	<b>2,885</b>	<b>2,905</b>
Common equity Tier one ratio	14.6 %	14.6 %	14.6 %	14.9 %	14.7 %	14.8 %
Core capital ratio	16.3 %	16.6 %	16.6 %	16.8 %	16.7 %	16.8 %
Capital adequacy ratio	18.2 %	18.6 %	19.0 %	19.0 %	18.9 %	19.2 %
<b>Leverage ratio</b>						
Balance sheet items	207,831	210,764	203,155	207,760	199,551	194,324
Off-balance sheet items	9,530	9,295	9,506	9,400	9,292	10,068
Regulatory adjustments	-2,113	-1,580	-1,301	-1,190	-1,346	-1,388
Calculation basis for leverage ratio	215,248	218,479	211,361	215,969	207,497	203,005
Core capital	15,697	15,707	15,718	15,526	15,149	14,956
Leverage Ratio	7.3 %	7.2 %	7.4 %	7.2 %	7.3 %	7.4 %

Capital Adequacy



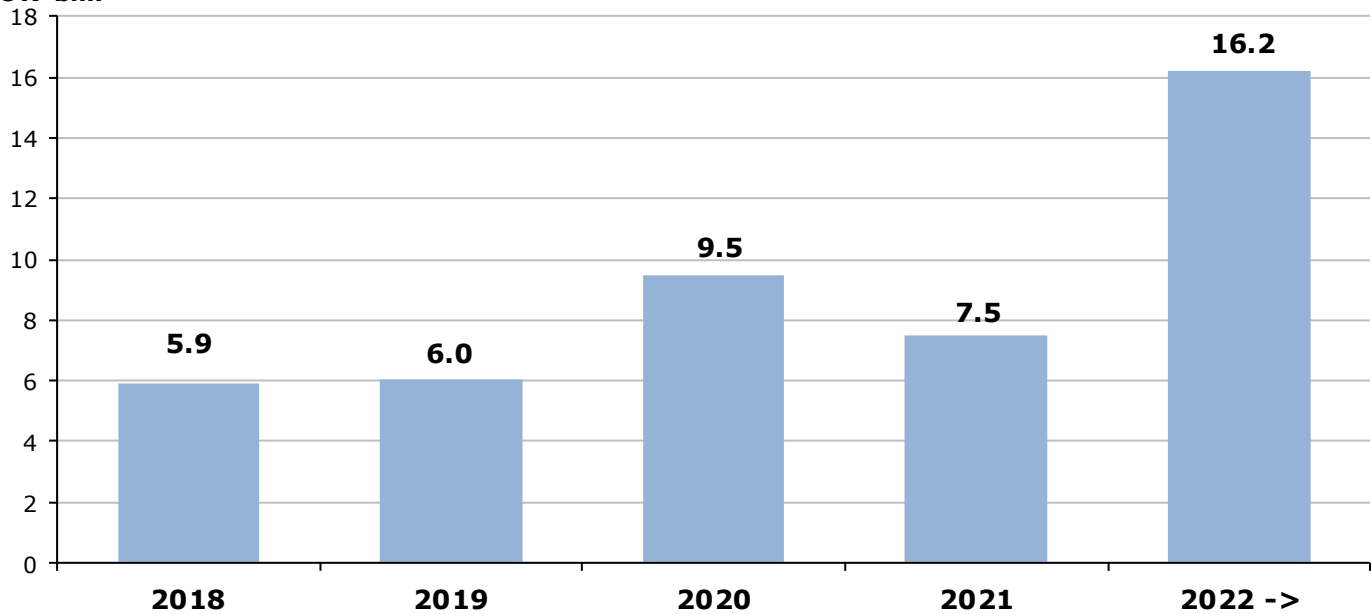
Quarterly change in Minimum requirements subordinated capital



## 4. Funding

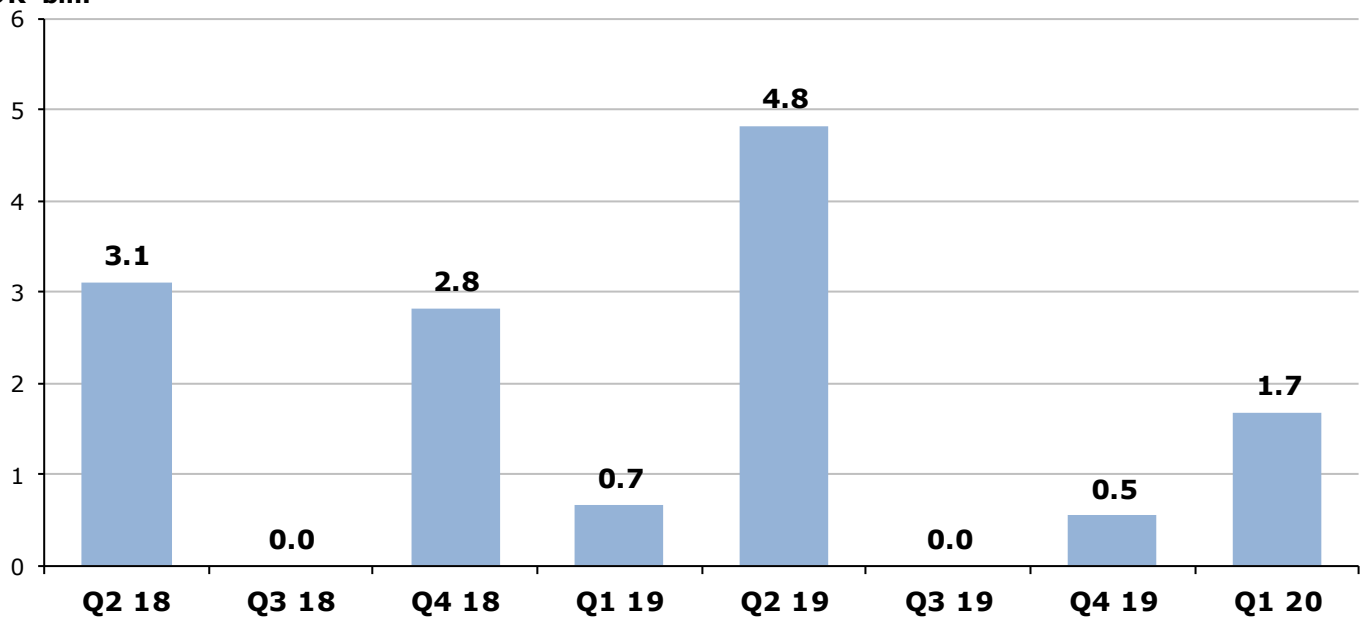
### *Funding maturity dates*

NOK bill.



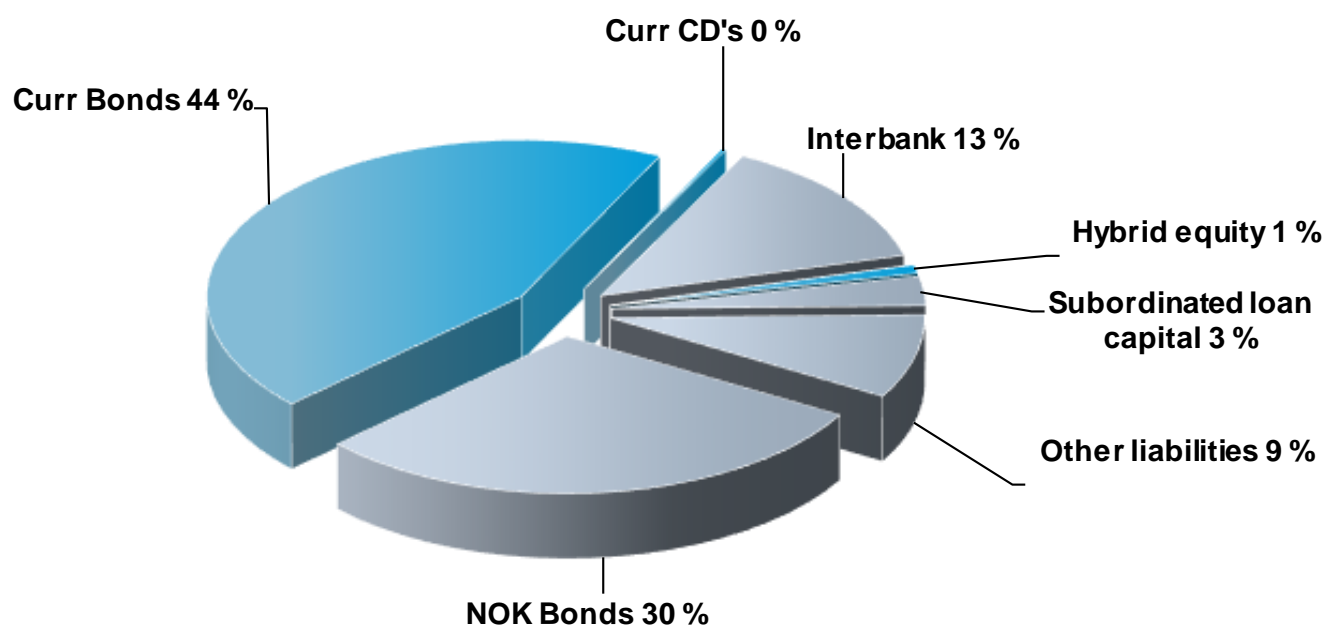
### *Funding maturity dates over the next eight quarters*

NOK bill.



### Capital markets funding

(in NOK million)	31 Mar. 2018	31 Dec. 2017	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016
NOK Bonds	16,581	13,683	13,178	13,601	13,753	14,237
Curr Bonds	24,717	28,334	24,793	26,011	26,037	21,908
Curr CD's	112	177	120	62	111	172
Interbank	7,466	9,046	8,663	9,261	6,598	10,299
Hybrid equity	470	475	1,428	1,429	1,431	1,433
Subordinated loan capital	1,683	1,684	2,033	1,712	1,729	1,707
Other liabilities	4,833	3,997	5,478	4,410	5,193	4,487
<b>Total</b>	<b>55,862</b>	<b>57,396</b>	<b>55,692</b>	<b>56,487</b>	<b>54,852</b>	<b>54,242</b>



## 5. Financial results

### Financial results

	1Q	4Q	3Q	2Q	1Q	31 Mar.			
(in NOK million)	2018	2017	2017	2017	2017	2018	2017	2017	2016
Interest income	962	989	959	945	931	962	931	3,825	3,597
Interest expenses	394	400	389	413	398	394	398	1,600	1,668
<b>Net interest</b>	<b>568</b>	<b>589</b>	<b>570</b>	<b>532</b>	<b>533</b>	<b>568</b>	<b>533</b>	<b>2,225</b>	<b>1,929</b>
Commission income	339	372	360	349	308	339	308	1,390	1,251
Commission expenses	36	49	46	38	35	36	35	168	133
Other operating income	239	206	168	227	182	239	182	783	556
<b>Commission income and other income</b>	<b>542</b>	<b>529</b>	<b>482</b>	<b>538</b>	<b>455</b>	<b>542</b>	<b>455</b>	<b>2,005</b>	<b>1,674</b>
Dividends	2	0	1	3	1	2	1	6	88
Income from investment in related companies	79	147	126	94	71	79	71	437	423
Net return on financial investments	99	108	108	35	66	99	66	317	434
<b>Net return on financial investments</b>	<b>180</b>	<b>256</b>	<b>235</b>	<b>131</b>	<b>138</b>	<b>180</b>	<b>138</b>	<b>760</b>	<b>944</b>
<b>Total income</b>	<b>1,290</b>	<b>1,374</b>	<b>1,287</b>	<b>1,202</b>	<b>1,126</b>	<b>1,290</b>	<b>1,126</b>	<b>4,989</b>	<b>4,547</b>
Staff costs	403	362	357	362	345	403	345	1,426	1,159
Other operating expenses	241	255	225	236	227	241	227	943	844
<b>Total operating expenses</b>	<b>645</b>	<b>618</b>	<b>582</b>	<b>598</b>	<b>571</b>	<b>645</b>	<b>571</b>	<b>2,369</b>	<b>2,003</b>
<b>Result before losses</b>	<b>645</b>	<b>756</b>	<b>705</b>	<b>604</b>	<b>555</b>	<b>645</b>	<b>555</b>	<b>2,621</b>	<b>2,544</b>
Loss on loans, guarantees etc.	48	78	88	86	89	48	89	341	516
<b>Result before tax</b>	<b>596</b>	<b>678</b>	<b>617</b>	<b>518</b>	<b>466</b>	<b>596</b>	<b>466</b>	<b>2,279</b>	<b>2,029</b>
Tax charge	131	122	118	111	99	131	99	450	352
Results investments held for sale, after tax	1	-4	0	3	0	1	0	-1	4
<b>Net profit</b>	<b>466</b>	<b>553</b>	<b>500</b>	<b>409</b>	<b>367</b>	<b>466</b>	<b>367</b>	<b>1,828</b>	<b>1,681</b>
Majority share	447	533	490	390	352	447	352	1,763	1,606
Minority interest	8	12	2	11	6	8	6	32	41



## Balance sheet

(in NOK million)	31 Mar. 2018	31 Dec. 2017	30 Sept. 2017	30 Jun. 2017	31 Mar. 2017	31 Dec. 2016
Cash and receivables from central banks	635	3,313	1,351	2,448	1,171	315
Deposits with and loans to credit institutions	6,113	4,214	2,310	4,997	3,008	3,892
Net loans to and receivables from customers	112,119	110,959	109,649	106,388	103,204	101,354
Fixed-income CDs and bonds at fair value	18,797	19,736	17,908	20,312	18,704	17,557
Derivatives	3,278	4,351	4,262	4,673	4,701	4,752
Shares, units and other equity interests	2,164	1,825	1,607	1,475	1,676	1,542
Investment in related companies	5,879	5,760	5,820	5,633	5,974	5,638
Investments held for sale	639	649	30	32	15	15
Intangible assets	819	793	720	709	686	639
Other assets	1,641	1,654	3,256	2,780	2,903	2,376
<b>Assets</b>	<b>152,083</b>	<b>153,254</b>	<b>146,913</b>	<b>149,449</b>	<b>142,042</b>	<b>138,080</b>
Deposits from credit institutions	8,374	9,607	9,484	9,521	6,959	10,509
Deposits from and debt to customers	75,937	76,476	73,086	75,559	70,176	67,168
Debt created by issue of securities	41,410	42,194	38,091	39,674	39,901	36,317
Derivatives	2,970	3,343	3,679	3,761	3,509	4,074
Other liabilities	3,832	1,923	2,816	1,970	2,979	1,531
Investments held for sale	0	1	0	0	0	0
Subordinated loan capital	2,195	2,201	2,549	2,231	2,249	2,228
<b>Total liabilities</b>	<b>134,718</b>	<b>135,744</b>	<b>129,705</b>	<b>132,716</b>	<b>125,773</b>	<b>121,827</b>
Equity capital certificate	2,597	2,597	2,597	2,597	2,597	2,597
Own holding of ECCs	-10	-8	-8	-6	-7	-4
Premium fund	895	895	895	895	895	895
Dividend equalisation fund	5,066	5,072	4,477	4,482	4,470	4,487
Recommended dividends	0	571	0	0	0	389
Provision for gifts	0	322	0	0	0	220
Ownerless capital	4,831	4,831	4,498	4,498	4,498	4,499
Unrealised gains reserve	126	126	139	139	139	139
Other equity capital	1,515	1,547	1,895	1,906	1,925	1,656
Hybrid capital	1,306	993	925	933	941	950
Result of the period	466	0	1,275	776	367	0
Minority interests	572	565	516	514	443	425
<b>Total equity capital</b>	<b>17,365</b>	<b>17,510</b>	<b>17,208</b>	<b>16,733</b>	<b>16,269</b>	<b>16,253</b>
<b>Total liabilities and equity</b>	<b>152,083</b>	<b>153,254</b>	<b>146,913</b>	<b>149,449</b>	<b>142,042</b>	<b>138,080</b>

Key figures	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Return on equity	11.2 %	13.4 %	12.5 %	10.5 %	9.4 %	11.2 %	9.4 %	11.5 %	11.3 %
Cost/income ratio group	50 %	45 %	45 %	50 %	51 %	50 %	51 %	47 %	44 %
Cost/income ratio group, ex. financial inv.	58 %	55 %	56 %	56 %	58 %	58 %	58 %	56 %	56 %
12-month cost growth	12.9 %	28.1 %	15.4 %	13.3 %	16.8 %	12.9 %	16.8 %	18.3 %	3.7 %
Gross loans to customers*	151,065	148,784	147,146	143,800	140,038	151,065	140,038	148,784	137,535
Growth in loans last 12 months*	7.9 %	8.2 %	9.4 %	8.5 %	8.1 %	7.9 %	8.1 %	8.2 %	8.0 %
Growth in loans this period*	1.5 %	1.1 %	2.3 %	2.7 %	1.8 %	1.5 %	1.8 %	8.2 %	8.0 %
Deposits from customers	75,937	76,476	73,086	75,559	70,176	75,937	70,176	76,476	67,168
Growth in deposits last 12 months	8.2 %	13.9 %	10.3 %	12.7 %	9.9 %	8.2 %	9.9 %	13.9 %	4.8 %
Growth in deposits this period	-0.7 %	4.6 %	-3.3 %	7.7 %	4.5 %	-0.7 %	4.5 %	13.9 %	4.8 %
Deposit-to-loan ratio*	50 %	51 %	50 %	53 %	50 %	50 %	50 %	51 %	49 %
Total assets	152,083	153,254	146,913	149,449	142,042	152,083	142,042	153,254	138,080
Average total assets (quarterly)	152,668	150,083	148,181	145,746	140,061	152,668	140,061	145,948	137,060
Employees in employment group	1,393	1,403	1,415	1,408	1,362	1,393	1,362	1,403	1,254
Employees in employment parent bank	581	595	617	609	624	581	624	595	630
Employees in employment subsidiaries	812	808	798	799	737	812	737	808	624
Number of branches	48	48	48	48	48	48	48	48	49
Lending margin	1.98	2.14	2.18	2.12	2.07	1.98	2.07	2.13	1.97
Deposit margin	0.04	-0.05	-0.05	0.01	0.09	0.04	0.09	0.00	0.09
Net other operating income of total income	42 %	39 %	38 %	45 %	41 %	42 %	40 %	40 %	37 %
Common Equity Tier 1 ratio	14.6 %	14.6 %	14.6 %	14.9 %	14.7 %	14.6 %	14.7 %	14.6 %	14.8 %
Core capital ratio	16.3 %	16.6 %	16.6 %	16.8 %	16.7 %	16.3 %	16.7 %	16.6 %	16.8 %
Capital adequacy ratio	18.2 %	18.6 %	19.0 %	19.0 %	18.9 %	18.2 %	18.9 %	18.6 %	19.2 %
Total core capital	15,697	15,707	15,718	15,526	15,149	15,697	15,149	15,707	14,956
Net subordinated capital	17,518	17,629	18,004	17,552	17,183	17,518	17,183	17,629	17,072
Liquidity Coverage Ratio (LCR) (%)	162	164	124	160	136	162	136	164	129
Leverage ratio	7.3 %	7.2 %	7.4 %	7.2 %	7.3 %	7.3 %	7.3 %	7.2 %	7.4 %
Impairment losses ratio	0.13 %	0.22 %	0.24 %	0.24 %	0.26 %	0.13 %	0.26 %	0.23 %	0.39 %
Non-performing commitm. as % of gross loans	0.19 %	0.19 %	0.18 %	0.18 %	0.15 %	0.19 %	0.15 %	0.19 %	0.16 %
Other doubtful commitm. as % of gross loans	0.90 %	0.80 %	0.83 %	0.80 %	0.77 %	0.90 %	0.77 %	0.80 %	1.07 %
ECC price	80.90	82.25	81.25	71.75	66.50	80.90	66.50	82.25	64.75
Number of certificates issued, millions	129.38	129.38	129.40	129.54	129.48	129.38	129.48	129.38	129.64
Booked equity capital per ECC (incl. dividend)	76.53	78.81	79.18	75.40	72.31	76.53	72.31	78.81	73.35
Adjusted profit per ECC	2.21	2.63	2.42	1.92	1.74	2.21	1.74	8.71	7.93
P/E per ECC	9.16	7.81	8.40	9.32	9.58	9.16	9.58	9.44	8.17
P/B equity capital	1.06	1.04	1.03	0.95	0.92	1.06	0.92	1.04	0.88

## 6. Segment Information

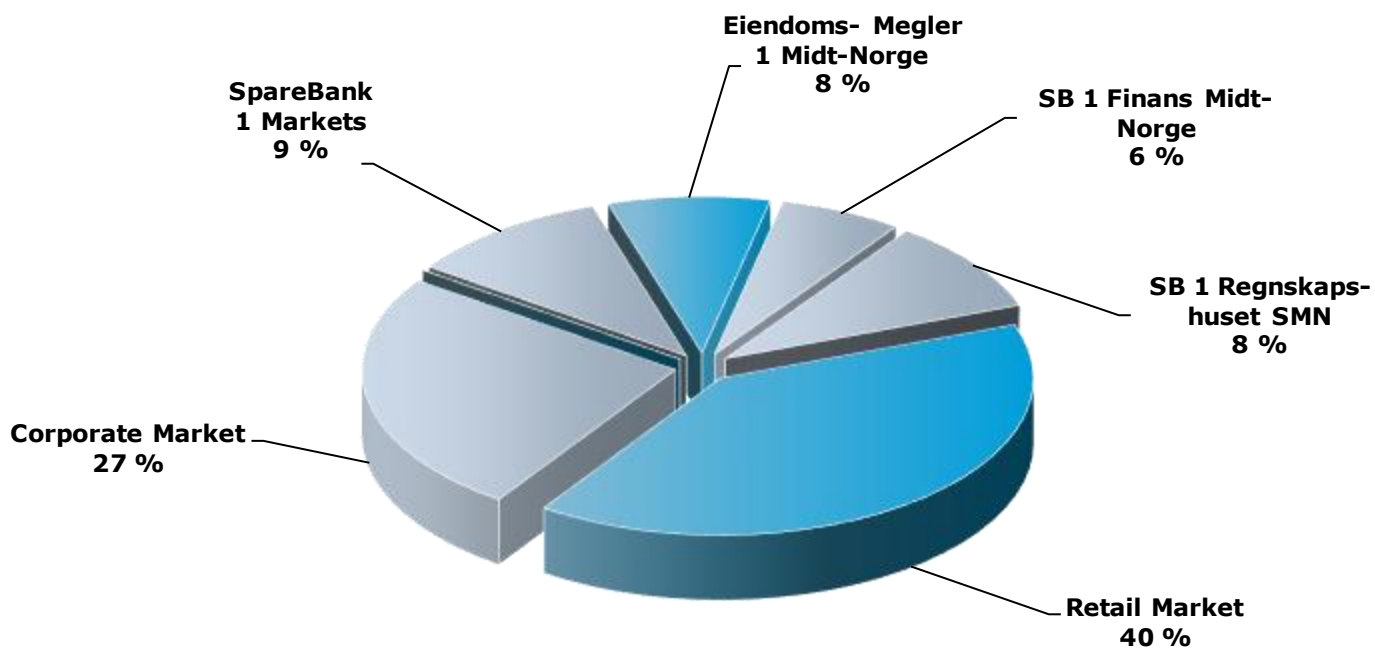
For the subsidiaries the figures refer to the respective company accounts, while for joint ventures incorporated by the equity method the Group's profit share is stated, after tax, as well as book value of the investment at group level.

### 6.1. Extract from income statement

Group (in NOK million) 31 Mar.2018	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	254	232	-3	1	65	0	0	0	20	568
Allocated	42	31	0	0	0	0	0	0	-74	0
<b>Total interest income</b>	<b>296</b>	<b>263</b>	<b>-3</b>	<b>1</b>	<b>65</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-54</b>	<b>568</b>
Commission income and other income	204	50	101	104	14	121	0	0	-51	542
Net profit on financial investments	0	1	34	0	0	0	36	29	81	181
<b>Total income</b>	<b>501</b>	<b>314</b>	<b>131</b>	<b>104</b>	<b>79</b>	<b>120</b>	<b>36</b>	<b>29</b>	<b>-24</b>	<b>1,290</b>
<b>Total operating expenses</b>	<b>199</b>	<b>95</b>	<b>124</b>	<b>112</b>	<b>36</b>	<b>103</b>			<b>-24</b>	<b>645</b>
<b>Ordinary operating profit</b>	<b>302</b>	<b>219</b>	<b>7</b>	<b>-8</b>	<b>42</b>	<b>17</b>	<b>36</b>	<b>29</b>	<b>1</b>	<b>645</b>
Loss on loans, guarantees etc.	-3	48	0	0	4	0	0	0	0	48
<b>Result before tax incl investments held for sale</b>	<b>305</b>	<b>171</b>	<b>7</b>	<b>-8</b>	<b>38</b>	<b>17</b>	<b>36</b>	<b>29</b>	<b>2</b>	<b>597</b>
<b>Post-tax return on equity*</b>	<b>14.5 %</b>	<b>10.1 %</b>								<b>11.2 %</b>
<b>Balance sheet</b>										
Loans and advances to customers adv. of this to Boligkreditt and Næringskreditt	104,999	39,821	-	-	6,908	-	-	-	-664	151,065
Loss on loans	-36,537	-1,354	-	-	-	-	-	-	0	-37,891
Other assets	-64	-950	-	-	-39	-	-	-	0	-1,053
<b>Total assets</b>	<b>68,558</b>	<b>38,829</b>	<b>2,535</b>	<b>821</b>	<b>6,890</b>	<b>402</b>	<b>1,601</b>	<b>1,175</b>	<b>31,272</b>	<b>152,083</b>
Deposits to customers	37,811	37,358	-	-	-	-	-	-	769	75,937
Other liabilities and equity	30,747	1,471	2,535	821	6,890	402	1,601	1,175	30,503	76,146
<b>Total liabilities</b>	<b>68,558</b>	<b>38,829</b>	<b>2,535</b>	<b>821</b>	<b>6,890</b>	<b>402</b>	<b>1,601</b>	<b>1,175</b>	<b>31,272</b>	<b>152,083</b>

\*) 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)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Retail	254	266	258	242	228	254	228	993	906
Corporate	232	247	242	242	246	232	246	977	960
<b>Net interest income</b>	<b>486</b>	<b>512</b>	<b>501</b>	<b>483</b>	<b>474</b>	<b>486</b>	<b>474</b>	<b>1,971</b>	<b>1,866</b>

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

<b>Lending</b> (in percentage)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Retail	1.79	1.96	1.99	1.91	1.81	1.79	1.81	1.93	1.75
Corporate	2.62	2.75	2.80	2.81	2.71	2.62	2.71	2.77	2.62
<b>Total</b>	<b>1.98</b>	<b>2.14</b>	<b>2.18</b>	<b>2.12</b>	<b>2.07</b>	<b>1.98</b>	<b>2.07</b>	<b>2.13</b>	<b>1.97</b>

<b>Deposits</b> (in percentage)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Retail	0.14	0.03	0.03	0.13	0.24	0.14	0.24	0.11	0.25
Corporate	-0.05	-0.13	-0.14	-0.11	-0.06	-0.05	-0.06	-0.11	-0.08
<b>Total</b>	<b>0.04</b>	<b>-0.05</b>	<b>-0.05</b>	<b>0.01</b>	<b>0.09</b>	<b>0.04</b>	<b>0.09</b>	<b>0.00</b>	<b>0.09</b>

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

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

<b>Lending*</b> (in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Retail	104,999	103,131	100,745	98,262	95,482	104,999	95,482	103,131	93,757
Corporate	39,821	39,482	40,419	39,895	39,421	39,821	39,421	39,482	38,938
<b>Total</b>	<b>144,821</b>	<b>142,613</b>	<b>141,164</b>	<b>138,157</b>	<b>134,903</b>	<b>144,821</b>	<b>134,903</b>	<b>142,613</b>	<b>132,695</b>

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

<b>Deposits</b> (in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Retail	37,811	37,182	36,974	37,437	34,943	37,811	34,943	37,182	34,856
Corporate	37,358	38,719	36,275	37,669	35,778	37,358	35,778	38,719	32,401
<b>Total</b>	<b>75,169</b>	<b>75,902</b>	<b>73,249</b>	<b>75,106</b>	<b>70,721</b>	<b>75,169</b>	<b>70,721</b>	<b>75,902</b>	<b>67,257</b>

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

(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Retail	204	213	212	192	173	204	173	789	680
Corporate	51	47	59	51	50	51	50	207	205
<b>Total</b>	<b>255</b>	<b>260</b>	<b>271</b>	<b>243</b>	<b>223</b>	<b>255</b>	<b>223</b>	<b>997</b>	<b>885</b>

## 6.2. Retail Market

### Business description

	<b>31 Mar. 2018</b>
<i>Facts about the business area</i>	
Lending volume	104,999
Deposits volume	37,811
No. of active customers	218,760
FTEs	345

### Financial performance

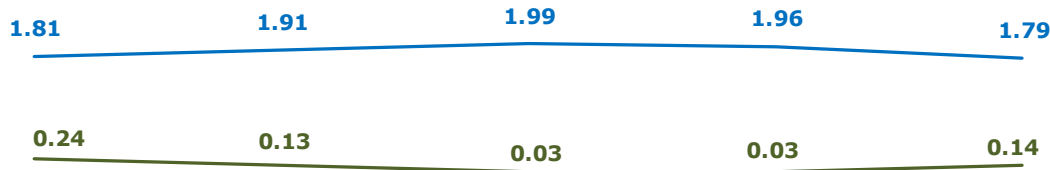
(in NOK million)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Net interest income lending	165	164	155	136	117	165	117	572	457
Net interest income deposits	89	96	100	104	111	89	111	411	438
Net interest income allocated capital	43	58	36	30	31	43	31	154	57
<b>Total interest income</b>	<b>296</b>	<b>318</b>	<b>290</b>	<b>270</b>	<b>259</b>	<b>296</b>	<b>259</b>	<b>1,137</b>	<b>953</b>
Net guarantee commission, incl. BK, NK	108	109	106	96	82	108	82	392	306
Net commission of savings products	15	21	19	17	14	15	14	70	63
Net commission insurance services	38	39	39	37	36	38	36	151	139
Net commission payment trans. services	43	44	48	42	41	43	41	175	171
Other commission income	0	1	-0	0	0	0	0	1	1
<b>Net fee and commission income</b>	<b>204</b>	<b>214</b>	<b>211</b>	<b>192</b>	<b>173</b>	<b>204</b>	<b>173</b>	<b>789</b>	<b>679</b>
Net profit on financial investments	0	0	0	0	0	0	0	0	-1
<b>Total income</b>	<b>501</b>	<b>531</b>	<b>502</b>	<b>462</b>	<b>432</b>	<b>501</b>	<b>432</b>	<b>1,926</b>	<b>1,631</b>
<b>Total operating expenses*</b>	<b>199</b>	<b>197</b>	<b>207</b>	<b>190</b>	<b>201</b>	<b>199</b>	<b>201</b>	<b>794</b>	<b>770</b>
<b>Results</b>	<b>302</b>	<b>335</b>	<b>295</b>	<b>272</b>	<b>230</b>	<b>302</b>	<b>230</b>	<b>1,132</b>	<b>861</b>
Loss on loans, guarantees etc.	-3	2	2	1	0	-3	0	5	13
<b>Results before tax</b>	<b>305</b>	<b>332</b>	<b>293</b>	<b>271</b>	<b>230</b>	<b>305</b>	<b>230</b>	<b>1,127</b>	<b>849</b>
<b>Post-tax return on equity (annualized)**</b>						<b>14.5 %</b>	<b>14.9 %</b>	<b>16.6 %</b>	<b>13.8 %</b>

\*) 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

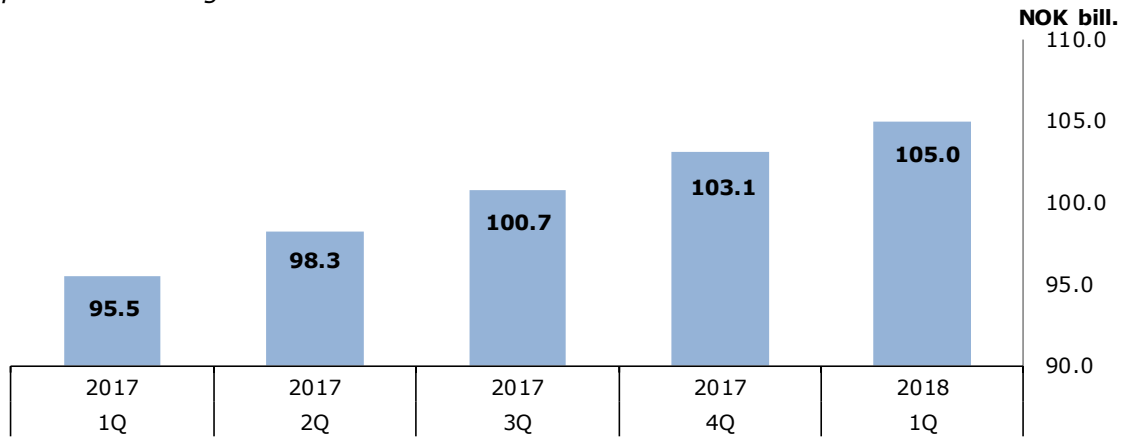


2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q
---------	---------	---------	---------	---------

— Lending margin Retail

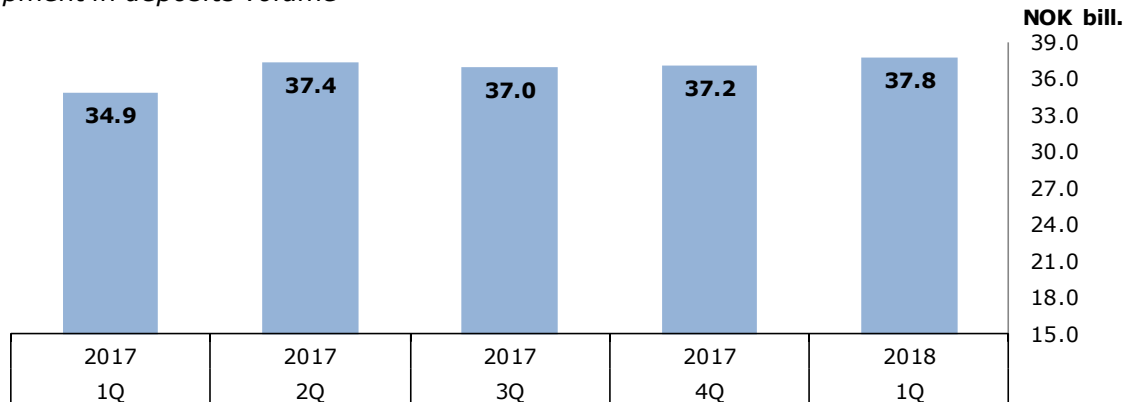
— Deposits margin Retail

### Development in lending volume



2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q
---------	---------	---------	---------	---------

### Development in deposits volume



2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q
---------	---------	---------	---------	---------

## 6.3. Corporate

### Business description

	<b>31 Mar. 2018</b>
<i>Facts about the business area</i>	
Lending volume	39,821
Deposits volume	37,358
No. of active customers	14,654
FTEs	142

<i>Financial performance</i> (in NOK million)	<b>1Q 2018</b>	<b>4Q 2017</b>	<b>3Q 2017</b>	<b>2Q 2017</b>	<b>1Q 2017</b>	<b>31 Mar.</b>		<b>2017</b>	<b>2016</b>
Net interest income lending	169	172	168	167	171	169	171	677	649
Net interest income deposits	58	68	69	71	67	58	67	274	272
Net interest income allocated capital	36	54	34	31	38	36	38	157	78
<b>Total interest income</b>	<b>263</b>	<b>294</b>	<b>270</b>	<b>268</b>	<b>276</b>	<b>263</b>	<b>276</b>	<b>1,108</b>	<b>1,000</b>
Net guarantee commission, incl. BK, NK	20	20	28	19	20	20	20	86	89
Net commission of savings products	1	1	1	0	0	1	0	2	2
Net commission insurance services	6	5	5	5	5	6	5	21	20
Net commission payment trans. services	22	21	20	24	21	22	21	86	84
Other commission income	1	1	2	0	0	1	0	3	2
<b>Net fee and commission income</b>	<b>50</b>	<b>48</b>	<b>55</b>	<b>49</b>	<b>47</b>	<b>50</b>	<b>47</b>	<b>199</b>	<b>196</b>
Net profit on financial investments	1	-1	5	3	2	1	2	9	9
<b>Total income</b>	<b>314</b>	<b>341</b>	<b>329</b>	<b>320</b>	<b>325</b>	<b>314</b>	<b>325</b>	<b>1,315</b>	<b>1,205</b>
<b>Total operating expenses*</b>	<b>95</b>	<b>89</b>	<b>82</b>	<b>105</b>	<b>89</b>	<b>95</b>	<b>89</b>	<b>365</b>	<b>332</b>
<b>Results</b>	<b>219</b>	<b>252</b>	<b>247</b>	<b>215</b>	<b>237</b>	<b>219</b>	<b>237</b>	<b>950</b>	<b>873</b>
Loss on loans, guarantees etc.	48	70	83	79	87	48	87	318	490
<b>Results before tax</b>	<b>171</b>	<b>182</b>	<b>164</b>	<b>135</b>	<b>150</b>	<b>171</b>	<b>150</b>	<b>632</b>	<b>384</b>
<b>Post-tax return on equity (annualized)**</b>						<b>10.1 %</b>	<b>9.6 %</b>	<b>10.5 %</b>	<b>6.9 %</b>

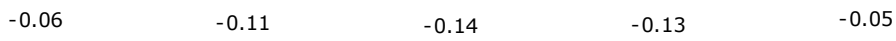
\*) Includes both direct and distributed expenses

\*\*) 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.

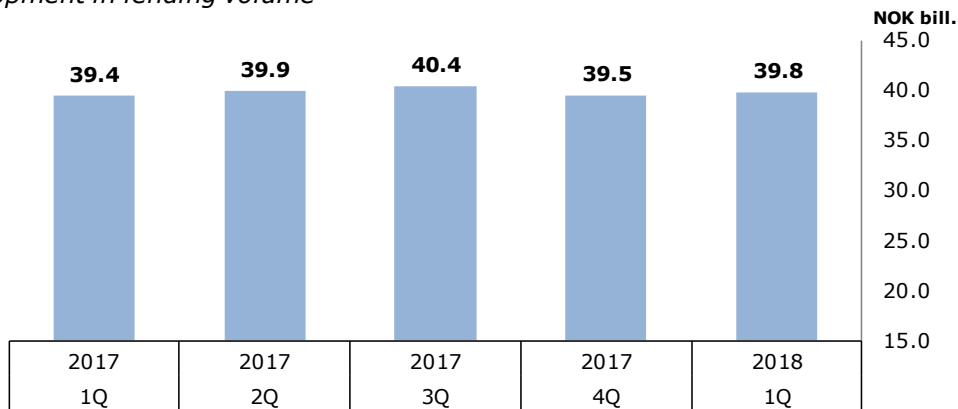


2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q
---------	---------	---------	---------	---------

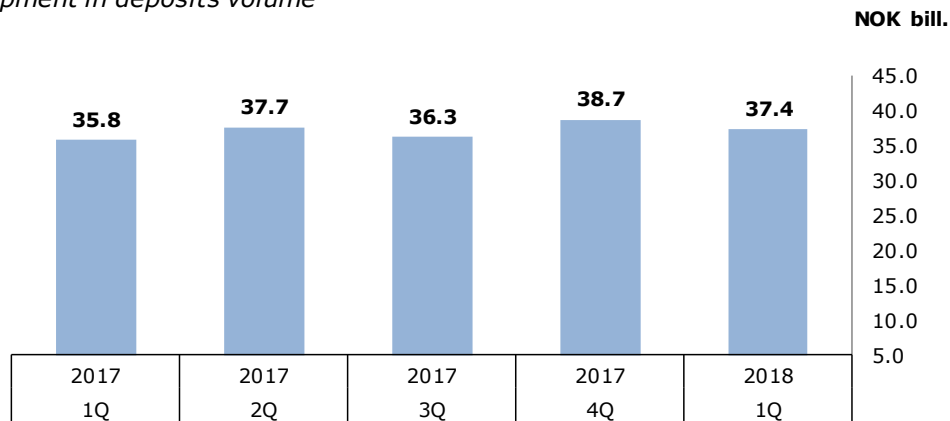
— Lending margin Corporates

— Deposit margin Corporates

### Development in lending volume



### Development in deposits volume



## 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.

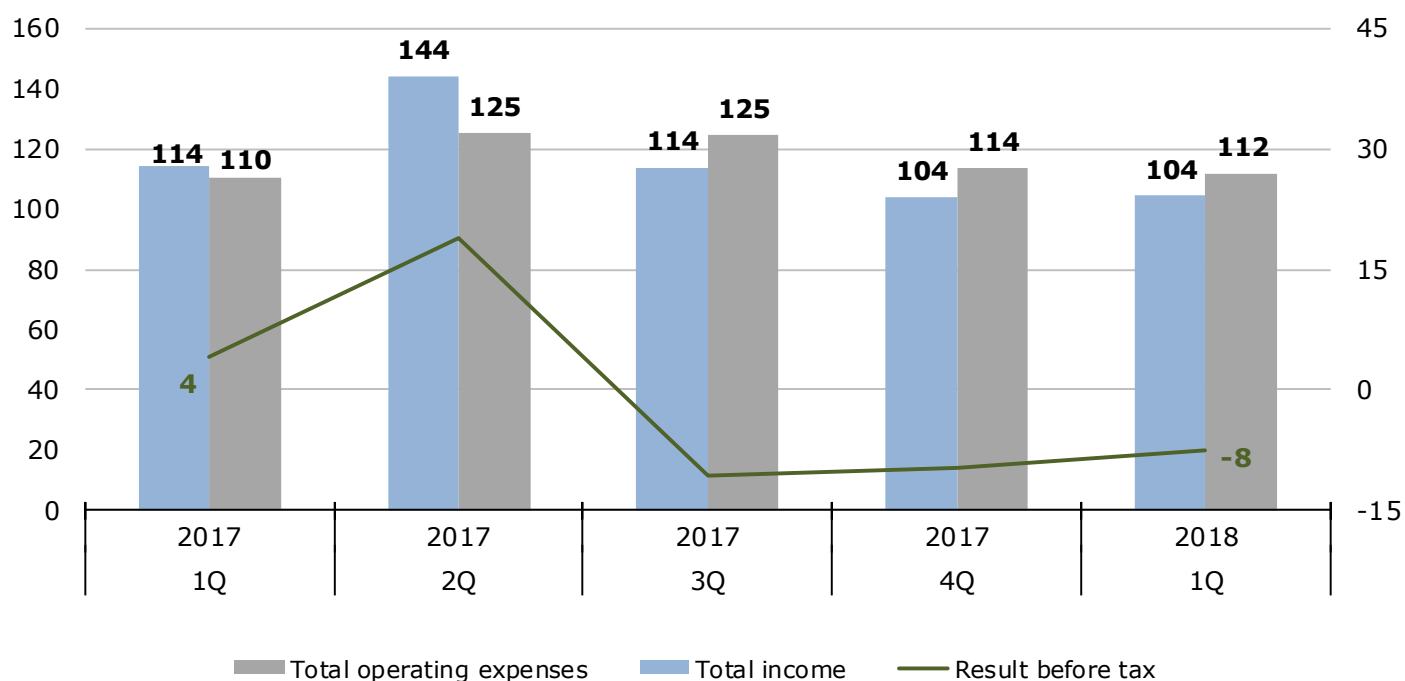
The company is owned by SpareBank 1 SMN (87 per cent), SpareBank 1 Nordvest (7.6 per cent) and SpareBank 1 Søre Sunnmøre (5.4 per cent).

### Financial performance

(in NOK million)	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	31 Mar.		2017	2016
						2018	2017		
Net interest	1	2	0	0	1	1	1	3	4
Commission income and other income	104	102	114	144	113	104	113	473	426
<b>Total income</b>	<b>104</b>	<b>104</b>	<b>114</b>	<b>144</b>	<b>114</b>	<b>104</b>	<b>114</b>	<b>477</b>	<b>430</b>
<b>Total operating expenses</b>	<b>112</b>	<b>114</b>	<b>125</b>	<b>125</b>	<b>110</b>	<b>112</b>	<b>110</b>	<b>474</b>	<b>363</b>
<b>Result before tax</b>	<b>-8</b>	<b>-10</b>	<b>-11</b>	<b>19</b>	<b>4</b>	<b>-8</b>	<b>4</b>	<b>3</b>	<b>68</b>

Cost and income  
(NOK mill.)

Result before tax  
(NOK mill.)



## SpareBank 1 Finans Midt-Norge AS

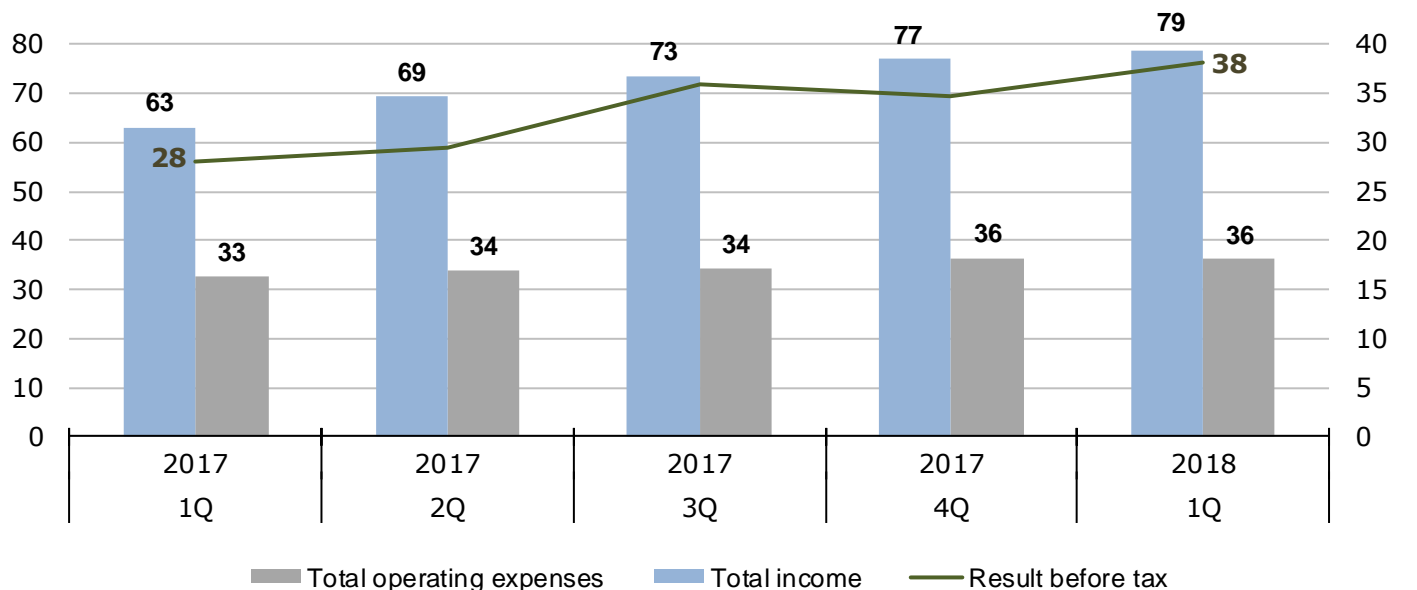
SpareBank 1 Finans Midt- Norge offers car loans and leasing to corporates and private individuals. The company services the market through its own sales operation and through the Bank's offices and other partners.

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)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
<b>Total interest income</b>	<b>65</b>	<b>63</b>	<b>59</b>	<b>55</b>	<b>51</b>	<b>65</b>	<b>51</b>	<b>228</b>	<b>183</b>
Commission income and other income	14	14	14	14	12	14	12	55	-11
<b>Total income</b>	<b>79</b>	<b>77</b>	<b>73</b>	<b>69</b>	<b>63</b>	<b>79</b>	<b>63</b>	<b>283</b>	<b>172</b>
<b>Total operating expenses</b>	<b>36</b>	<b>36</b>	<b>34</b>	<b>34</b>	<b>33</b>	<b>36</b>	<b>33</b>	<b>137</b>	<b>55</b>
<b>Ordinary operating profit</b>	<b>42</b>	<b>41</b>	<b>39</b>	<b>36</b>	<b>30</b>	<b>42</b>	<b>30</b>	<b>146</b>	<b>117</b>
Loss on loans, guarantees etc.	4	6	3	6	2	4	2	18	13
<b>Result before tax</b>	<b>38</b>	<b>35</b>	<b>36</b>	<b>30</b>	<b>28</b>	<b>38</b>	<b>28</b>	<b>128</b>	<b>104</b>

### 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.

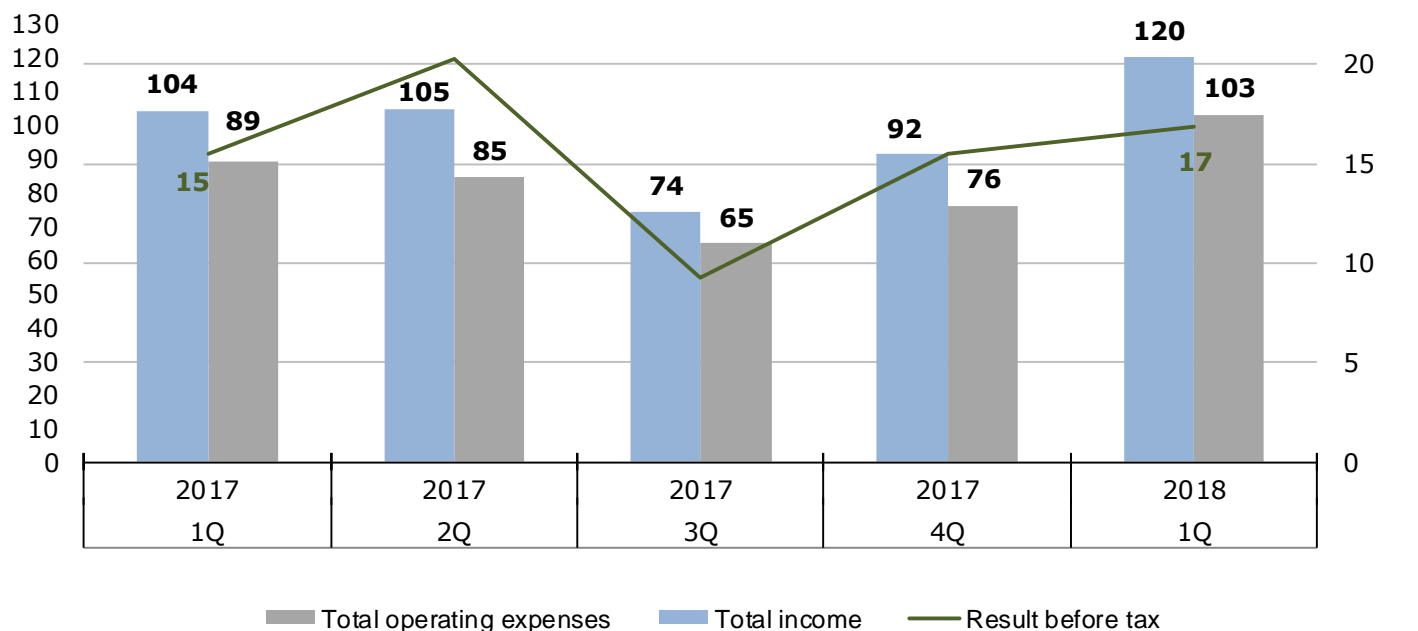
The strategy of growth through acquisitions represents a consolidation of a fragmented accounting industry. SpareBank 1 Regnskapshuset SMN acquired all shares of one large accounting firm with effect from 1 January 2017, leading to a substantial increase in both income and costs.

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)	1Q	4Q	3Q	2Q	1Q	31 Mar.		2017	2016
	2018	2017	2017	2017	2017	2018	2017		
Total interest income	-0	0	-0	-0	-1	-0	-1	-1	0
Commission income and other income	121	91	75	105	105	121	105	377	234
<b>Total income</b>	<b>120</b>	<b>92</b>	<b>74</b>	<b>105</b>	<b>104</b>	<b>120</b>	<b>104</b>	<b>376</b>	<b>235</b>
<b>Total operating expenses</b>	<b>103</b>	<b>76</b>	<b>65</b>	<b>85</b>	<b>89</b>	<b>103</b>	<b>89</b>	<b>315</b>	<b>191</b>
<b>Result before tax</b>	<b>17</b>	<b>16</b>	<b>9</b>	<b>20</b>	<b>15</b>	<b>17</b>	<b>15</b>	<b>61</b>	<b>44</b>

### Cost and income (NOK mill.)



## 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 2<sup>nd</sup> 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.

In the fourth quarter the company acquired the trading desk at SpareBank 1 SR-Bank Markets. SpareBank 1 SR-Bank became co-owner of the company as a result of the transaction.

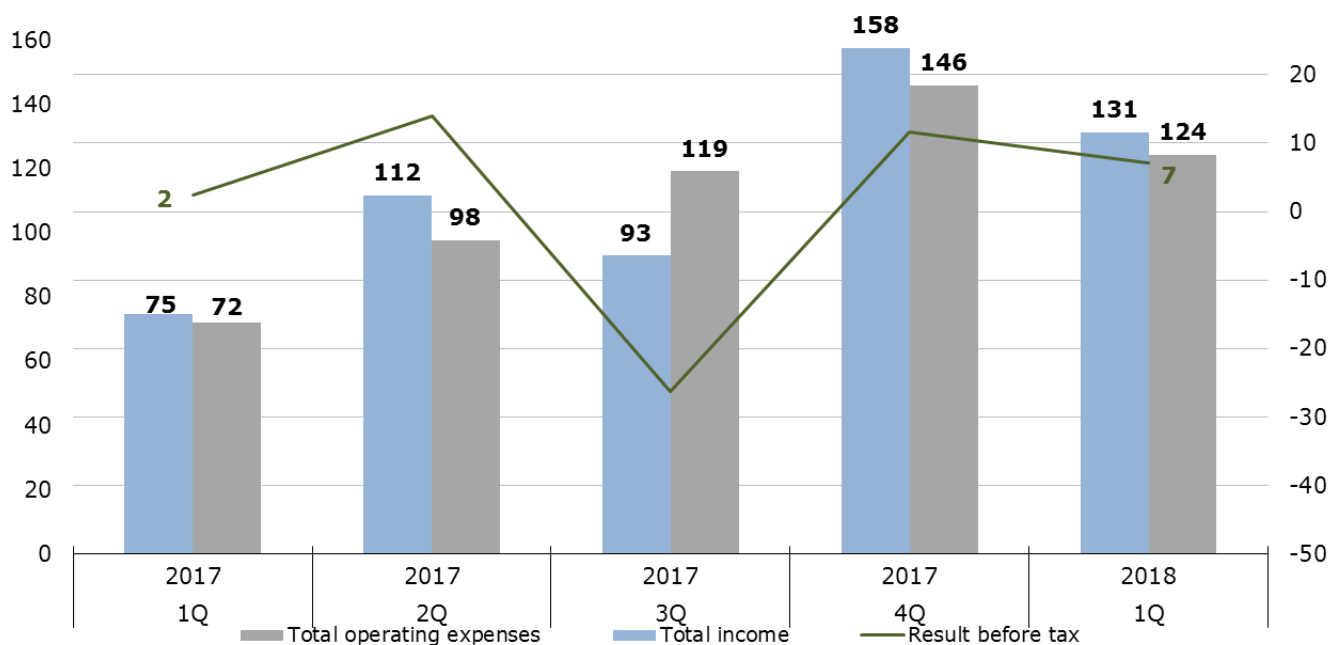
SpareBank 1 Markets is owned by SpareBank 1 SMN (66.7 per cent), SpareBank 1 Nord-Norge (12.2 per cent), SamSpar (9.4 per cent), SpareBank 1 Østlandet (5.8 per cent), SpareBank 1 SR-Bank (5.6 per cent) and others (0.3 per cent).

### Financial performance

(in NOK million)	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	31 Mar.		2017	2016
						2018	2017		
Net interest	-3	-4	-6	-2	-2	-3	-2	-15	-8
Equities / High Yield	56	47	30	47	28	56	28	152	97
Fixed Income	11	6	9	11	15	11	15	41	20
Corporate	21	41	26	34	12	21	12	112	87
Foreign exchange/ interest rate derivatives	34	32	16	17	18	34	18	82	88
Asset Management	10	33	18	3	-	10	-	53	-
Other commission income	3	3	2	2	4	3	4	11	8
<b>Total income</b>	<b>131</b>	<b>158</b>	<b>93</b>	<b>112</b>	<b>75</b>	<b>131</b>	<b>75</b>	<b>437</b>	<b>292</b>
<b>Total operating expenses</b>	<b>124</b>	<b>146</b>	<b>119</b>	<b>98</b>	<b>72</b>	<b>124</b>	<b>72</b>	<b>435</b>	<b>282</b>
<b>Result</b>	<b>7</b>	<b>12</b>	<b>-26</b>	<b>14</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>10</b>
Loss on loans, guarantees etc.	-	-	-	-	-	-	-	-	-
<b>Result before tax</b>	<b>7</b>	<b>12</b>	<b>-26</b>	<b>14</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>10</b>

### 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)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net interest	1,350	1,325	1,317	1,392	1,477	1,635	1,841	1,920	1,929	2,225
Commission income and other income	610	756	855	919	1,139	1,463	1,512	1,545	1,674	2,005
Net return on financial investments	207	596	410	434	451	502	720	459	944	760
<b>Total income</b>	<b>2,167</b>	<b>2,677</b>	<b>2,582</b>	<b>2,746</b>	<b>3,067</b>	<b>3,599</b>	<b>4,073</b>	<b>3,924</b>	<b>4,547</b>	<b>4,989</b>
Staff costs	623	725	583	810	942	923	1,002	1,093	1,159	1,426
Other operating expenses	571	528	557	672	712	799	787	838	844	943
<b>Total operating expenses</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>1,789</b>	<b>1,931</b>	<b>2,003</b>	<b>2,369</b>
<b>Result before losses</b>	<b>975</b>	<b>1,424</b>	<b>1,441</b>	<b>1,264</b>	<b>1,414</b>	<b>1,877</b>	<b>2,284</b>	<b>1,993</b>	<b>2,544</b>	<b>2,621</b>
Loss on loans, guarantees etc.	202	277	132	27	58	101	89	169	516	341
<b>Result before tax</b>	<b>773</b>	<b>1,147</b>	<b>1,309</b>	<b>1,236</b>	<b>1,355</b>	<b>1,776</b>	<b>2,195</b>	<b>1,824</b>	<b>2,029</b>	<b>2,279</b>
Tax charge	156	210	260	255	295	393	376	383	352	450
Results investments held for sale, after tax			-27	43	16	30	0	-1	4	-1
<b>Net profit</b>	<b>617</b>	<b>937</b>	<b>1,022</b>	<b>1,024</b>	<b>1,077</b>	<b>1,414</b>	<b>1,819</b>	<b>1,441</b>	<b>1,681</b>	<b>1,828</b>

### Balance sheet

(in NOK million)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash and loans to and claims on credit institutions	4,548	1,260	2,532	4,075	4,091	5,984	5,965	5,677	4,207	7,527
CDs, bonds and other interest-bearing securities	12,036	19,302	22,948	21,485	25,614	26,358	27,891	30,282	29,489	31,672
Gross loans to customers before write-downs	64,016	61,782	69,847	73,105	74,943	80,548	90,578	93,974	102,325	112,071
- Specified write-downs	-215	-219	-222	-172	-144	-173	-172	-183	-632	-765
- Write-downs by loan category	-245	-289	-290	-290	-295	-295	-295	-376	-339	-347
Other assets	4,540	2,704	3,182	3,252	3,766	2,938	2,080	2,540	3,030	3,096
<b>Assets</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>	<b>126,047</b>	<b>131,914</b>	<b>138,080</b>	<b>153,254</b>
Deposits from credit institutions	9,000	11,310	13,062	9,118	7,410	6,581	9,123	8,155	10,509	9,607
Deposits from and debt to customers	35,280	37,227	42,786	47,871	52,252	55,927	60,680	64,090	67,168	76,476
Debt created by issue of securities	29,680	24,070	29,625	31,306	33,121	36,806	39,254	40,569	40,390	45,537
Other liabilities	2,045	1,876	1,922	2,122	2,070	1,485	1,095	1,734	1,532	1,923
Subordinated loan capital	3,156	3,875	2,758	2,690	3,040	2,365	2,416	2,509	2,228	2,202
Total equity capital	5,518	6,183	7,846	8,348	10,082	12,197	13,478	14,857	16,253	17,510
<b>Total liabilities and equity</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>	<b>126,047</b>	<b>131,914</b>	<b>138,080</b>	<b>153,254</b>

Historical numbers are not adjusted for the reclassification of hybrid capital

## Key figures

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Return on equity	11.9 %	16.2 %	14.6 %	12.8 %	11.7 %	13.3 %	15.1 %	10.7 %	11.3 %	11.5 %
Cost/income ratio group	55.0 %	46.8 %	44.2 %	54.0 %	53.9 %	48.1 %	44.5 %	49.8 %	44.5 %	47.5 %
Cost/income ratio group, ex. financial inv.	60.2 %	52.5 %	52.5 %	64.1 %	63.2 %	55.9 %	54.2 %	56.5 %	56.3 %	56.0 %
Cost/income ratio parent bank	55.3 %	47.2 %	40.2 %	50.5 %	47.5 %	40.2 %	40.5 %	38.0 %	31.9 %	31.9 %
12-month cost growth	7.9 %	4.9 %	-9.0 %	30.0 %	11.6 %	4.1 %	3.9 %	7.9 %	3.7 %	18.3 %
Gross loans to customers*	71,317	77,429	87,665	95,232	104,925	112,283	120,435	127,378	137,535	148,784
Gross loans in retail market	42,679	45,157	49,619	55,034	62,587	68,591	74,087	80,725	89,402	98,697
Gross loans in corporate market	28,638	32,272	38,046	40,198	42,322	43,692	46,348	46,653	48,133	50,087
Growth in loans last 12 months*	15.2 %	8.6 %	13.2 %	8.6 %	10.2 %	6.8 %	7.3 %	5.8 %	8.0 %	8.2 %
Deposits from customers	35,280	37,227	42,786	47,871	52,252	55,927	60,680	64,090	67,168	76,476
Deposits from retail market	17,566	17,898	19,052	20,860	22,279	23,891	26,496	28,336	29,769	31,797
Deposits from corporate market	17,715	19,330	23,734	27,011	29,973	32,036	34,184	35,754	37,398	44,678
Growth in deposits last 12 months	8.8 %	5.5 %	14.9 %	11.9 %	9.2 %	7.3 %	8.5 %	5.6 %	4.8 %	13.9 %
Deposit-to-loan ratio*	49.5 %	48.1 %	48.8 %	50.3 %	49.8 %	49.8 %	50.4 %	50.3 %	48.8 %	51.4 %
Total assets	84,679	84,541	97,997	102,479	107,975	115,360	126,047	131,914	138,080	153,254
Average total assets	75,820	86,679	91,317	98,465	105,372	111,843	117,794	128,355	137,060	145,948
Employees in employment group	982	1,016	1,035	1,098	1,135	1,159	1,192	1,208	1,254	1,403
Employees in employment parent bank	750	767	764	786	793	757	753	645	630	595
Employees in employment subsidiaries	232	250	271	312	342	402	439	563	624	808
Net other operating income of total income	28.2 %	28.2 %	33.1 %	33.5 %	37.1 %	40.8 %	38.0 %	40 %	37 %	40.2 %
Common Equity Tier 1 ratio	7.1 %	7.7 %	9.3 %	8.9 %	10.0 %	11.1 %	11.2 %	13.3 %	14.8 %	14.6 %
Capital adequacy ratio	11.9 %	13.6 %	13.0 %	12.0 %	13.3 %	14.7 %	15.7 %	18.0 %	19.2 %	18.6 %
Core capital ratio	8.1 %	10.4 %	10.9 %	10.4 %	11.3 %	13.0 %	13.0 %	15.3 %	16.8 %	16.6 %
Total core capital	4,967	6,730	7,283	7,856	9,357	10,989	12,382	13,727	14,956	15,707
Net subordinated capital	7,312	8,730	8,646	9,055	10,943	12,417	14,937	16,117	17,072	17,629
Impairment losses ratio	0.21 %	0.31 %	0.16 %	0.03 %	0.06 %	0.09 %	0.08 %	0.14 %	0.39 %	0.23 %
Non-perf. commitm. as % of gross loans	0.46 %	0.49 %	0.57 %	0.36 %	0.36 %	0.34 %	0.22 %	0.16 %	0.16 %	0.19 %
Other doubtful commitm. as % of gross loans	1.33 %	0.57 %	0.24 %	0.21 %	0.14 %	0.14 %	0.18 %	0.31 %	1.07 %	0.80 %

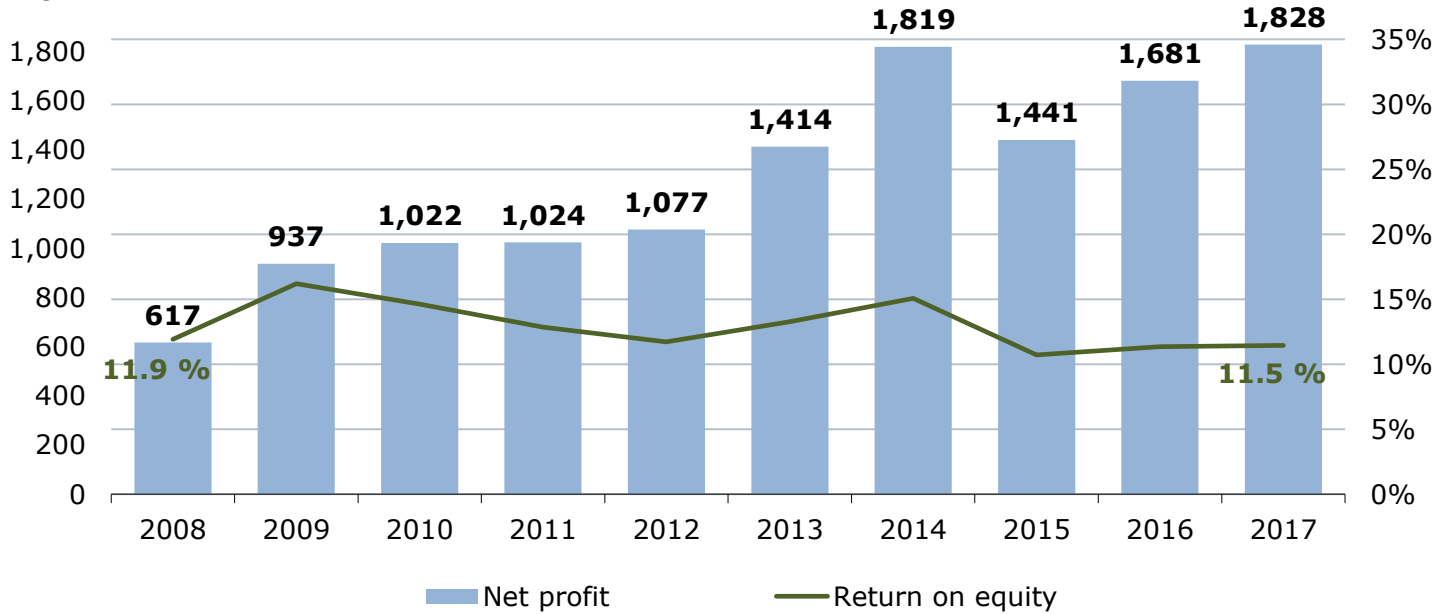
\* Gross loans to customers includes SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

Historical numbers are adjusted for the reclassification of hybrid capital



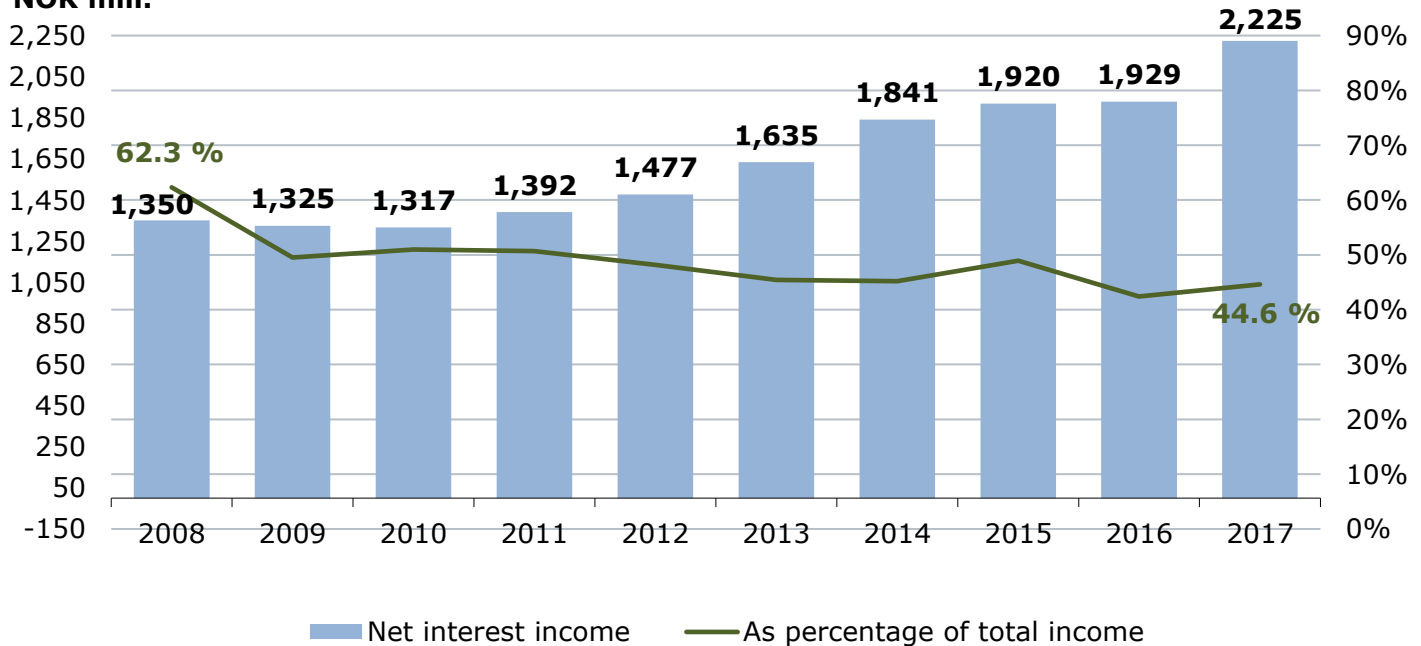
Net profit and return on equity

NOK mill.



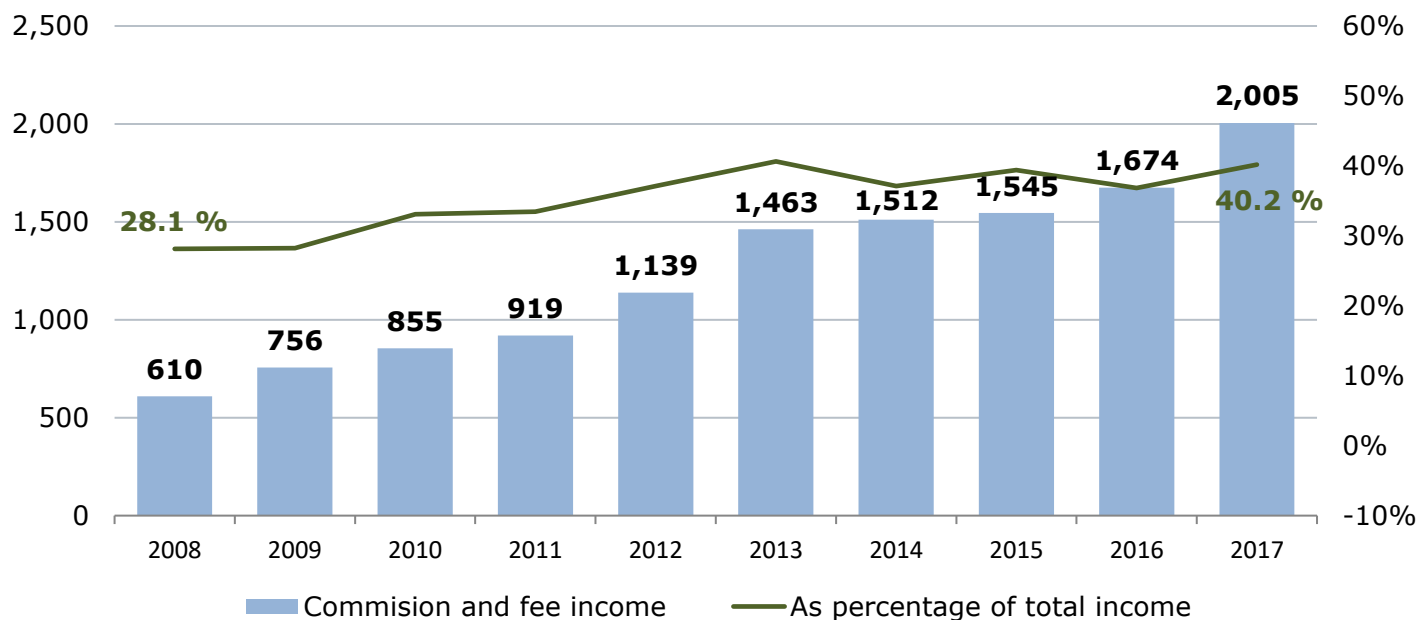
Development in net interest income

NOK mill.

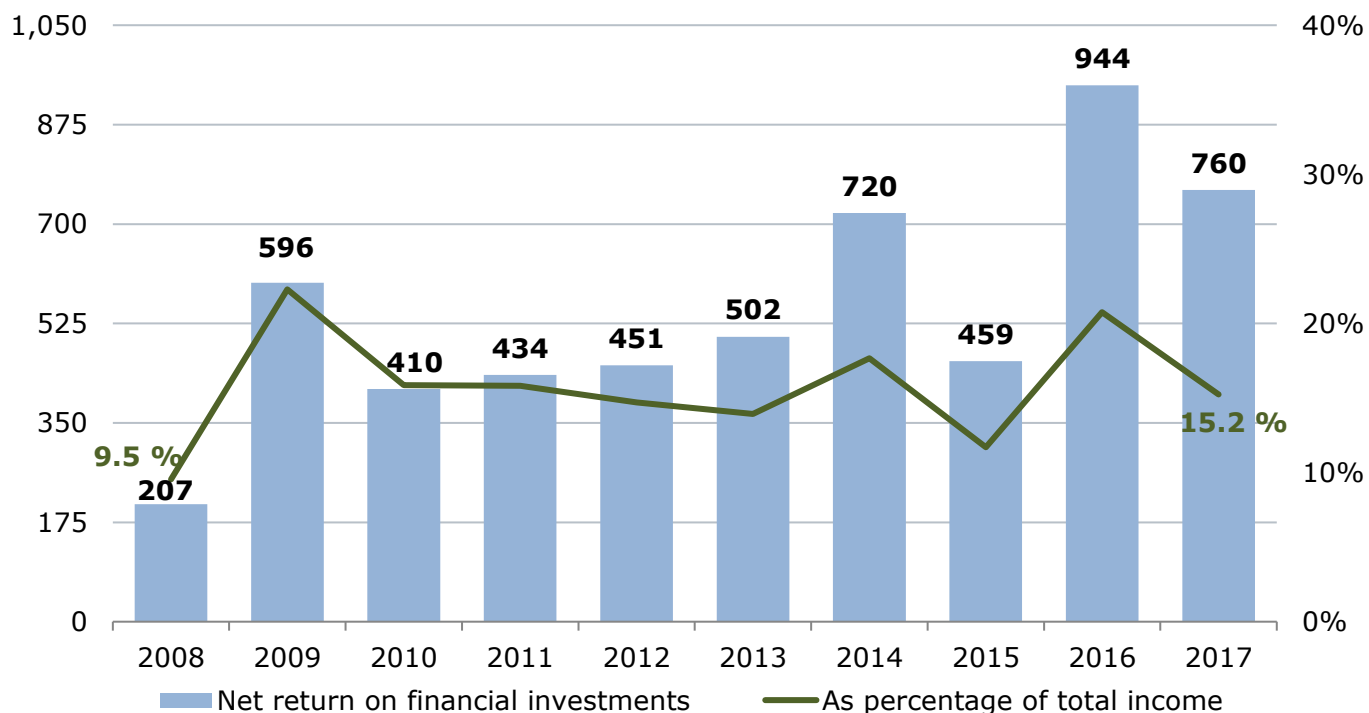


Historical numbers are adjusted for the reclassification of hybrid capital

*Development in commission income and other income*



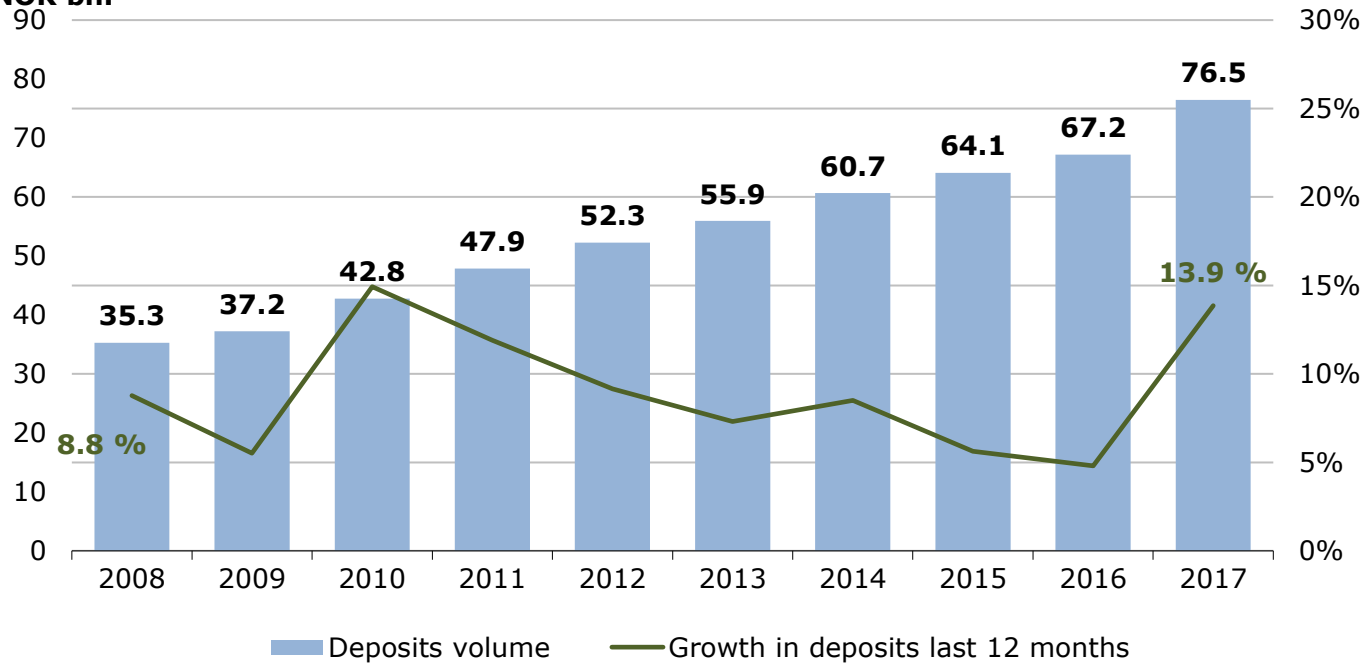
*Development in net return on financial investments*



Historical numbers are adjusted for the reclassification of hybrid capital

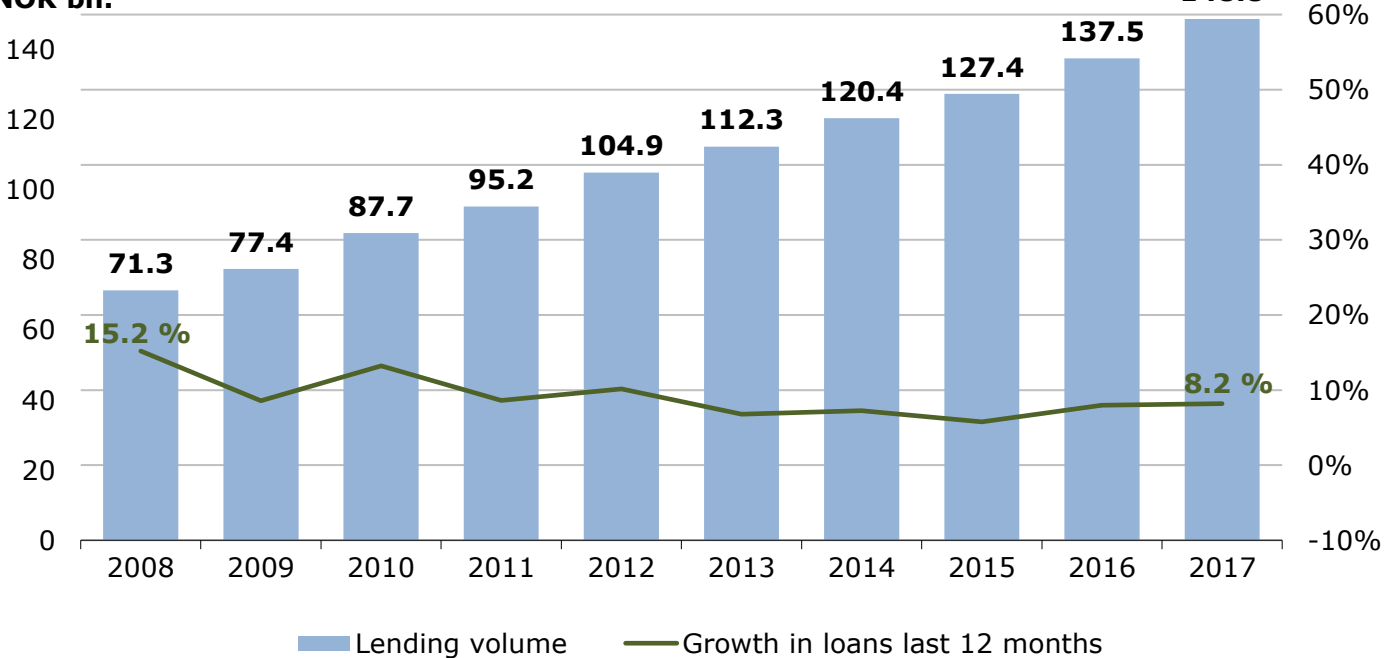
*Volume development, Deposits*

**NOK bn.**



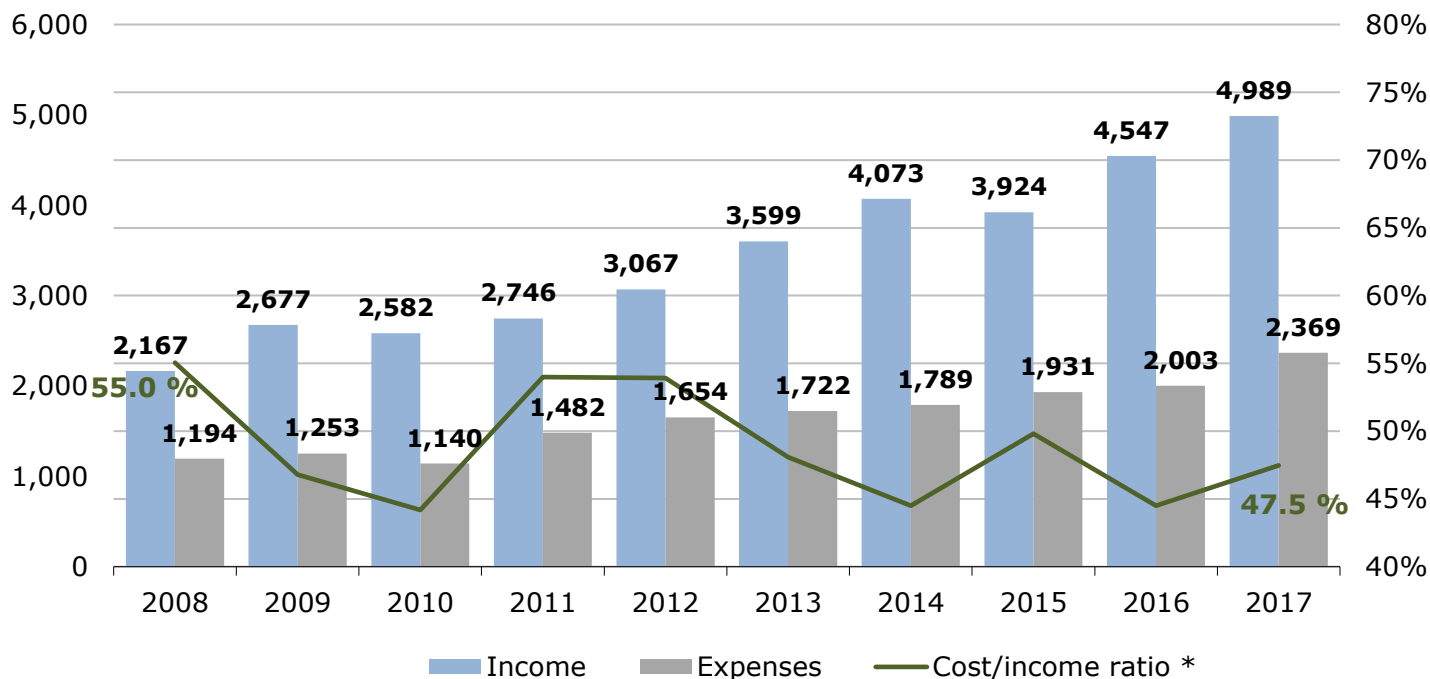
*Volume development, Lending*

**NOK bn.**



### Cost/income ratio

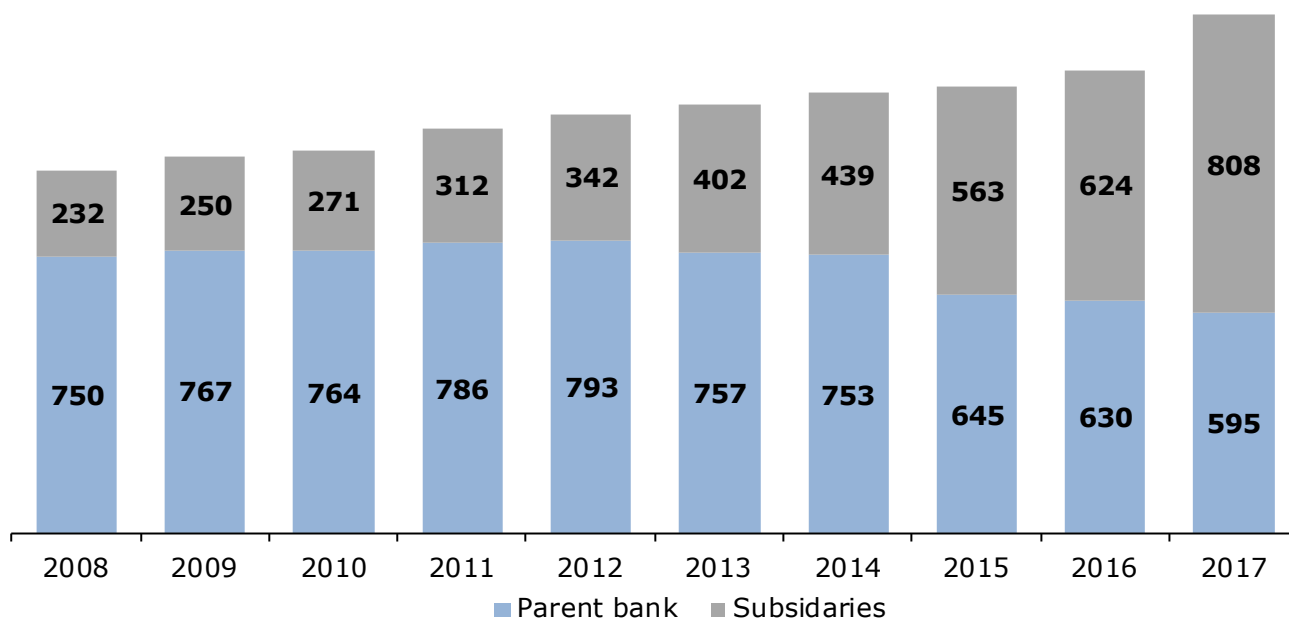
NOK mill.



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

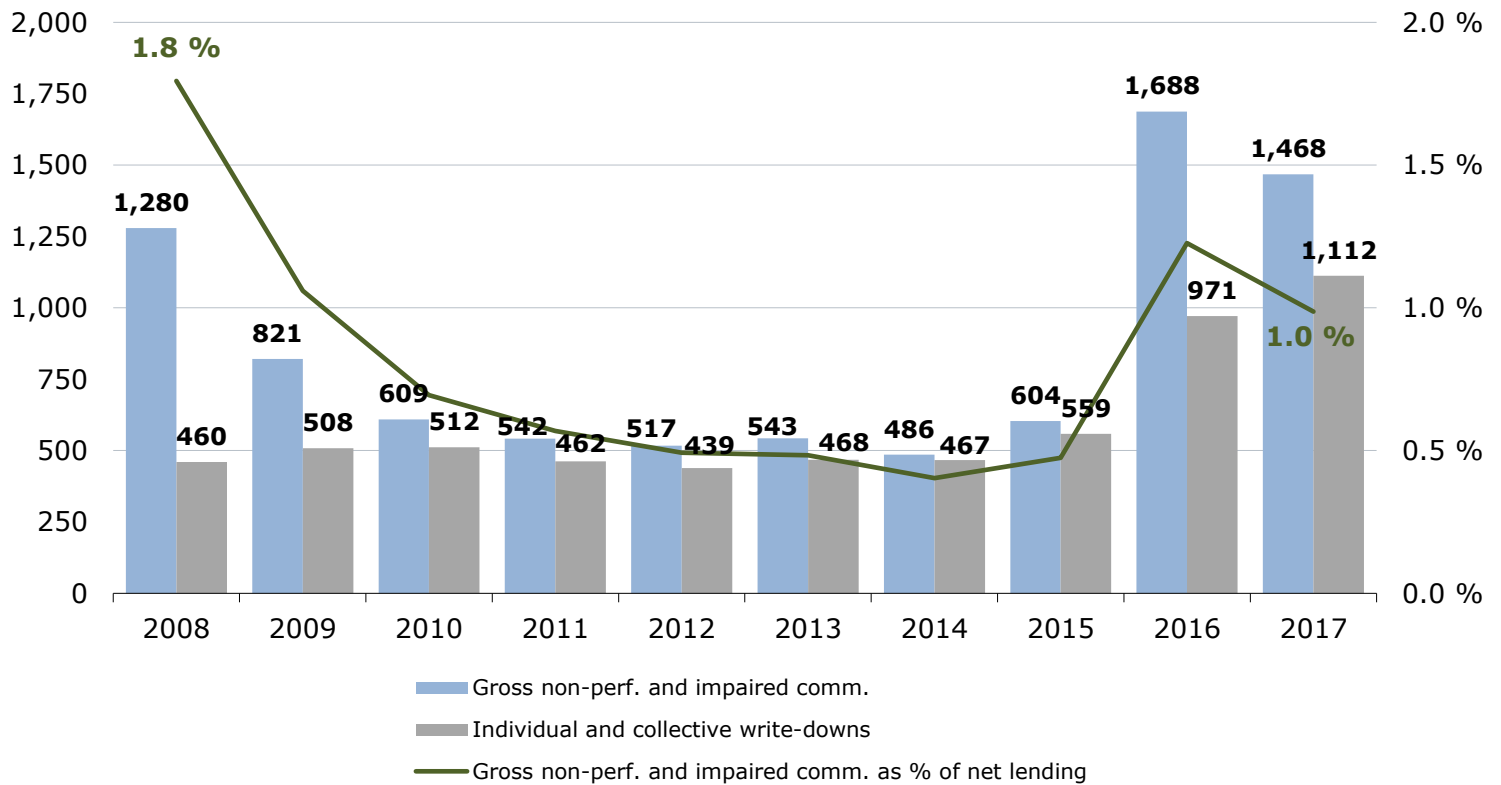
Historical numbers are adjusted for the reclassification of hybrid capital

### Employees in employment



### Net non-performing and impaired commitments

NOK million



Capital Adequacy

